Let's make Belgium also famous for its hydrogen network

OneteamOnetarget

shaping together
a bright energy
future

Integrated Annual Report 2022
Fluxys Belgium

fluxys

This is who we are

100%

- focus on speeding up the energy transition
- independent infrastructure company
- open access to our infrastructure and services

What we're doing to speed up the energy transition

Transmission
- Natural gas & biomethane
- Hydrogen
- CO_2

Storage
- Natural gas & bio-methane

Terminalling
- Natural gas & biomethane
- Hydrogen
- CO_2

Our ambition

For the market

30x30x30

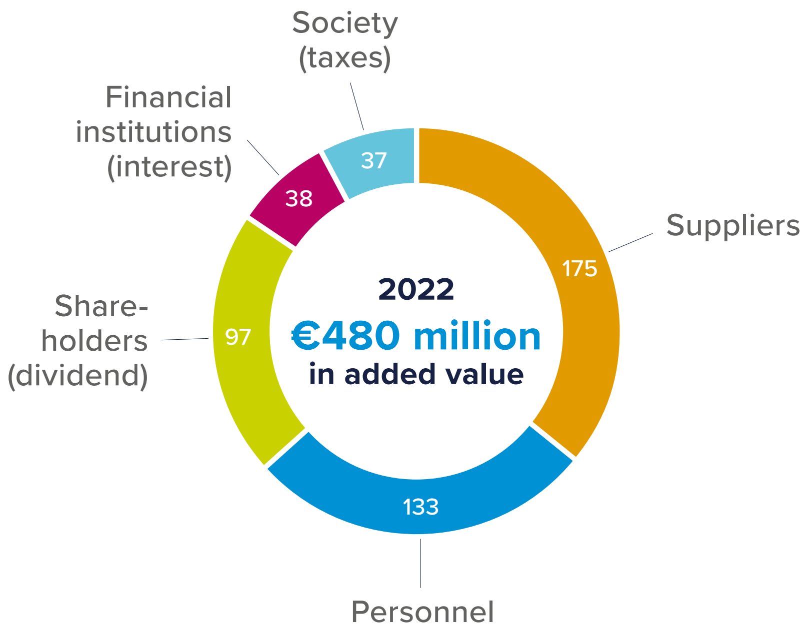
By 2030
provide capacity for annual transport: **30 TWh of hydrogen** and **30 million tonnes of CO_2**

In our own activities

0%

By 2035
fully climate-neutral

Our contribution to prosperity



Our talents

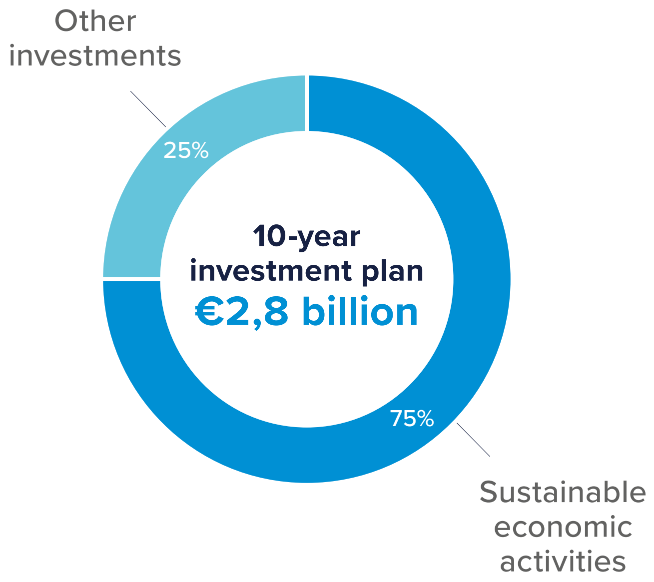
909
Employees

17/83
Diversity women/men

81
New employees

58
Number of employees taking on a new role within the company

Our investments



Contents

The sustainability reporting in this report was validated by an external auditor. Validation was carried out according to the 'International Standard on Assurance Engagements (ISAE) 3000 (Revised)', a model developed for the certification of non-financial data. The certified indicators are indicated throughout the report with a ☑.

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Looking to the future

Acceleration is key and we're fully into our double mission. Creating solutions for large-scale decarbonisation through hydrogen and CO_2 infrastructure. As well as ensuring security of energy supply. That's how we provide continuity while speeding up towards a sustainable future, both for society and for our company.

#OneteamOnetarget

The essential infrastructure partner for speeding up the energy transition

Pascal De Buck
Managing Director and CEO

Daniël Termont
Chairman of the Board of Directors

2022 was an eventful year. What implications does it have for the future?

Pascal De Buck *It was a terrible year for the Ukrainian population, and in terms of the violence and suffering that people are enduring. We can only very much hope that this suffering will come to an end as soon as possible. The geopolitical situation has also turned the energy market upside down. The challenge is twofold: both to provide solutions for the security of supply of natural gas for Europe and to resolutely move towards large-scale decarbonisation.*

What does the way forward look like?

Daniël Termont *The message is to speed things up. We have honed our strategy accordingly. As a company, we have both the strength and the mission to be the essential infrastructure partner for speeding up the energy transition. We are developing infrastructure for hydrogen and CO_2 to ensure a rapid scale-up of decarbonisation solutions. At the same time, we will continue to help society with its natural gas supply for as long as that is necessary.*

Pascal De Buck *Together with industry and our partners, we have put our foot on the accelerator. The preparation of the hydrogen and CO_2 infrastructure in the industrial clusters has moved forward in double quick time. Cross-border connections with France, the Netherlands and Germany for hydrogen are already being worked on. We are all set to develop the hydrogen and CO_2 infrastructure for the Belgian and North-West European economy.*

Why is a multi-molecule system important?

Pascal De Buck *The robustness of a market stands or falls with its diversification. We can see that in the current geopolitical context, as we did during the pandemic. Our strength today lies in the fact that our infrastructure opens up a wide range of natural gas resources. That is something we will maintain into the future. We will do this by using hydrogen infrastructure that gives consumers access to all the options available: production locally, from our neighbouring countries, or from overseas imports. The same applies to the CO_2 infrastructure: we are focusing on various strategies that industry needs, with transmission for reuse and various export possibilities.*

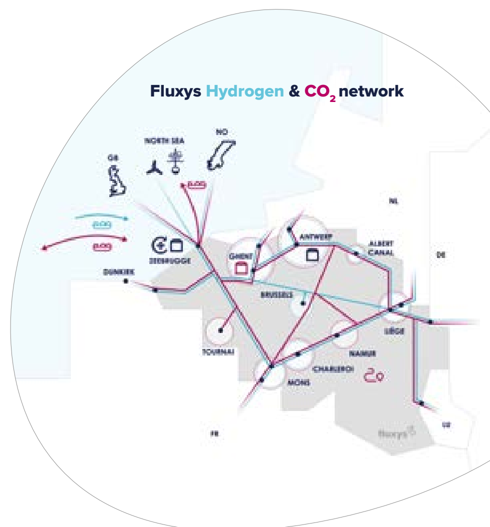
Milestones

Supporting security of supply 24/7

The geopolitical situation has profoundly changed the dynamics of gas markets and the direction of flows in Europe. Throughout the year, our teams across the country left no stone unturned to ensure security of supply in North-West Europe – with impressive results. As well as supplying Belgium via the Belgian network, suppliers managed to get unprecedented quantities of natural gas to the Netherlands and Germany. Flows to Germany soared to 256 TWh (from 20 TWh in 2021) and those to the Netherlands increased to 145 TWh (from 68 TWh in 2021). At the same time, the Loenhout storage facility was filled to record levels before the winter period started. The Belgian network has thus once again confirmed its role as an energy hub for Europe, with the Zeebrugge area as an important gateway for both natural gas via pipelines and LNG via ship.

Multi-molecule system takes shape

Achieving climate neutrality will require flows of hydrogen and CO_2. Together with industry, our partners and neighbouring operators, we have accelerated our pursuit of this objective. Intensive preparations are under way on hydrogen and CO_2 pipeline and terminalling projects across Belgium's wide range of industrial clusters.



Together with industry and our partners, we have put our foot on the accelerator. We are all set to develop the hydrogen and CO_2 infrastructure for the Belgian and North-West European economy.

Pascal De Buck
Managing Director and CEO

Daniël Termont *Optimal diversification also means looking ahead by adopting a future-oriented and integrated approach to the energy system. Electricity from renewable sources, carbon-neutral molecules such as hydrogen, and carbon capture and CO_2 reuse or export must dovetail seamlessly together. If we make our gas and electricity systems work together holistically, we will be in a strong position to efficiently and sustainably meet the huge diversity of demand for energy and raw materials.*

Why the ambitious target of offering transmission capacity of 30 TWh of hydrogen and 30 million tonnes of CO_2 a year by 2030?

Pascal De Buck *The climate challenge is enormous and the industry needs solutions to continue to keep its activities and employment geographically where they are. That is why we have to be ambitious. This ambition is also based on the pillars we use to create sustainable value for society and for the company.*

Daniël Termont *Sustainable value creation is a continuous process of gaining a growing understanding in a changing environment. In the years ahead, we plan to further develop that process by involving our stakeholders in an ESG approach. That is the perspective we are starting out from.*

This is the last annual report which you, as Chairman of the Board of Directors, will present to the Annual General Meeting. Looking back, how do you view your time as Chairman?

Daniël Termont *I have had the privilege of chairing our Board meetings for the last 14 years. It has been an honour to take part in developing and implementing our strategy throughout that period. I have seen Fluxys Belgium develop into the core of our parent group Fluxys, which, through its expansion, has given additional impetus to Fluxys Belgium's business. This is the kind of development we can rightly be proud of. Although I am stepping down as chairman, I will remain a member of our governing bodies for a while. With my experience I hope to be able to continue contributing to the exciting period in which our company finds itself. I would like to extend my heartfelt thanks to all those with whom I have worked over the past years, especially CEOs Walter Peeraer and Pascal De Buck for their pleasant and fruitful collaboration. And I would like to take this opportunity to wish my successor every success.*

In the years ahead, we plan to further develop our process of value creation by involving our stakeholders in an ESG approach. That is the perspective we are starting out from.

Daniël Termont
Chairman of the Board of Directors

Desteldonk-Opwijk pipeline: natural gas today, and ready for hydrogen

Given the new supply situation in Europe, speed and adaptability are the watchwords for new infrastructure as well. We prepared thoroughly for the first phase in the construction of the Zeebrugge-Opwijk pipeline, comprising the section between Desteldonk and Opwijk. This will boost our capacity to carry natural gas inland from Zeebrugge. At the same time, the pipeline is an initial step towards speeding up the energy transition as it will be immediately available for hydrogen transport as soon as the market is ready. We will commission the Desteldonk-Opwijk section in late 2023.

Connect & move

Taking part in sporting activities with colleagues at lunchtime or after work is not only a pleasant thing to do – it also fosters team spirit and boosts motivation levels. That is why we set up Connect & Move, encouraging colleagues to exercise together, put together teams and throw themselves into sporting events. As a result, 120 colleagues went for it at 16 events across Belgium! !

How will you change the world?

Keeping up the good work and tapping into our innovative side to help build a climate-neutral society. That is the message of our multimedia campaign in which we enthusiastically pursued our search for talent. The results of this speak for themselves, with no fewer than 81 new colleagues joining our team. Settling in quickly makes all the difference. That's why we provide a warm welcome as part of an innovative induction programme.

Progress towards achieving our own climate neutrality

Our commitment: to be a climate-neutral company by 2035. The first milestone is to halve our greenhouse-gas emissions by 2025, compared with 2017. In 2022, we reached that milestone for methane emissions in our transmission and storage businesses. In our LNG business, three additional open-rack vaporisers currently under construction will reduce the Zeebrugge terminal's emissions.

Cooperation Belgium-Germany stepped up further

At the Belgian-German energy summit in Zeebrugge in early 2023, the two countries agreed to further increase energy cooperation. Key element in that cooperation is to ensure a pipeline corridor to facilitate hydrogen transport between Belgium and Germany.

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Our profile:
a purpose-driven company

Everyone and everything needs energy to grow and flourish. People can rely on us to make that energy flow. Day and night, we're there to ensure security of energy supply. And in the meantime, we're getting our infrastructure ready for the years to come. Today, we transport natural gas, tomorrow we'll also be transporting hydrogen and CO_2. That's how we keep people, society and the planet moving.

Our purpose and strategy

Shaping together a bright energy future

We are committed to continuing to build a greener energy future for the generations to come. People, industry and societies all need energy to thrive and progress. Fluxys Belgium accommodates this need: we put energy in motion through our infrastructure. We move natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as CO_2, supporting carbon capture, reuse and storage.

together

The energy ecosystem is complex and the demand for energy as a driver of human progress combined with a global need to make energy more sustainable is a challenge that requires everyone to get involved. Redesigning the energy system will not be easy, yet it can be done if we work together. **Together** refers to all our stakeholders: our employees, shareholders, industrial partners, customers, the general public and all actors in the energy system. At Fluxys, we truly believe that cooperation is the key to our success.

bright

Bright: With optimism we dare to say that our infrastructure, with its capacity for CO_2 and for green gases such as hydrogen and biomethane, will play a substantial role in the transition to a carbon-neutral energy future for everyone.

future

The word **future** encapsulates a responsibility. With our unique assets as an infrastructure company, we owe it to ourselves to contribute to a greener energy future for the generations to come.

Our strategy

Value creation: a continuous process

Our purpose Shaping together a bright energy future reflects our ambition to be an all-encompassing value creator. What this means in practice is becoming clearer year by year. Whereas in previous years Fluxys Belgium created value based on the 3Ps, People, Planet and Prosperity, since 2022 it has resolutely adopted an Environment Social Governance approach.

Value creation is embedded in our purpose, and ESG is the new lens we are using to make the process behind that tangible.

Moreover, Fluxys Belgium's value creation as an essential infrastructure company in the energy transition was the subject of even greater focus in 2022.

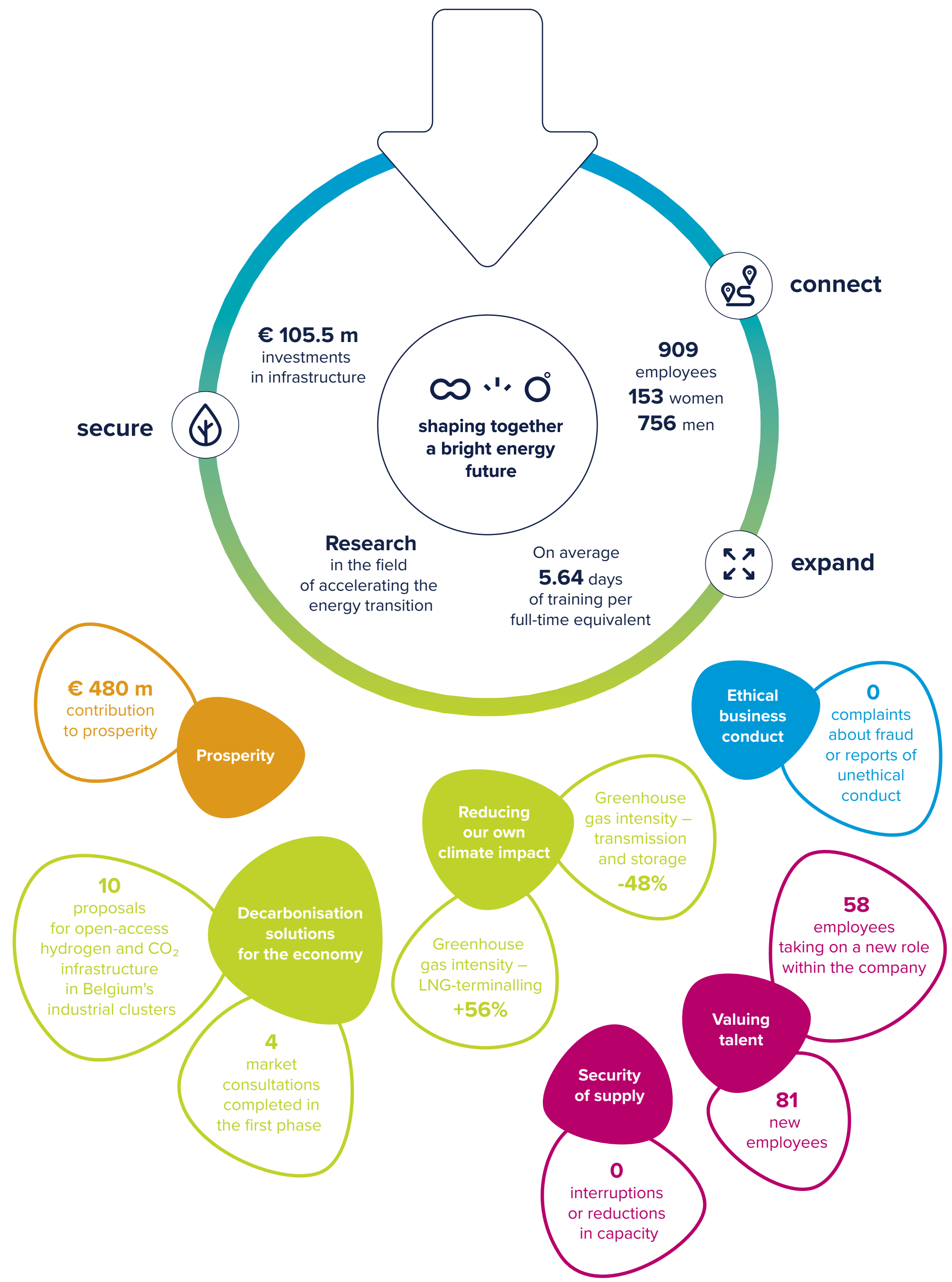
Thus, the strategic ambition to speed up the energy transition was anchored more firmly in the business model. During a transitional phase, our multi-faceted ambition is to support society with its energy needs, develop a multi-molecule infrastructure with cross-border connections, and explore new green energy chains.

To meet this ambition, Fluxys Belgium deploys a wide range of resources to create value that goes beyond the financial.

The company is taking additional steps based on this integrated, purpose-driven vision of being the essential infrastructure company. For example, a Transformation and Sustainability Director was appointed in 2022 to support the ESG process, among other things. Moreover, this integrated annual report represents the start of a transition to ESG reporting.

Fluxys Belgium wants to further develop this continuous process of value creation in the years ahead by involving its stakeholders.

Together with our stakeholders, we are taking the opportunity to look holistically at our value creation. That is the perspective we are starting out from.



Our context

Market dynamics

In 2022, the European natural gas market was hit by the effects of the gradual reduction in pipeline supplies of Russian gas. During the year, a new balance emerged between supply and demand: on the one hand, liquefied natural gas (LNG) imports increased considerably; on the other hand, demand fell significantly, mainly due to a substantial rise in prices.

The Belgian network is a major crossroads for the European gas market. The decline of Russian pipeline gas mainly affected Germany, leading to the need for new transit configurations. As a result, we have seen in the Belgian network very substantial flows from the west, including imports from Norway, France and the UK, for transit to Germany and the Netherlands.

Climate and Energy Transition policy

In 2022, in response to the natural gas supply issues, Europe took measures to boost short-term security of supply, for example by requiring that a given level of gas was in storage before the winter, and also to speed up the energy transition. Various legislative initiatives arising from the European Green Deal have now been approved, but the hydrogen and decarbonised gas market package has not yet been finalised.

This package is expected to propose a European legal and regulatory framework for carbon-neutral molecules, such as hydrogen, biomethane and synthetic methane, alongside renewable electricity, in the energy system of tomorrow. Carbon capture, reuse or storage is also set to be recognised as one of the many solutions that can be brought together to achieve the objective of climate neutrality.

A number of European countries, including Belgium, France, Germany and the Netherlands, have adopted ambitious hydrogen strategies or updated such a strategy, sometimes incorporating specific targets for the production of hydrogen and/or developing support mechanisms to encourage this production. In early 2023, Belgium's federal government proposed a regulatory framework for hydrogen which is under discussion in the Federal Parliament (see the "Legal and regulatory framework" section, page 38).

Innovation

To shape the energy transition, innovative technologies will have to be deployed on a large scale as quickly as possible, in a number of areas spanning both the production of renewable and low-carbon energy sources and the methods of transport and storage.

For example, the industry is fully committed to the expansion and development of innovative hydrogen-production technologies. This hydrogen can then be used directly or serve as a basic component for other by-products such as synthetic methane and synthetic methanol. These synthetic energy carriers can also be produced using CO_2 captured from industry, introducing innovative and circular production processes with a carbon-neutral or even carbon-negative footprint.

Molecules for a carbon-neutral future will need to be transported and stored. Fluxys Belgium is therefore doing everything it can to make this possible, drawing on a plan for the reuse of existing infrastructure and for new infrastructure as tools of the energy transition.

Our services for speeding up the energy transition

Natural gas & bio-methane services

- We will transport natural gas for as long as necessary.
- We provide open-access infrastructure connected to as many sources as possible to support security of supply.
- In this way we help society make the transition to carbon-neutral energy and raw materials. We are already able to transport large volumes of carbon-neutral biomethane.

Transmission

Storage

Terminalling

The connection to various sources and neighbouring markets, the flexibility of the service offering and the availability of the sales team all make the difference in these turbulent times and this difficult market situation.

Hydrogen services

- We get low-carbon hydrogen to customers in the form of energy and raw material.
- We provide open-access infrastructure connected to as many sources as possible to support security of supply.
- In this way we help decarbonise industry, power generation and the transport sector.

Transmission

Terminalling

With low-carbon hydrogen we can get our company's emissions to net zero.

CO_2 services

- We transport CO_2 to sites where it can be reused or exported to permanent storage.
- We provide open-access infrastructure that offers as many takeaway options as possible.
- In this way we help decarbonise industry that engages in carbon capture.

Transmission

Terminalling

We're pleased to be working with Fluxys on CO_2 transmission. It means we can now speed up deployment of our carbon capture technology and move towards net-zero emissions.

Our ambition: By 2030, offer the capacity to transport 30 TWh of hydrogen and 30 million tonnes of CO_2

The Fluxys Belgium network is excellently connected to all natural gas sources available to the European market. The gas enters via pipelines or by ship (in liquid form, LNG) and flows via our network to consumers in Belgium and to all neighbouring countries. In the service of a carbon-neutral economy, we want to develop our grid into a hydrogen and CO_2 hub in the same way.

For commercial reasons, the customers quoted here preferred to remain anonymous.

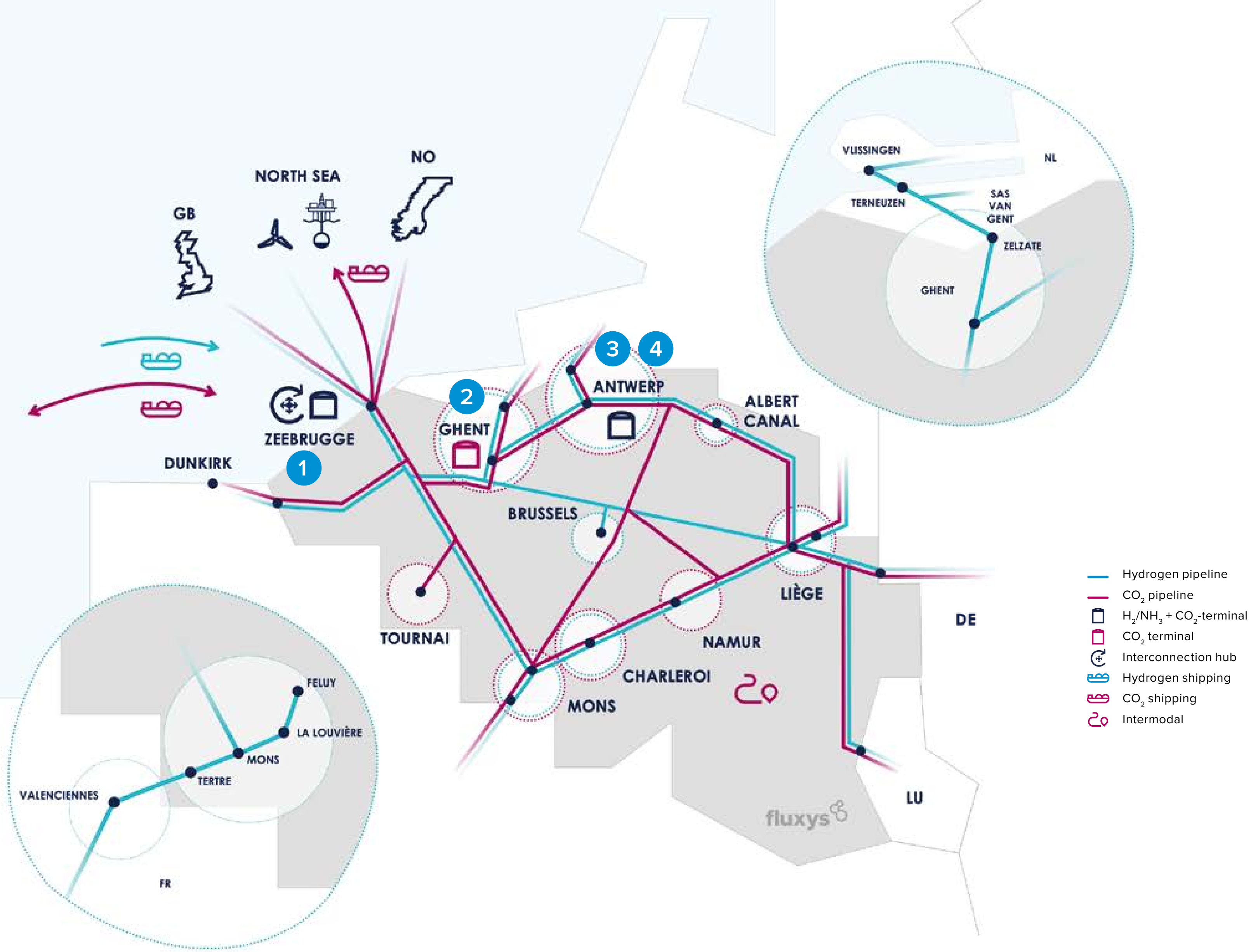
How we are developing our infrastructure into a multi-molecule hub

Hydrogen and CO_2 networks in Belgium

First transmission infrastructure in 2026

- We develop local hydrogen and CO_2 networks in line with the needs of companies in the industrial clusters
- We plan connections between the networks in the industrial clusters and with neighbouring countries to turn the hydrogen and CO_2 infrastructure into cross-border backbones
- We develop terminals for hydrogen import and CO_2 export
- In this way we are making sure that we are all set to develop the necessary hydrogen and CO_2 infrastructure for the Belgian and North-West European economy.

For more details about our approach to transporting molecules for a carbon-neutral future, see page 64



1 fluxys — Zeebrugge as a multi-molecule hub

- Importing hydrogen or derivatives and sending these products into the hydrogen network for transmission within Belgium and to neighbouring countries
- Receiving CO_2 from the CO_2 network with two export options:
  - liquefaction, intermediate storage and loading onto ships to be taken to permanent offshore storage sites;
  - transshipment to an offshore pipeline for transmission to permanent offshore storage sites.
- Status: preliminary studies

2 fluxys — ArcelorMittal — North Sea Port — Ghent Carbon Hub

- Multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage sites
- Status: feasibility study

Co-funded by the European Union

3 fluxys — Air Liquide — Antwerp@C CO_2 Export Hub

- Terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage sites
- Status: engineering & design

Co-funded by the European Union

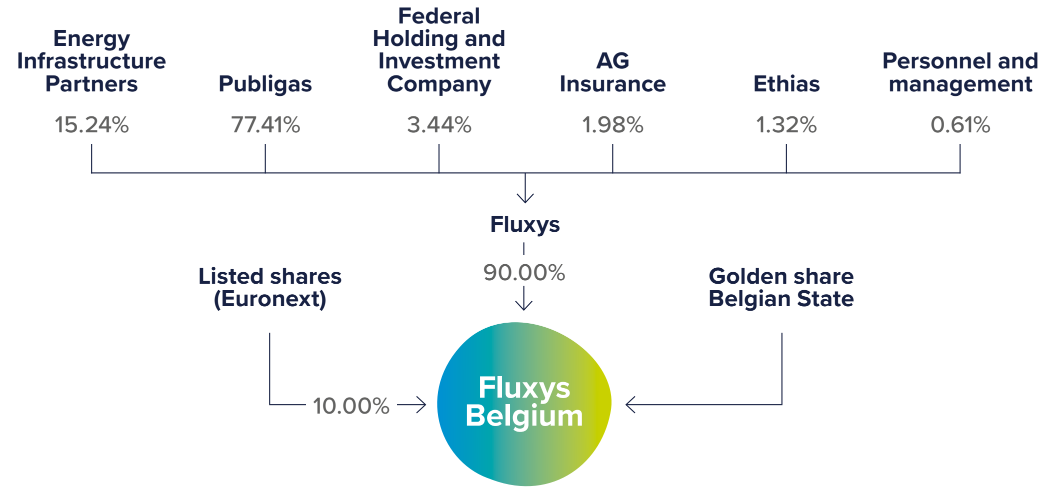
4 fluxys — ADVARIO — Import terminal for green liquid ammonia in Antwerp

- Multimodal terminal for import and transshipment of green liquid ammonia and its conversion into green hydrogen for transmission in the hydrogen network
- Status: feasibility study

Our structure and governance

We are a Fluxys group company

Our shareholders



Shareholding as at 29 March 2023

Fluxys Belgium is a public limited company and is part of the Fluxys group. Fluxys Belgium's capital is held by the following entities:

- Fluxys, a public limited liability company under Belgian law, holds a capital interest of 90%. This stake is divided between class B shares (83.29%) and class D shares (6.71%).
- The public holds 10% of the shares in Fluxys Belgium (class D).
- The Belgian State holds one share (the "golden share").

The total number of shares is 70,263,501. All shares are entitled to dividends.

The shares are issued in the following classes: B, D and the "golden share".

- Class B shares are and will remain registered shares.
- Class D shares are registered or dematerialised at the discretion of the shareholder who will bear any conversion charges.
- Class B shares are automatically converted into class D shares when they are transferred to a third party.
- 16.71% of the shares are listed on Euronext, 6.71% of them are held by Fluxys and the remaining 10% are held by the public.
- The golden share held by the Belgian State gives the federal government special rights should Fluxys Belgium consider selling strategic infrastructure whose sale would, in the competent minister's opinion, compromise the country's energy interests.

The Belgian State is represented by the federal Minister of Energy. For more details about the rights attached to the Belgian State's "golden share", please refer to the Corporate Governance Declaration, "Voting rights and special powers".

On 21 February 2023, CDPQ relinquished its entire stake in the parent company Fluxys, meaning that its shareholder structure at the time of writing is as follows:

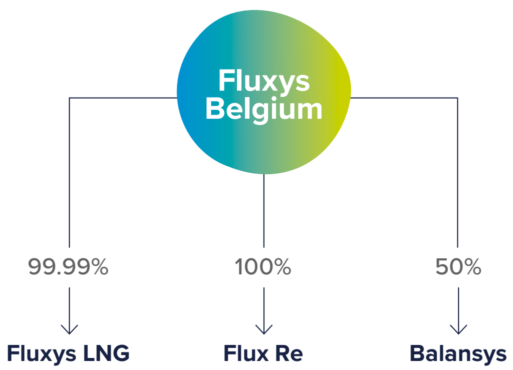
- Publigas manages the interests of Belgian municipalities in Fluxys.
- Energy Infrastructure Partners (EIP) is a Switzerland-based asset manager focusing on long-term investments in high-quality large-scale renewable energy projects and in system-critical energy infrastructure.
- AG Insurance is a Belgian insurance company that is part of the international insurance group Ageas.
- Ethias is a Belgian insurance group whose main shareholders are the Belgian Federal State, the Walloon Region, the Flemish Region and the cooperative society EthiasCo.
- The Federal Holding and Investment Company is a federal Belgian holding company set up to manage, on behalf of the Belgian State, shareholdings in public and private companies of strategic economic importance to Belgium.
- Since 2012, Fluxys group employees and management have had multiple opportunities to become Fluxys shareholders.

Our subsidiaries

Fluxys LNG (consolidated subsidiary – Fluxys Belgium holds a 99.99% stake and Flux Re a 0.01% stake). Fluxys LNG is the owner and operator of the Zeebrugge LNG terminal and sells terminalling capacity and associated services.

Flux Re (consolidated subsidiary – wholly owned by Fluxys Belgium). Flux Re is a reinsurance company under Luxembourg law.

Balansys (stake consolidated using the equity method – Fluxys Belgium holds a 50% stake). As part of the 2015 integration of the Belgian and Luxembourg gas market, Fluxys Belgium and Creos Luxembourg (the Luxembourg transmission system operator) set up the company Balansys, a joint venture in which Fluxys Belgium and Creos Luxembourg each have a 50% stake. Balansys has been the operator responsible for balancing activities for the integrated Belgian-Luxembourg gas market since 2020.



Our governance

Commitment to sustainability

Integral part of the business strategy. Fluxys Belgium's commitment to sustainability is an integral part of its business strategy. The company's purpose and business strategy guide the way in which we create sustainable value for society, within the ESG framework. The Board of Directors, as the company's most senior management body, is responsible for the strategy and its review.

Fleshed out in corporate objectives. Fluxys Belgium fleshes out its strategy and commitment to sustainability through corporate objectives in the ESG domains, which are translated every year into personal objectives in the performance management cycle.

The performance-related remuneration of the Managing Director and CEO and of the Management Team BE is based on the extent to which these objectives are achieved. This is evaluated by the Board of Directors based on advice from the Appointment and Remuneration Committee. The achievement of objectives also determines the performance-related remuneration paid to Fluxys Belgium employees. Collective bargaining agreement CAO/CCT 90, which applies to employees, also includes incentives aimed at reducing Fluxys Belgium's greenhouse gas emissions, for instance.

Governance structure

A number of advisory bodies have been established within the Board of Directors to assist the Board in its tasks: the Audit and Risk Committee, the Corporate Governance Committee, and the Appointment and Remuneration Committee.

The Board of Directors has delegated the daily management of Fluxys Belgium and has granted special powers to one of its members, who is named the Managing Director and is also the company's Chief Executive Officer (CEO). The Managing Director is authorised to entrust certain aspects of the daily management or their specific powers to a Management Team BE.

More information about corporate governance at Fluxys Belgium can be found in the Corporate Governance Declaration (see page. 131).

From left to right:
Jan Van de Vyver, Christian Leclercq, Peter Verhaeghe, Damien Adriaens, Leen Vanhamme, Nicolas Daubies, Pascal De Buck, Erik Vennekens, Rafaël Van Elst, Anne Vander Schueren, Arno Büx, Raphaël De Winter

Our Board of Directors as at 29 March 2023

Board of Directors

- Daniël Termont, Chairman of the Board of Directors
- Claude Grégoire, Vice-Chairman of the Board of Directors
- Pascal De Buck, Managing Director and CEO
- Abdellah Achaoui
- Sabine Colson*, Chairman of the Corporate Governance Committee
- Laurent Coppens
- Valentine Delwart*
- Leen Dierick
- Cécile Flandre*
- Sandra Gobert*
- Andries Gryffroy
- Gianni Infanti
- Ludo Kelchtermans, Chairman of the Audit and Risk Committee
- Roberte Kesteman*
- Anne Leclercq*
- Josly Piette
- Koen Van den Heuvel, Chairman of the Appointment and Remuneration Committee
- Wim Vermeir
- Geert Versnick
- Sandra Wauters*
- Tom Vanden Borre, federal government representative acting in an advisory capacity
- Maxime Saliez, federal government representative acting in an advisory capacity

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Board of Directors.

Audit and Risk Committee

- Ludo Kelchtermans, Chairman
- Sabine Colson
- Laurent Coppens
- Cécile Flandre
- Anne Leclercq
- Wim Vermeir
- Sandra Wauters
- Pascal De Buck, Managing Director and CEO, invited in an advisory capacity

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Audit and Risk Committee.

Corporate Governance Committee

- Sabine Colson, Chairman
- Laurent Coppens
- Valentine Delwart
- Sandra Gobert
- Roberte Kesteman
- Anne Leclercq
- Josly Piette
- Pascal De Buck, Managing Director and CEO, invited in an advisory capacity

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Corporate Governance Committee.

Appointment and Remuneration Committee

- Koen Van den Heuvel, Chairman
- Valentine Delwart
- Cécile Flandre
- Sandra Gobert
- Gianni Infanti
- Roberte Kesteman
- Geert Versnick
- Pascal De Buck, Managing Director and CEO, invited in an advisory capacity

Anne Vander Schueren, HR Director, acts as secretary to the Appointment and Remuneration Committee.

Managing Director and CEO and Management Team BE

Managing Director and CEO

- Pascal De Buck

Management Team BE

- Arno Büx, member of the Management Team BE and Chief Commercial Officer
- Christian Leclercq, member of the Management Team BE and Chief Financial Officer
- Peter Verhaeghe, member of the Management Team BE and Chief Technical Officer

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Management Team BE.

The Management Team BE is assisted by an Executive Committee composed as follows:

- Damien Adriaens, Dpt. Director Commercial Regulated
- Nicolas Daubies, Dpt. Director Group General Counsel § Company Secretary
- Raphaël De Winter, Director Fluxys nextgrid
- Jan Van de Vyver, Dpt. Director Installations § Grid
- Rafaël Van Elst, Director Construction, Engineering & Gas Flow
- Anne Vander Schueren, Director Human Resources
- Leen Vanhamme, Director Transformation & Sustainability
- Erik Vennekens, Director Digital

* Independent director within the meaning of the Gas Act and as per the Belgian Code on Corporate Governance.

Our reporting

In line with GRI standards

The reporting in this sustainability report integrates non-financial information in line with Global Reporting Initiative (GRI) Standards – Core[1] and thus provides an explanation of the topics that are material to Fluxys Belgium's activities, taking into account the context and value chain within which the company operates and the interests of the company's stakeholders.

Our stakeholders

The guiding principle in mapping our stakeholders is the extent to which there is a mutual interaction between Fluxys Belgium's activities and those of potential in-scope stakeholders.

Given Fluxys Belgium's role in the energy transition, non-governmental organisations were included as stakeholders in the most recent stakeholder analysis (in 2020). Some stakeholders have also seen their role change. For example, a number of stakeholders with whom Fluxys Belgium has had long-standing commercial relations in the context of the supply of natural gas are now partners in projects to transport carbon-neutral energy carriers and CO_2 in Belgium.

1. The Global Reporting Initiative (GRI) provides a generally accepted system for sustainability reporting. This includes principles and indicators that organisations can use to uniformly and transparently report on their economic, environmental and social performance.

Stakeholder	Interaction	Expectations
Employees		
	• Constant provision of information via the intranet and a wide range of training courses and opportunities for development • Continuous contact through daily management • Regular consultation within platforms such as the works council or Committee for Prevention and Protection at Work • (In)formal chats about psychosocial risks	• Good employer • Safe, healthy working environment • Fluxys Belgium's active role in the energy transition
Local residents		
• Owners and operators of land on which, or near to which, our facilities are located or will be built • Agricultural, forestry and hunting organisations • Permit authorities, local authorities and emergency services of the towns, cities and municipalities where our infrastructure is located or where we carry out work	• Contact in connection with daily operations and the construction of infrastructure • Information campaigns • Awareness-raising campaigns • Drills with emergency services	• Information • Safety • Limitation of disruption
Shareholders		
	• Regular consultation in the company's various bodies with shareholders' representatives on matters including strategy, financial performance, risk management, and the safety and reliability of natural gas transmission	• Fluxys Belgium plays an active, positive role in the energy transition thanks to its sound financial situation and reliable infrastructure
Customers		
• The users of the transmission system, the Loenhout storage facility and the Zeebrugge LNG terminal: gas producers, wholesalers, traders and suppliers who buy capacity in the company's infrastructure to get their gas to its intended destination • Distribution system operators connected to Fluxys Belgium's network to supply gas to homes and SMEs • Consumers directly connected to the transmission system, such as industrial companies and natural-gas-fired power plants; they mostly do not purchase capacity from Fluxys Belgium but there is an operational link due to their physical connection to the transmission system	• Permanent contact through our commercial team • Annual events enabling to address towards each customer group the topics that regularly come up in day-to-day contact with the commercial team • When changing existing services, developing new services, proposing new tariffs or suggesting amendments to contractual documents, Fluxys Belgium conducts a market consultation in accordance with the regulatory framework	• Optimum availability of infrastructure capacity • Competitive tariffs • Innovative services • Customers, who take account of total emissions generated by their supply chain, have high expectations with regard to their suppliers' climate impact

Stakeholder	Interaction	Expectations
Suppliers		
	• Regular contact with the business units and the central procurement office with regard to the execution of contracts • A number of suppliers are initially in close contact with Fluxys Belgium with regard to the qualification procedure to be completed by suppliers in order to be able to supply products and services • Some suppliers receive a questionnaire about their environmental, health and safety practices	• In terms of sustainability, the suppliers' objectives and the approach adopted by Fluxys must align with each other
Authorities and regulators		
• The Belgian and European authorities and energy regulators • Financial regulators such as the Financial Services and Markets Authority (FSMA)	• Consultation and information exchange with Belgium's federal energy regulator, the Federal Public Service (FPS) Economy, regional authorities and the European energy regulator • Periodic regulated information for the FSMA via publications, reports and notifications	• Effectively functioning energy market • Safe and reliable transmission infrastructure • Initiatives regarding the energy transition
Financial institutions		
	• Periodic regulated information via publications, reports and notifications	• Transparent information about Fluxys Belgium's financial situation and sustainability policy
Non-governmental organisations		
• Non-governmental organisations active specifically in the fields of the energy transition, climate change and environmental issues such as biodiversity and water and waste management	• Consultation and exchange of views	• Transparent information and clear commitments

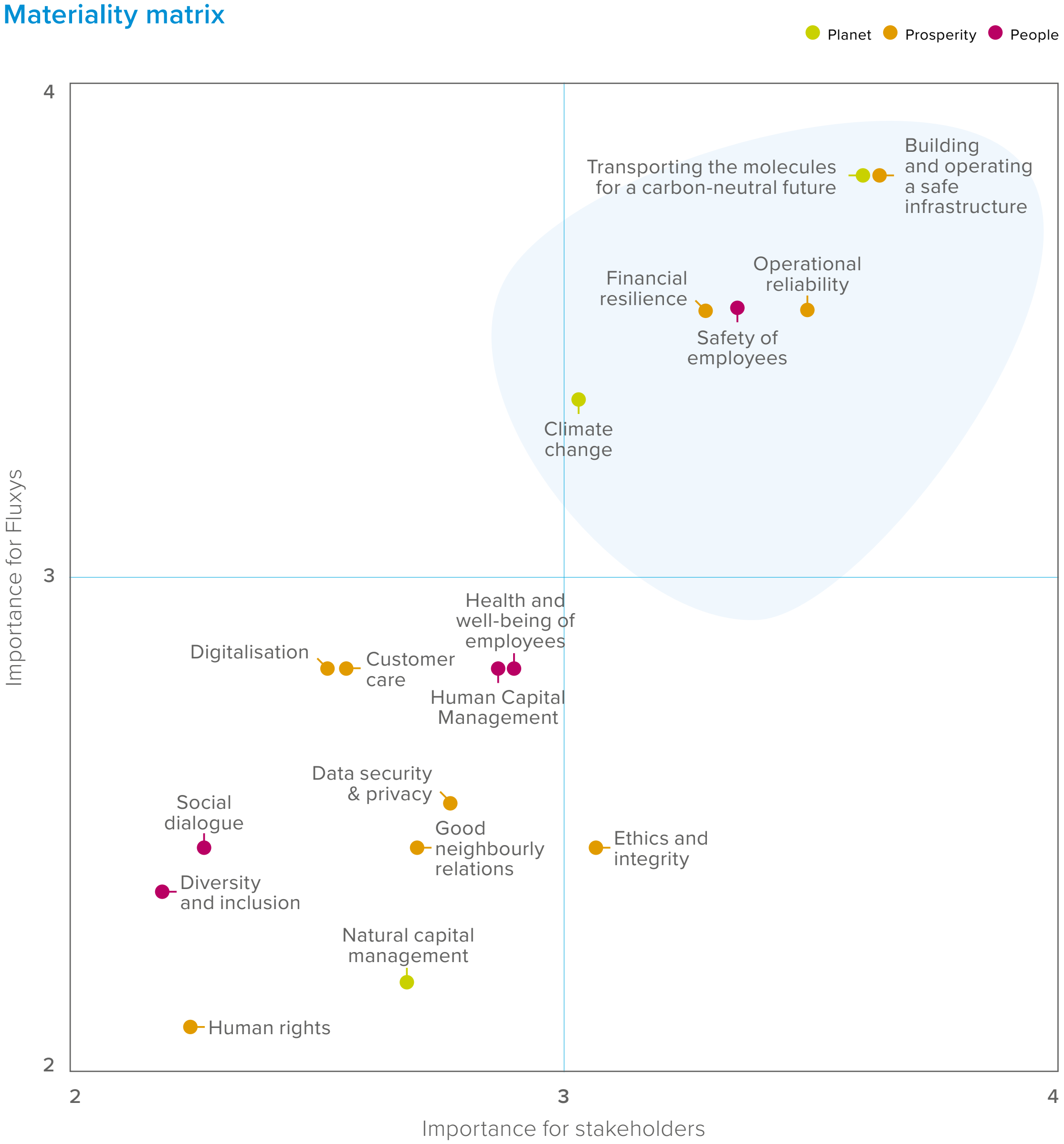
Materiality analysis

Consultation

In 2020, Fluxys Belgium consulted its stakeholders to gather their views on the significance of Fluxys Belgium's role and impact in the 17 relevant sustainability areas.

The company's Management Team was also consulted. The materiality matrix shows the consolidated result of both consultations.

Materiality matrix

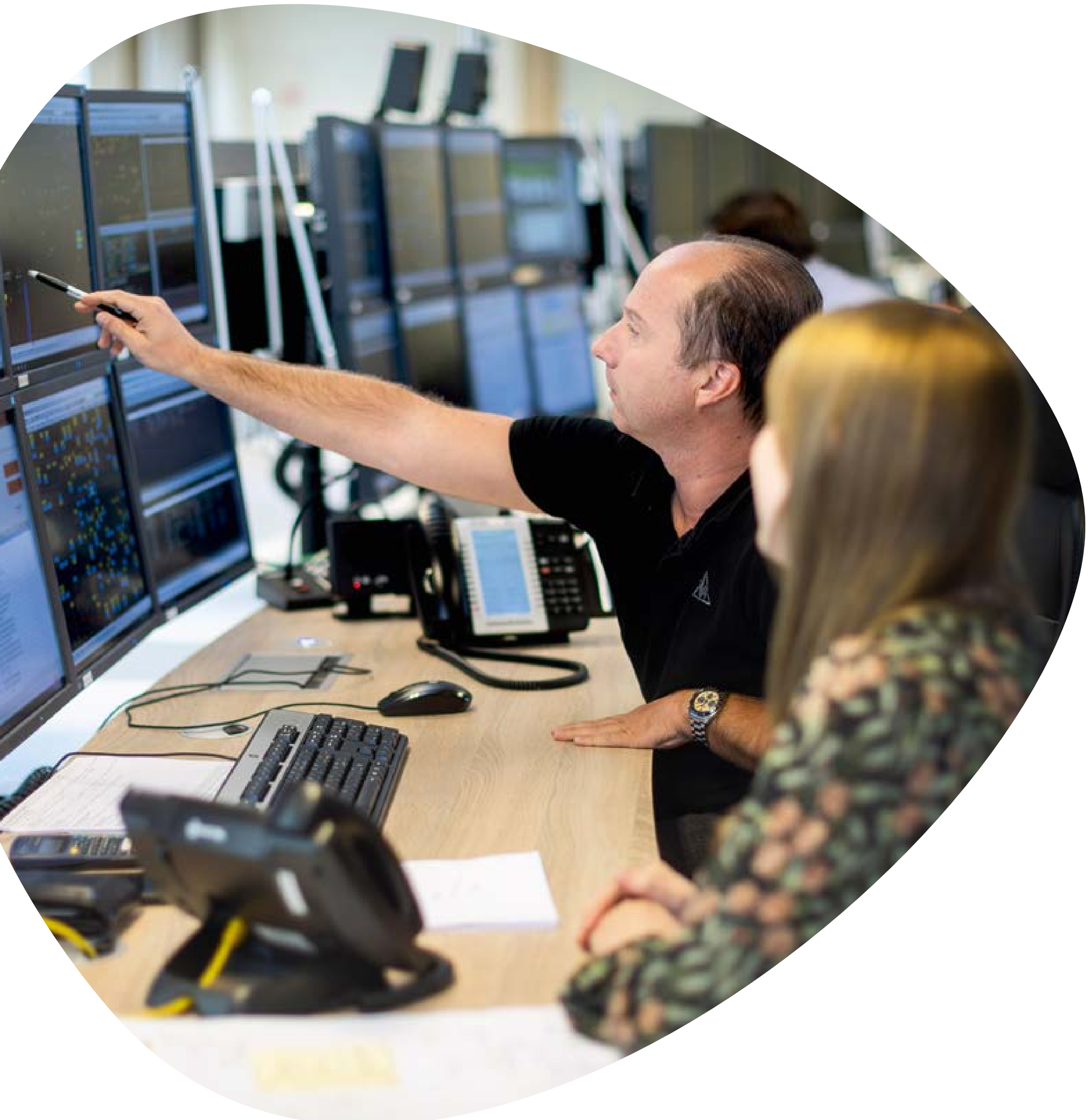


Transition to ESG framework

The material domains that emerged from the stakeholder consultation in 2020 were brought together in a Planet/Prosperity/People framework. In 2022, Fluxys Belgium decided to switch to an Environmental/Social/Governance approach. Therefore, in this report, the materiality domains are presented from that perspective.

Performance in terms of financial resilience and digitalisation *page 44.*	ESG performance		
	Environment *page 62.*	Social *page 94.*	Governance *page 124.*
• Financial resilience • Go Digital	• Climate change – Transporting molecules for a carbon-neutral future • Climate change – Systematically reducing our own climate impact • Climate change – Management of natural capital • Climate change – EU taxonomy for sustainable economic activities	• Safe and reliable infrastructure • Good neighbourly relations • Management of human capital • Employee safety, health and well-being • Social dialogue • Diversity and inclusion • Customer care • Human rights	• Ethics and integrity – efforts to combat corruption • Data protection and privacy

Our risk management



Enterprise Risk Management

Fluxys Belgium's Enterprise Risk Management (ERM) system identifies the risks that could have a short-, medium- and long-term impact on the company, people and the environment.

The risk management system is based on ISO 31000. Risk management is integrated into the company's strategy, business decisions and activities. The risk management system looks at the impact that risks can have from various angles: we not only assess the impact of risks on Fluxys' value creation, operational performance and reputation – we also consider the impact on people and the environment. Risk assessments are done in the short, medium and long term, which also makes it possible to carefully manage the risks associated with climate change. The risks and associated measures are explained in this integrated annual report for each domain in the materiality analysis (see the "Our reporting" section, page 28)

Actors in the process

Risk Management organises the risk management system and reports annually to the Audit and Risk Committee. All our departments identify, analyse and evaluate their risks and report on how risks are managed. They work with management to map out the main risks, the controls and the mitigating measures. The Audit and Risk Committee examines the risk management system and all the main risks, controls and mitigating measures each year.

Internal control process

The *three lines* of defence model is the internal control model used to manage our risks and carry out controls.

First line	Second line	Third line
• The first line of defence: the departments themselves, • which are responsible for their risks and ensure effective controls and measures.	• The second line of defence: the Risk and Compliance teams as well as, in certain cases, the Finance, Health, Safety and Environment, and ICT Security departments. • They guide those in the first line in risk management, compliance with regulations, guidelines and internal rules, budget monitoring and the security of staff, facilities, ICT systems and information.	• The independent third line of defence: Internal Audit, which is responsible for monitoring business processes. • Internal Audit performs risk-based audits to monitor the effectiveness and efficiency of the internal control system and processes. The department also performs compliance audits to ensure that guidelines and processes are consistently applied.

Insurance

Fluxys Belgium's Risk Management assesses the likelihood of the main risks connected to its activities and estimates the potential financial impact thereof.

Depending on the possibilities and the market conditions, the group mainly covers these risks via the insurance market. The comprehensive cover is in line with European best practices in the field and includes the different areas in which risks may materialise:

- protection of facilities against various types of material damage; in specific cases, facilities also have additional cover for loss of earnings as a result of unavailability due to damage;
- protection against third-party liability by means of comprehensive, multi-level cover;
- staff programme: mandatory insurance cover (occupational accidents) and staff healthcare programme;
- protection of the vehicle fleet by means of appropriate insurance.

In some cases, risks are partially reinsured by Flux Re, a wholly-owned subsidiary of Fluxys Belgium, or are partially self-retained, for example by applying appropriate deductibles. Flux Re reinsures general and environmental liability, property risks, material damage risks and financial risks (not life or health risks).

The fact that Flux Re is fully consolidated in the group's accounts means that the cost of damages covered by the group's reinsurance policy are booked to the consolidated result. Flux Re also reinsures certain risks facing other companies in the Fluxys group. Where appropriate, compensation paid in the event of damages involving these parties will impact the Fluxys Belgium group's IFRS consolidated result.

The non-insurable risks are covered by appropriate contractual clauses, financial guarantees and regulatory mechanisms.

Consequences of the war in Ukraine

Since the outbreak of war in Ukraine, various sanctions have been taken against Russia and Belarus, as well as Russian and Belarusian companies. In this context, Fluxys Belgium Group is not active on the Russian market nor does it have any investments in Russian companies. Fluxys Belgium group sees no evidence of impairment.

In its activities, Fluxys Belgium group does business with Russian companies in accordance with European and national gas regulations and we operate in full compliance with the sanctions regime.

Fluxys LNG is the company with the largest exposure to Russian gas flows through long-term contracts. To date, however, there have been no changes to regular flows or payments. The possible termination of long-term contracts could lead to a temporary reduction in the company's economic contribution to the Fluxys Belgium group. However, the regulatory framework is such that it allows authorised revenue to be maintained and the cancellation of long-term contracts would also free up capacity in a market with high demand.

Based on the current situation and given the regulated nature of its activities, the Fluxys Belgium group's net result is generally very little affected by volume decreases. Depending on the evolution of the war and on the duration and extent of the sanctions, the Fluxys Belgium group could temporarily face adverse effects on cash income if customers were to default on payment for booked capacity.

Legal and regulatory framework

Europe

Since 3 March 2011, the European natural gas market has been regulated by the EU's third energy package:

- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the Third Gas Directive);
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (the Second Gas Regulation);
- Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (the ACER Regulation).

In late 2021, the European Commission published its Proposal for a Directive of the European Parliament and of the Council on common rules for the internal markets in natural and renewable gases and in hydrogen, as well as its Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen. These legislative texts are expected to be finalised and adopted by the end of 2023. It is anticipated that they will introduce a regulated framework for the European markets in renewable gas and hydrogen, along the lines of the existing framework for natural gas.

Belgium

Within the current legal and regulatory framework, a regulated system is applied to **transmission (both domestic and border-to-border), natural gas storage and LNG terminalling**. As required by EU legislation, the Belgian market is supervised and overseen by independent regulators. The supervisory authority for the regulated activities of the Fluxys Belgium group is the federal regulator, the Commission for Electricity and Gas Regulation (CREG).

A bill concerning the **transmission of hydrogen** by pipeline was introduced in the Federal Parliament by the Belgian government in January 2023.

This legislation is expected to lay down the framework for:

- granting hydrogen transmission licences;
- the appointment and certification of a hydrogen transmission system operator;
- the unbundling of hydrogen transmission from production or supply of hydrogen, natural gas, biogas, biomethane, other forms of synthetic methane or electricity;
- existing hydrogen networks.

It is anticipated that this legislation will determine the tasks of the hydrogen transmission system operator, including:

- compiling a network development plan;
- providing non-discriminatory regulated access:
- communicating transparent and objective information to market players;
- confidentially handling commercially sensitive information of users of the hydrogen transmission system;
- compiling quality standards for the transported hydrogen.

This legislation is expected to lay down the missions and powers of the regulator (CREG).

Legislation

The Belgian Gas Act forms the general basis of the regulatory framework and incorporates the main principles that apply to the activities of Fluxys Belgium and Fluxys LNG as operators of the transmission system, natural gas storage facilities and LNG terminalling facilities.

The third package of legislative measures, in particular the Directive of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas, was transposed into Belgian legislation (Act of 8 January 2012 amending the Gas Act adopted as of 21 January 2012):

- The legislation provides for a procedure for certifying operators of transmission systems, natural gas storage facilities and LNG terminalling facilities. The aim of this certification is to verify compliance with the requirements that operators be unbundled from energy suppliers or producers (ownership unbundling).
  On 27 September 2012, CREG certified Fluxys Belgium as a transmission system operator that works entirely separately from natural gas suppliers and producers. In early 2023, CREG confirmed that Energy Infrastructure Partners becoming a shareholder in the parent company Fluxys did not give rise to a recertification procedure.
- In addition to the certification procedure, the procedure for appointing operators of the transmission system, natural gas storage facilities and LNG terminalling facilities by Ministerial Decree remains unchanged. As a result, on 23 February 2010 Fluxys Belgium was appointed operator of the natural gas transmission system and of the natural gas storage facility, and Fluxys LNG was appointed operator of the LNG facility, each for a renewable 20-year term.
- CREG is also responsible for developing the methodology for transmission, storage and LNG terminalling tariffs after having undertaken a public consultation on the subject. Operators' tariff proposals must be approved by CREG.

New EU regulations adopted in 2022 against the backdrop of the European energy crisis that hit in the course of the year

Against the backdrop of the gas market in 2022, a number of legislative texts were adopted at European Union level to ensure security of supply for the EU and its Member States:

- Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage; in this connection, it is worth pointing that in late 2022, Fluxys Belgium was certified as a storage facility operator in accordance with Article 2 of that Regulation;
- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders;
- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices.

One of the aims of these various EU regulations is to optimise the use of natural gas infrastructure with a view to contributing to the security of the natural gas supply. The Fluxys Belgium group supports this objective and has made the appropriate adjustments to the regulated contracts in order to transpose the various measures provided for by these regulations.

Setting tariffs

General remarks

The decisions laying down the tariff methodology for the period 2020-2023 for the natural gas transmission network, the natural gas storage facility and the LNG facility were adopted by CREG on 28 June 2018. This methodology includes the rules which network operators must comply with when preparing, calculating and submitting tariffs and which the regulator itself will use for processing these tariff proposals.

The 2020-2023 tariff proposal for transmission services, submitted by Fluxys Belgium on 21 December 2018 and based on that methodology and the network code for tariffs (TAR-NC)[2], was reviewed, and the reviewed version was finally approved by CREG on 7 May 2019. The approved tariffs are valid for a period of four years, subject to a revision due to the regulatory assets and liabilities not developing in the way forecast in the tariff proposal. In this connection, tariffs were reduced by 10% as from 1 July 2022.

The 2020-2023 tariff proposal for storage was approved by CREG on 20 December 2019. An amended tariff proposal providing for a tariff reduction was approved on 1 July 2021.

The latest updated tariff proposal for terminalling services was approved by CREG on 2 December 2021. This tariff proposal resulted in the introduction of a regulated tariff for the new BioLNG liquefaction services, and the confirmation of the tariff for the virtual liquefaction service, renamed the backhaul liquefaction service.

The decisions laying down the tariff methodology for the period 2024-2027 for the natural gas transmission system, the natural gas storage facility and the LNG facility were adopted by CREG on 30 June 2022.

Fluxys Belgium held a consultation on the tariff proposal for transmission services for 2024-2027, running from 6 October to 6 December 2022. The tariff proposal for these services was submitted to CREG in late December 2022.

Principles

The tariffs must cover the estimated authorised costs necessary to be able to efficiently provide the regulated services. The basis for this calculation is accounting according to the Belgian accounting rules (Belgian GAAP). The estimated authorised costs include the operating costs, financial expenditure and regulated return.

Operating costs. Operating costs are divided into:

- manageable costs, for which efficiency gains or losses are distributed proportionately between Fluxys Belgium (rise or fall in authorised profits) and regulatory assets or liabilities (increase or decrease in future tariffs), based on a decreasing scale;
- non-manageable costs, for which deviations from the estimated value are fully allocated to the regulatory assets or liabilities.

This encourages Fluxys Belgium to perform its activities in the most efficient way possible. Every saving vis-à-vis the estimated and authorised budget for manageable costs has a positive impact on pre-tax gross profits. On the other hand, exceeding budgets negatively affects the profit for the period.

The following are considered non-manageable costs: depreciation, costs relating to other regulated activities, subsidies, taxes, duties and expenses relating to the purchase of commodity products for the operation of the network.

Personnel expenses, business expenses and miscellaneous goods and services are considered to be manageable costs.

Financial expenditure. Financial expenditure relates to net financial costs, i.e. after deduction of financial revenue. Therefore, all actual and reasonable encountered financial costs relating to debt financing for regulated activities are included in the tariffs.

Regulated return. The regulated return is the return on equity invested as authorised by the regulatory provisions governing the return on capital investment. This is calculated using a remuneration rate applied to the average annual value of the regulated assets (average Regulatory Asset Base, or RAB). This RAB, based on the calculations under Belgian accounting standards, varies from year to year, taking into account new investments, decommissioning, authorised depreciation and changes in operating capital.

2. On 16 March 2017, a network code for tariffs (TAR-NC) was adopted by European Commission Regulation (EU) No 2017/460. This aims to achieve a harmonised transmission tariff methodology for gas transmission in Europe and lays down a range of requirements regarding publication of data and consultation on tariffs.

This remuneration rate for the period 2020-2023 is made up of two components determined by the equity/RAB ratio (= factor S).

1. For the part of the equity up to and including 40% of the RAB, the following applies: average RAB in year n x S[3] x [(OLO n)+(ß x risk premium)] x (1+α)
   The remuneration rate (in %) as established by CREG for year n is equal to the sum of the risk-free interest rate (based on 10-year Belgian linear bonds (OLO)) and a premium for the risk of the shares market, weighted with the applicable beta factor. The reference financial ratio of 40% is applied to the average value of the Regulatory Asset Base (RAB) to calculate the reference equity.

   The parameters for the tariff period 2020-2023 are as follows:
   - OLO n = for year n, the risk-free interest rate of 2.4%, based on 10-year OLO;
   - ß (system operator risk vis-à-vis global market risk) = 0.65 for transmission; 0.78 for storage and terminalling;
   - risk premium = 3.5%;
   - α (illiquidity premium) = 20% for transmission, storage and terminalling.
2. For the part of the equity that exceeds 40%, the following applies: average RAB in year n x (S - 40%) x (OLO n + 70 basis points).
   CREG encourages a ratio between equity and regulated asset base that is as close as possible to 40%. As a result, the part of the reference equity that exceeds 40% of the regulated asset base is remunerated at a lower rate: the risk-free interest rate, set at 2.4%, for the regulatory period 2020-2023, based on 10-year Belgian linear bonds (OLO) and a premium of 70 basis points.

The methodology also provides for a specific level of authorised margin for new facilities or extensions to facilities to promote security of supply, or for new facilities or extensions to storage or LNG facilities. The remuneration of the LNG facilities combines a RAB x WACC formula for the initial and replacement investments of the terminal with an IRR (Internal Rate of Return) formula for extension investments undertaken since 2004. CREG establishes a maximum IRR per investment, which Fluxys LNG may not exceed to ensure the attractiveness and competitiveness of the LNG terminal.

The principles of the IRR model for the extension investments by Fluxys LNG were approved by CREG and confirmed in its subsequent decisions.

Finally, in addition to the incentive relating to controlling manageable costs, incentives for the tariff period 2020-2023 may be granted to the system operator to encourage it to:

- support market integration and security of supply;
- enhance its performance;
- carry out vital research and development activities;
- play an active role in the energy transition;
- boost the quality of its services and stimulate additional sales of capacity.

3. Capped at 40%.

Annual settlement

Every year, a settlement is made which compares the estimated amounts with the actual ones. These differences, excluding incentives in favour of or against the margin, are recognised as a regulatory asset or liability in the year in which they occur. This settlement applies to the various aspects of the tariff calculation, namely:

- the estimated sales volumes used to determine the unit tariff;
- operating costs;
- financial expenditure;
- the regulated return.

This results in a regulatory liability (if for example the actual volumes exceed the estimates or if the operating costs, financial expenditure or regulated return are lower than expected) or a regulatory asset (in the opposite case).

This regulatory liability or asset is taken into account in accordance with the tariff methodology to set the tariffs for the next regulatory periods.

When devising the 2020-2023 tariff proposal, the natural gas transmission system operator identified the expected development in the adjustment account for the relevant regulatory period. This includes an expected decrease in the adjustment account of up to €100 million by the end of 2023.

If the actual development varies considerably from what was expected, whether positively or negatively, this deviation will result in an automatic correction of the tariffs for the gas transmission network.

A specific regulatory liability for auction premiums has been created. This regulatory liability is allocated in accordance with the Network Code.

Code of conduct

The code of conduct determines the terms and conditions of access to the natural gas infrastructure. These terms and conditions constitute a set of operational and commercial rules that form the framework within which Fluxys Belgium and Fluxys LNG enter into contracts with users of the transmission, storage and LNG infrastructure.

An initial code of conduct was established by the Royal Decree of 4 April 2003. From 2006 onwards, several market consultations on the evolution of this code were organised by CREG. The Royal Decree of 23 December 2010 on a code of conduct, which came into effect on 15 January 2011, was replaced by the code of conduct adopted by CREG in 2022.

Specifically, following a public consultation, CREG adopted, by decision of 31 August 2022, a new natural gas code of conduct which came into force in 2022.

That code of conduct states that operators (for transmission, storage and LNG terminalling) must draw up a range of documents which are subject to CREG's approval: the access code, the services programme, the standard agreements and the connection agreements. When drawing up these documents, the network users concerned are consulted to ensure that the services offered are aligned as closely as possible with market needs. Only after this consultation can the documents be submitted to CREG for approval.

Compliance officer

A compliance officer was appointed at Fluxys Belgium and Fluxys LNG in the framework of the commitments regarding non-discriminatory access to the network. A compliance programme was drawn up with the specific details of the rules of conduct that members of staff must comply with regarding non-discrimination, transparency and handling of confidential information. Fluxys Belgium's Board of Directors and management approved the compliance programme.

Every year, a report on compliance with the programme is drawn up for both Fluxys Belgium and Fluxys LNG, and the results are published on the website: https://www.fluxys.com/en/company/fluxys-belgium/investors.

#OneteamOnetarget

Our performance
in terms of financial resilience and digitalisation

We move quickly, even when the market is weathering a storm. Ready for our clients, ready to bring energy wherever it's needed. With our digital transformation boosting our agility to deliver on the green transition, today and tomorrow. That's how we work, day after day, on future-proof value.

Our performance in terms of financial resilience and digitalisation

Our focus in 2022

- Offering our customers as much capacity as possible in the interests of security of supply
- Controlling our operating costs and efficiency efforts to achieve regulatory targets for optimal fair shareholder compensation
- Driven digitalisation to increase the agility of our organisation, strengthen the foundations in our energy transition acceleration path, improve services for our customers and develop new opportunities

€480.3 million
Prosperity contribution
(2021: €438.9 million)

€1.40
Proposed gross dividend per share*
(2021: €1.38)

* Subject to the decision of the Annual General Meeting convened to decide on the appropriation of the profit for the year.

Financial resilience

Policy

Within the limits of the regulatory framework applicable to our activities, we respond to the expectations and needs of our customers in the best possible way to maximise revenues from the sale of our services. Maximising sales of capacity also means supporting the competitiveness of our tariffs, which we also underpin by keeping operating costs under control and retaining a healthy financial structure. Our financing policy enables us to finance investments on attractive terms.

Our activities contribute hugely to the prosperity of society, the economy, our employees and our shareholders. Our activities also substantially help the energy transition forward. This is how we future-proof our contribution to prosperity.

Risks and measures

Risk	Measures
The risk that market events or developments will impact Fluxys Belgium's revenues and/or assets	• Market monitoring by continuously adapting existing services and/or developing new services needed by the market at competitive prices • Financial monitoring of counterparties by monitoring claims and analysing their credit, liquidity, solvency and reputation • Warranties from suppliers and customers

As much capacity as possible to maximise security of supply

Throughout 2022, our sales team left no stone unturned to offer customers as much capacity as possible in the interests of security of supply. After all, the geopolitical situation in Ukraine has profoundly changed the dynamics of gas markets and the direction of flows in Europe. Previously, supplies largely came from the east. To ensure security of supply, additional flows from the west are now needed to compensate for the lost volumes from the east.

Transmission: unprecedented volumes to the Netherlands and Germany

Together with the neighbouring transmission system operators, we found ways to maximise the capacity that was physically available for cross-border flows. Moreover, together with our customers we looked at how they could make optimal use of their package of services. The result was that they could carry unprecedented large volumes of natural gas to the Netherlands and Germany. Flows to Germany soared to 256 TWh (from 20 TWh in 2021) and those to the Netherlands increased to 145 TWh (from 68 TWh in 2021).

Additional unloading slots at the Zeebrugge LNG terminal

Together with the long-term customers at the Zeebrugge LNG terminal, we examined how the schedule for their shipping traffic could be adjusted so that more ships could dock there – and this worked, as this meant that the terminal managed to support security of supply.

Storage facility filled to maximum level

Thanks to the special flexibility offered by the new storage services, customers booked maximum capacity at the Loenhout storage facility for winter 2022-2023. They have also already booked 60% of the capacity for the subsequent years.

With its storage facilities filled to the maximum level, Belgium easily exceeded the requirements set by the European Union in 2022 for security of supply for winter 2022-2023, namely that storage facilities should be filled to at least 80% of full capacity by 1 November.

Tariff reduction

In line with the tariff methodology, Fluxys Belgium, in consultation with the market and the federal energy regulator CREG, reduced tariffs for transmission services by 10% from 1 July 2022 onwards. The tariff reduction had no impact on Fluxys Belgium's results.

The reduction corresponds to a total of €45 million being returned over the course of 2022 and 2023. This is in line with Fluxys Belgium and CREG's desire to support consumers against the backdrop of high natural gas prices.

Financial monitoring and guarantees

Fluxys Belgium systematically assesses its main counterparties' financial capacity and, in accordance with the regulatory framework, closely monitors its receivables. Our policy regarding counterparty risks requires our major customers and suppliers to undergo a financial analysis (liquidity, solvency, profitability, reputation and risks) in advance and subsequently on a regular basis.

Fluxys Belgium uses internal and external information sources to this end, such as official analyses performed by specialist rating agencies. These rating agencies assess entities on the basis of risk and award them a credit rating. Various internal assessments are carried out and are covered by a full cross-cutting review by Sales, Finance and Legal.

Fluxys Belgium also asks most of its customers and certain categories of suppliers to provide a financial guarantee, thereby reducing the group's exposure to credit risk both in terms of default and concentration of customers. The potential negative impact of parties that remain in default is handled in accordance with the regulatory framework.

Fluxys Belgium's cash surpluses are deposited with parent company Fluxys within the framework of cash pooling agreements. Fluxys invests these surpluses in various ways, namely:

- in prominent financial institutions;
- in the form of financial instruments issued by companies with a high credit rating;
- in financial instruments issued by companies in which a creditworthy authority is the majority shareholder or which are underwritten by a creditworthy EU Member State;
- in loans to Fluxys subsidiaries at market conditions. By monitoring its subsidiaries, Fluxys reduces and manages counterparty risks for these subsidiaries as well.

Financial situation: consolidated key financial data

Income statement (in thousands of €)	31.12.2022	31.12.2021
Operating revenue	912.559	573.191
EBITDA*	323.167	318.905
EBIT*	147.305	137.821
Net profit	83.728	75.521
Balance sheet (in thousands of €)	**31.12.2022**	**31.12.2021**
Investments in property, plant and equipment for the period	105.525	50.647
Total property, plant and equipment	1.855.375	1.902.037
Equity	643.617	639.674
Net financial debt*	493.800	846.046
Total consolidated balance sheet	3.406.570	2.634.514

Increase in consolidated turnover and net profit

Fluxys Belgium's infrastructure was used particularly intensively throughout the year by our customers to support security of supply in Germany and the Netherlands. The extra revenues from that additional capacity that was sold do not benefit the company's shareholders. As stipulated by regulatory provisions, these extra revenues are deposited in the buffer account provided for this purpose (the 'adjustment account'). The amounts in the adjustment account are reallocated under the supervision of the regulator, CREG.

As part of the October budget consultations, the federal government decided to collect an exceptional solidarity contribution of €300 million from Fluxys Belgium. This contribution represents additional support for Belgium's population during the energy crisis.

The Fluxys Belgium group generated turnover of €912.6 million in 2022. This represents an increase of €339.4 million compared with 2021, when turnover stood at €573.2 million. The increase in regulated revenue is in line with tariff methodology and mainly stems from accounting for the exceptional solidarity contribution of €300 million.

Consolidated net profit rose from €75.5 million in 2021 to €83.7 million in 2022, an increase of €8.2 million. The rise in net profit is in line with the tariff proposal, in accordance with the tariff methodology for 2020-2023, and is therefore not due to the increase in sold capacity or in energy prices.

The 2020-2023 tariff methodology (set by the regulator, CREG) applies the principle that all reasonable costs including interest and fair remuneration are covered by regulated revenues. In addition, there are a number of incentives aimed at controlling costs and to direct and monitor some of the company's performance. By controlling its operating costs and making efficiency efforts, the Fluxys Belgium group succeeded in achieving the regulatory targets and incentives.

€105.5 million in investment

In 2022, investments in property, plant and equipment amounted to €105.5 million as opposed to €50.6 million in 2021. Of this amount, €67.7 million was dedicated to LNG infrastructure projects and €36.8 million to transmission projects.

Creating greater prosperity

Fluxys Belgium creates prosperity by contributing to the economic growth of the society and environment in which it operates. This contribution is measured as added value that the company generates and distributes among its stakeholders.

In 2022, the added value generated by continuing operations amounted to €480,3 million, up €41,4 million on 2021.

* See glossary on page 54.

Outlook for 2023

Under the 2020-2023 tariff methodology, the net profit from Belgian regulated activities is determined based on various regulatory parameters, including equity invested, financial structure and incentives. More information about the 2020-2023 tariff methodology can be found in the 'Legal and regulatory framework' section (see page 38).

Based on the information available at the time of this report, it is extremely difficult to anticipate the economic impact of the war in Ukraine. In light of the current understanding of the situation, the essential nature of the company's activities and its regulatory framework, at present we do not anticipate the war and the current resulting measures and market developments having any significant negative impact on the consolidated result of the Fluxys Belgium group in 2023 (see section 'Our risk management' - 'Consequences of the war in Ukraine', page 37).

Subsidiary activities and statutory profits

Fluxys LNG

Fluxys LNG (a consolidated subsidiary in which Fluxys Belgium holds a 99.9% stake and Flux Re a 0.01% stake) is the owner and operator of the Zeebrugge LNG terminal and sells terminalling capacity and associated services. Fluxys LNG's equity totalled €141.7 million as at 31 December 2022, as opposed to €149.5 million the previous year. Net profit for the 2022 financial year totalled €32.1 million (€31.1 million in 2021).

Flux Re

FFlux Re (consolidated subsidiary – wholly owned by Fluxys Belgium) is a reinsurance company under Luxembourg law and was established in October 2007. Flux Re's statutory equity, before appropriation, fell from €12.7 million as at 31 December 2021 to €10.5 million as at 31 December 2022. Net profit for the 2022 financial year totalled €2.8 million (€2.3 million in 2021).

Balansys

Balansys (stake consolidated using the equity method – Fluxys Belgium holds a 50% stake). On 7 May 2015, as part of the integration of the Belgian and Luxembourg gas markets, Fluxys Belgium and the Luxembourg transmission system operator Creos Luxembourg set up the company Balansys, a joint venture in which Fluxys Belgium and Creos Luxembourg each have a 50% stake. Balansys is in charge of the commercial balancing activities of the integrated Belgian-Luxembourg gas market.

Fluxys Belgium – 2022 results (according to Belgian standards): proposed allocation of profit

Fluxys Belgium's net profits totalled €84.0 million, compared with €71.7 million in 2021.

At the Annual General Meeting on 9 May 2023, Fluxys Belgium will propose a gross dividend of €1.40 per share.

Taking into account a profit of €79.3 million carried over from the previous financial year and a withdrawal of €28.2 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- €98.4 million as a dividend payout;
- €93.1 million as profit to be carried forward.

If that profit allocation proposal is adopted, the total gross dividend for the 2022 financial year will be €1,40 per share. This amount will be payable from 17 May 2023 onwards.

Indicators

Contribution to prosperity (in millions of €)	2022	2021	2020	2019
Added value from continuing operations	480.3	438.9	427.1	423.2
Personnel	132.9	112.5	110.5	107.5
Shareholders (dividend)	97.0	96.3	91.3	88.5
Society (taxes)	37.2	36.9	37.2	48.2
Suppliers	174.7	155.6	149.3	143.4
Financial institutions (interest)	38.5	36.3	38.8	35.5

Financial ratios	2022	2021	2020	2019
Solvency Ratio of (i) net financial debt and (ii) the sum of equity and net financial debt	43%	57%	58%	58%
Interest coverage Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	21.39	6.75	5.61	6.58
Net financial debt*/extended RAB* Ratio of (i) net financial debt and (ii) extended RAB	17%	28%	28%	29%
FFO*/net financial debt Ratio of (i) FFO and (ii) net financial debt	144%	25%	20%	22%
RCF*/net financial debt Ratio of (i) RCF and (ii) net financial debt	125%	13%	10%	12%

Net financial debt (in millions of €)	2022	2021	2020	2019
Net financial debt	493.8	846.0	873.1	903.3
Breakdown				
Debt capital market	700.0	699.1	692.7	698.2
Bank loans	262.3	286.8	310.6	327.8
Related parties	210.3	233.6	257.0	263.3
75% of cash and other financial assets	-678.2	-373.5	-393.1	-386.0
Weighted average maturity as at 31 December	8.1	9.2	10.2	11.3

RAB and WACC	2022	2021	2020	2019
RAB* (in millions of €)				
Transmission	2,059.1	2,047.5	2,086.9	2,125.3
Storage	228.0	228.8	235.6	239.7
LNG terminalling	305.7	303.0	302.7	314.4
Other property, plant and equipment excluding RAB (in millions of €)	417.7	410.4	420.3	413.4
Extended RAB*	3,010.6	2,989.7	3,045.4	3,092.8
WACC* before tax (in %)				
Transmission	4.88	4.92	4.88	3.87
Storage	5.06	5.09	5.04	3.57
LNG terminalling	4.83	4.99	5.14	2.85

Glossary

EBIT: Earnings Before Interest and Taxes or operating profit/loss, plus income from equity affiliates and dividends received from unconsolidated entities. EBIT is used as a reference to monitor the operational performance of the group over time.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation or operating profit/loss, before depreciation, amortisation, impairment and provisions, plus income from equity affiliates and dividends received from unconsolidated entities. EBITDA is used as a reference to monitor the operational performance of the group over time, without taking non-cash costs into account.

Net financial debt: interest-bearing liabilities (including lease debts), cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the remaining 25% is considered a buffer reserve for operational purposes (working capital) and is therefore deemed unavailable for investments). This indicator gives an idea of the amount of interest-bearing liabilities that would remain if all available cash were used to repay loans. To show a more faithful picture of reality, the exceptional solidarity contribution of €300 million has been removed from the cash position when calculating the net financial debt. This is because that debt was recorded on 31 December while the payment was made in January 2023, significantly affecting the calculation.

Solvency: the ratio between net financial debt and the sum of equity and net financial debt, indicating the strength of the Fluxys Belgium group's financial structure.

Interest coverage: the ratio between FFO before interest expenses and interest expenses, representing the group's capacity to cover its interest expenses via its operating activities.

Net financial debt/Extended RAB: ratio expressing the share of the extended RAB financed by external debt.

FFO/Net financial debt: ratio used to determine the group's capacity to pay off its debts based on cash generated by its operating activities.

RCF/Net financial debt: ratio used to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

FFO: Funds from Operations or profit/loss from continuing operations, excluding changes in regulatory assets and liabilities, before depreciation, amortisation, impairment and provisions, plus dividends received from equity affiliates and unconsolidated entities, minus net financial expenses and tax payables. This indicator reflects the cash generated by operating activities and therefore the group's capacity to repay its debts, make investments and pay dividends to investors.

RCF: Retained Cash Flow or FFO, less dividends paid. This indicator reflects the cash generated by operating activities, but after payment of dividends, and thus reflects the group's net capacity to repay its debts and to make investments.

RAB: average Regulated Asset Base for the year. The RAB is a regulatory concept that corresponds to the basis of regulated assets on which the regulatory return is allocated, as regulated by CREG.

Other investments in property, plant and equipment excluding the RAB: the average of the cumulative investments in the Zeebrugge LNG terminal expansions and in the non-regulated activities.

Extended RAB: total RAB and other investments in plant, property and equipment excluding the RAB.

WACC: Weighted Average Cost of Capital, reflecting the return allowed by the regulation on the RAB.

Digitalisation

Policy

Fluxys Belgium is strengthening its position with its mix of extensive digitalisation and enthusiasm for new ideas, as part of a cross-cutting approach. With this approach, we are making our organisation more agile, consolidating the foundations of our drive to speed up the energy transition, improving services for our customers and developing new opportunities.

Risks and measures

Risk	Measures
Inability to maintain optimal customer service and improve internal operations due to lack of digital advancement	**• Digital transformation programme • Innovation and strengthening ICT foundations**

Digital transformation: acceleration and expansion

We are pursuing our work on rolling out large-scale digitalisation through the Digital Transformation programme, which aims to both accelerate and expand this process.

Digital Lounge

Is our innovation lab approach to quickly and flexibly developing digital solutions for our customers, employees and other stakeholders. We work, as the need arises, with ad hoc cross-cutting Digital Lounge teams on devising a learning process. Here, the design and priorities may change based on what we learn

In 2022, we came up with four digital solutions to enhance internal processes, the offering for our customers and the development of digital talent.

Digital Workplace

is our approach to creating a working environment that supports digital transformation, hybrid collaboration and connectivity between employees wherever possible. At the same time, our employees are consolidating their digital skills under the guidance of the Digital Coaches.

The survey we conducted among employees in 2022 revealed an overall feeling of contentment, with 80% of respondents giving satisfaction scores of 7 or more out of 10. In 2023, we will be shifting our focus to improving the digital dexterity of our employees so that they can make even better use of existing and emerging technological solutions.

Innovation and consolidation of our ICT foundations

The Digital Transformation programme focuses on both innovation and consolidating the ICT foundations of Fluxys Belgium.

Cloud:

deploying the Cloud architecture for business applications. The initial commercial modules have been developed, and we are continuing this approach for other applications where it has added value.

Smart Data Factory:

bringing together, for internal use, data from various systems along with the associated visualisation tools to provide a quicker and clearer insight into all the available data.

Internet of Things (IoT):

using IoT capabilities to optimise the operational management and maintenance of the pipeline network.

GSmart:

various new modules for our in-house system for gas transport, used by various infrastructure companies.

SAP:

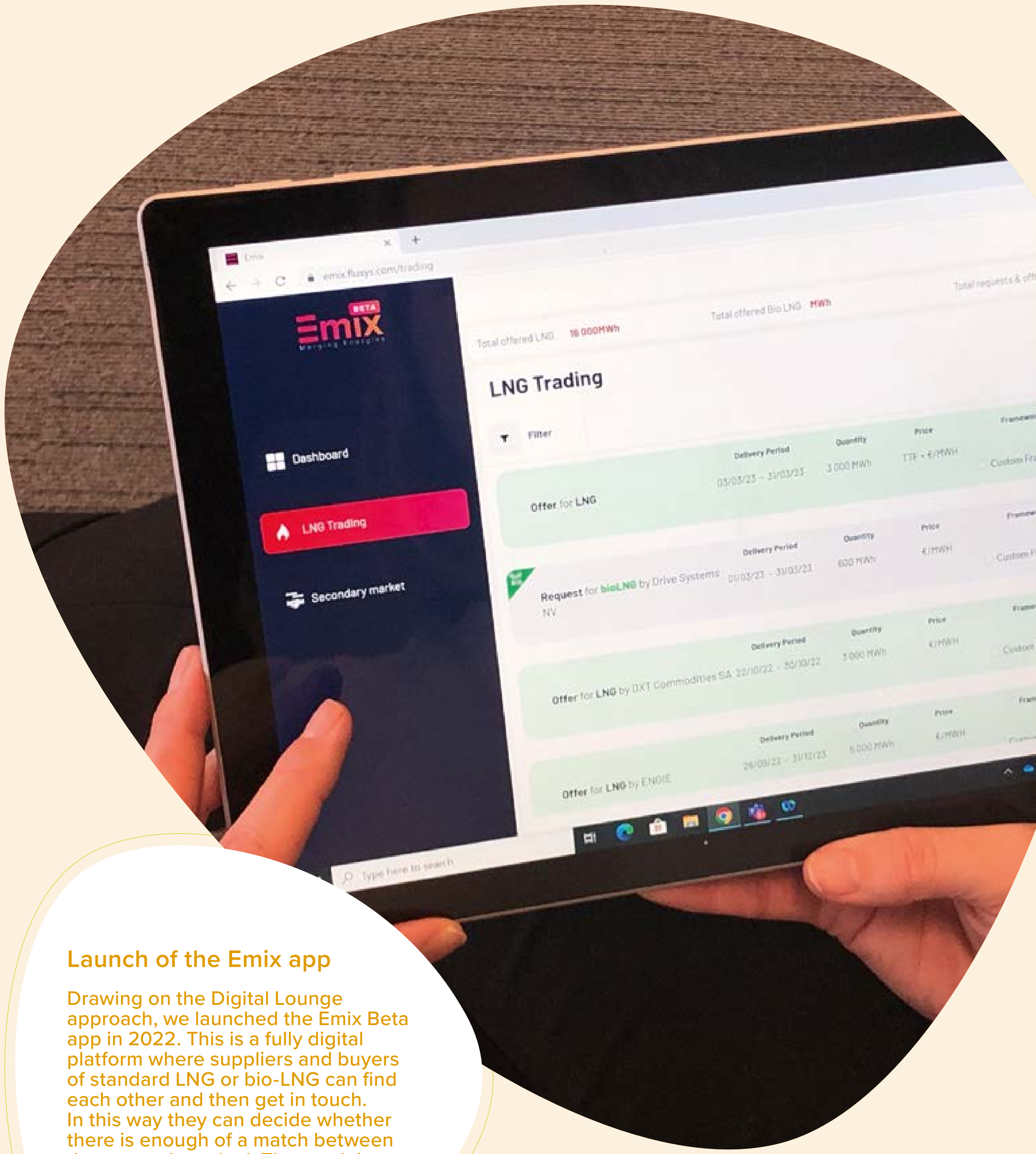
preparing for the migration to a new SAP environment for all Enterprise Resource Planning. This will be rolled out in 2023. At the same time, the tools for our technical staff in the field will be upgraded.

Digital Twin:

developing a digital twin of our transmission system which could, for example, simulate the flow of new gases through the network.

Cybersecurity:

see the Extra focus on ICT systems and cyber security section (page 102).



Launch of the Emix app

Drawing on the Digital Lounge approach, we launched the Emix Beta app in 2022. This is a fully digital platform where suppliers and buyers of standard LNG or bio-LNG can find each other and then get in touch. In this way they can decide whether there is enough of a match between them to make a deal. The result is a transparent, user-friendly and time-saving solution for our customers!

OneteamOnetarget

Our ESG performance

Having a positive impact on the world is what drives us. Care is our key. Taking care of the climate, with the solutions we provide for decarbonisation and by making our own carbon footprint progressively smaller. Serving society by taking care of our essential infrastructure. And seeing to a good working environment with meaningful work. This is how, together, we create balance and perspective for tomorrow.

Environment

Our focus in 2022

- In partnership with industry, preparing the hydrogen and CO_2 transmission infrastructure to be a powerful tool for both reducing large-scale CO_2 emissions and sustainably safeguarding economic activity and employment
- Together with partners, developing terminals for hydrogen import and CO_2 export
- Making investments and developing initiatives to further reduce methane emissions in our transmission and storage businesses
- Building three additional open-rack vaporisers to reduce the Zeebrugge LNG terminal's emissions

10
Proposals for open-access hydrogen and CO_2 infrastructure in Belgium's industrial clusters

4
Market consultations completed in first phase regarding the proposals for open-access hydrogen and CO_2 infrastructure in Belgium's industrial clusters

2
Proposals for cross-border hydrogen infrastructure (Belgium-Netherlands and Belgium-France)

-48%
Greenhouse gas intensity Transmission and storage
(compared with 2021)
p. 77
(-51% compared with 2017)

+56%
Greenhouse gas intensity LNG terminalling
(compared with 2021)
p. 77
(+60% compared with 2017)

Climate change – Transporting molecules for a carbon-neutral future

Policy

Our commitment to the climate targets forms an integral part of our business strategy with a focus on our key role as an infrastructure company in speeding up the energy transition. In that connection, this commitment is also a core pillar of our Health, Safety and Environment Policy.

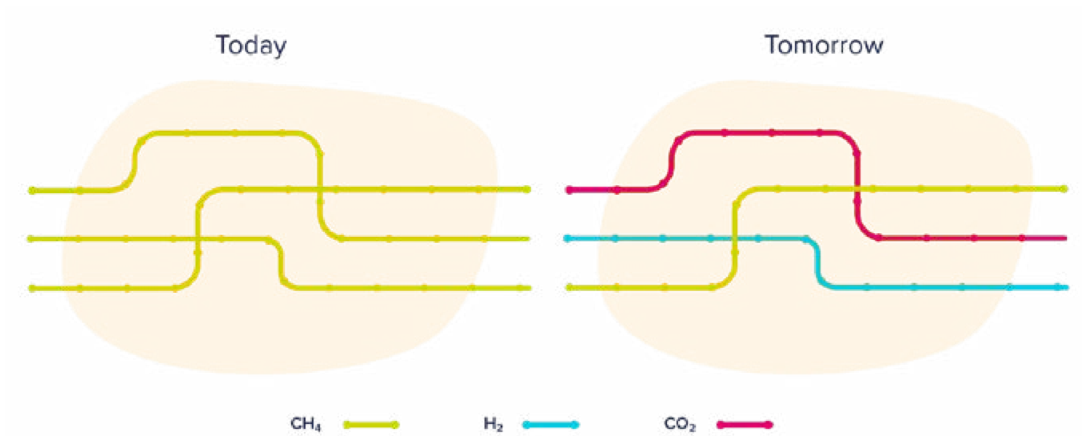
Our approach to molecule transmission for a carbon-neutral future is fully in line with the European Commission's decarbonisation package and hydrogen strategy, the Belgian federal government's hydrogen strategy, and the climate approach of Belgium's regions.

Given the developments in the legal and regulatory framework, and in line with industrial demand, we are thoroughly preparing to convert our network into a multi-molecule system which we will use to transport not only natural gas and biomethane but also hydrogen and other carbon-neutral molecules and CO_2. This will enable us to offer industry powerful tools for reducing large-scale CO_2 emissions and thus sustainably safeguarding economic activity and employment.

Risks and measures

Risk	Measures
Drop in demand for natural gas due to the energy transition: the risk that part of Fluxys Belgium's infrastructure can no longer be used	Investment programme with projects to achieve decarbonisation goals while gradually reconfiguring the existing network as part of a carbon-neutral energy system

Opportunity	Actions
• Developing new activities to speed up the energy transition • Combining new infrastructure with, wherever possible, the reuse of existing natural gas infrastructure is a cost-efficient solution to transport molecules for a carbon-neutral future	• Investment programme with projects to achieve decarbonisation goals while gradually reconfiguring the existing network as part of a carbon-neutral energy system • Creation of the Fluxys nextgrid business unit, focusing 100% on infrastructure and hydrogen and CO_2 services



We will gradually reuse existing infrastructure as much as possible to create hydrogen and CO_2 networks. This is cheaper than starting from scratch and it also saves time. In a densely populated country like Belgium, it also means using up a lot less space.

Complete focus on energy transition projects with the Fluxys nextgrid business unit

In 2022, we established within Fluxys Belgium the Fluxys nextgrid business unit to optimally reinforce our strategy's central focus on the energy transition. This business unit will serve as the driving force behind the energy transition projects in Belgium and projects directly related to the Belgian energy ecosystem.

First transmission infrastructure for hydrogen/ CO_2 in 2026

Our approach to providing Belgium with the necessary hydrogen and CO_2 infrastructure is shaped in cooperation with our customers, the authorities, neighbouring operators, distribution system operators and other stakeholders. In line with market needs, we aim to have the first hydrogen and/or CO_2 pipelines in Belgium ready for use by mid-2026. Every effort is being made to make the necessary investment decisions to achieve this.

We develop the infrastructure in industrial clusters and establish connections between them and neighbouring countries. This will allow us to develop the appropriate backbone infrastructure and lay the foundations for sustainably cementing Belgium's role as an energy crossroads by making the country a hydrogen and CO_2 hub for the economy both in Belgium and North-West Europe.

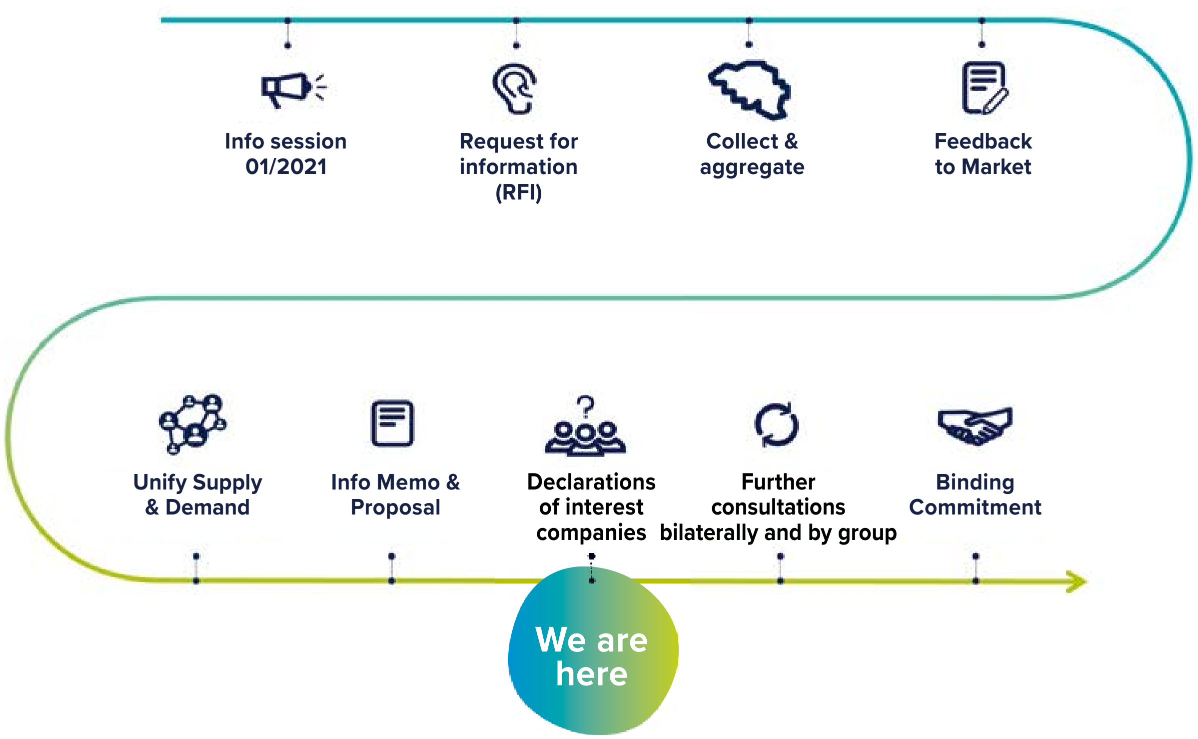
10 infrastructure proposals

In 2022, we produced additional, updated practical proposals for open-access hydrogen and CO_2 transmission infrastructure for various industrial clusters. We are focusing on the market with a total of 10 infrastructure proposals.

4 market consultations completed in the first phase

Each infrastructure proposal is accompanied by a market consultation during which customers can express their interest. 4 market consultations have been completed in the first phase: the market consultations for hydrogen infrastructure in Antwerp, Mons and Ghent respectively, and the market consultation for CO_2 infrastructure in Antwerp. This means that now feasibility studies are looking into tariffs for the use of this infrastructure.

Progress in the preparation of hydrogen and CO_2 networks



2 cross-border clusters

In this phase, the hydrogen clusters in Ghent and Mons are both already cross-border clusters.

- In the case of the Ghent cluster, Fluxys Belgium, the port authority and the Dutch transmission system operator Gasunie are joining forces to connect the Dutch and Belgian hydrogen networks in the cross-border North Sea Port.
- For the Mons cluster, Fluxys Belgium and the French transmission system operator GRTgaz identified the wider Mons area, which extends to La Louvière and Feluy in Belgium together with the Valenciennes region in France, as a cross-border cluster for the development of hydrogen infrastructure.

Terminalling projects for hydrogen and CO_2

Antwerp@C CO_2 Export Hub

Within the Antwerp CO_2 cluster, Fluxys Belgium, together with Air Liquide, is developing an open-access terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage.

Antwerp@C CO_2 Export Hub is the first phase of Antwerp@C, an initiative of Air Liquide, BASF, Borealis, ExxonMobil, INEOS, TotalEnergies, Fluxys and Port of Antwerp-Bruges aiming to halve the CO_2 emissions on the Antwerp port platform by 2030.

In 2022, Fluxys Belgium, Air Liquide and Port of Antwerp-Bruges were awarded an EU subsidy of €144.6 million by the Connecting Europe Facility. The funding is intended for the construction of the common CO_2 transport and export facilities on the Antwerp port platform. Being awarded this subsidy is a key step towards the final investment decision, which is expected in 2023.

Co-funded by the European Union

Import terminal for green ammonia in Antwerp

In 2022, Fluxys Belgium, Advario Stolthaven Antwerp and Advario Gas Terminal joined forces to develop an open-access green ammonia import terminal at Port of Antwerp-Bruges. Ammonia is an efficient molecule for the long-distance transmission of green hydrogen generated by wind and solar energy

The aim is to make green ammonia available from the terminal as a carbon-neutral raw material and fuel. The green ammonia can also be converted into green hydrogen for transmission in the hydrogen network.

Ghent Carbon hub

Within the Ghent CO_2 cluster, Fluxys Belgium, together with ArcelorMittal Belgium and the cross-border North Sea Port, is developing an open-access multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage.

In 2022, Fluxys Belgium, ArcelorMittal Belgium and North Sea Port were awarded an EU subsidy of €9.6 million by the Connecting Europe Facility. This funding is intended for research in connection with the Ghent Carbon Hub, combined with a CO_2 pipeline between Ghent and Mons.

Co-funded by the European Union

Zeebrugge as a multi-molecule hub

Fluxys Belgium is conducting various studies to develop the Zeebrugge LNG terminal into a multi-molecule hub for LNG, bio-LNG, hydrogen and CO_2.

- For hydrogen and derivatives, we are researching the facilities for large-scale imports from countries with an abundance of wind and solar energy. From the terminal, hydrogen would then reach the industrial clusters in Belgium and neighbouring countries through the hydrogen network.
- For CO_2 we are aiming for large-scale export facilities. The captured CO_2 from industry in Belgium and neighbouring countries would flow via the CO_2 network to Zeebrugge, with this becoming the connection to two export options for permanent offshore storage: ship or an offshore pipeline.

Ensuring availability of enough hydrogen

More green hydrogen from wind

To be viable, the hydrogen economy requires enough renewable electricity to be generated to produce green hydrogen. The Esbjerg Declaration at the North Sea Summit bringing together Belgium, Denmark, Germany and the Netherlands in May 2022 was vital in this regard. The four countries are joining forces to quadruple their combined offshore wind capacity to 65 GW by 2030 and to further increase it to at least 150 GW by 2050, thereby making the North Sea the largest sustainable energy plant in Europe.

Quickly achieving large volumes with blue hydrogen

Belgium and Western Europe still have only limited potential to quickly scale up the generation of renewable electricity as a source of green hydrogen. "Blue hydrogen" is one alternative. This is low-carbon hydrogen produced from natural gas, where the released CO_2 is captured and reused or stored. Using available technologies, up to 98% of the released CO_2 can be captured.

ENGIE and Equinor are developing their H2BE project in Ghent for the large-scale production of blue hydrogen. The project is an important link in getting large volumes of low-carbon hydrogen to market in Belgium quickly in a stable way. Fluxys Belgium is working with ENGIE and Equinor to connect the project to the hydrogen and CO_2 networks in the Ghent cluster.

Overseas imports of green hydrogen

Overseas imports of carbon-neutral hydrogen are a third pillar to ensure the availability of enough green hydrogen. For this purpose, particularly windy and sunny areas where large quantities of green hydrogen can be produced from green electricity are being looked at. Green hydrogen can then be exported by ship to import terminals in Europe, for example in the form of green ammonia.

With this in mind, parent company Fluxys is joining forces with DEME, ENGIE, EXMAR, Port of Antwerp-Bruges and WaterstofNet in the Hydrogen Import Coalition.

The federal government has already signed agreements with Oman and Namibia relating to imports of green hydrogen. For other import routes, partner countries are still being identified. Port of Antwerp-Bruges has signed a similar agreement with Chile, which is a country with huge solar-energy potential.

Embedded in Europe's hydrogen backbone

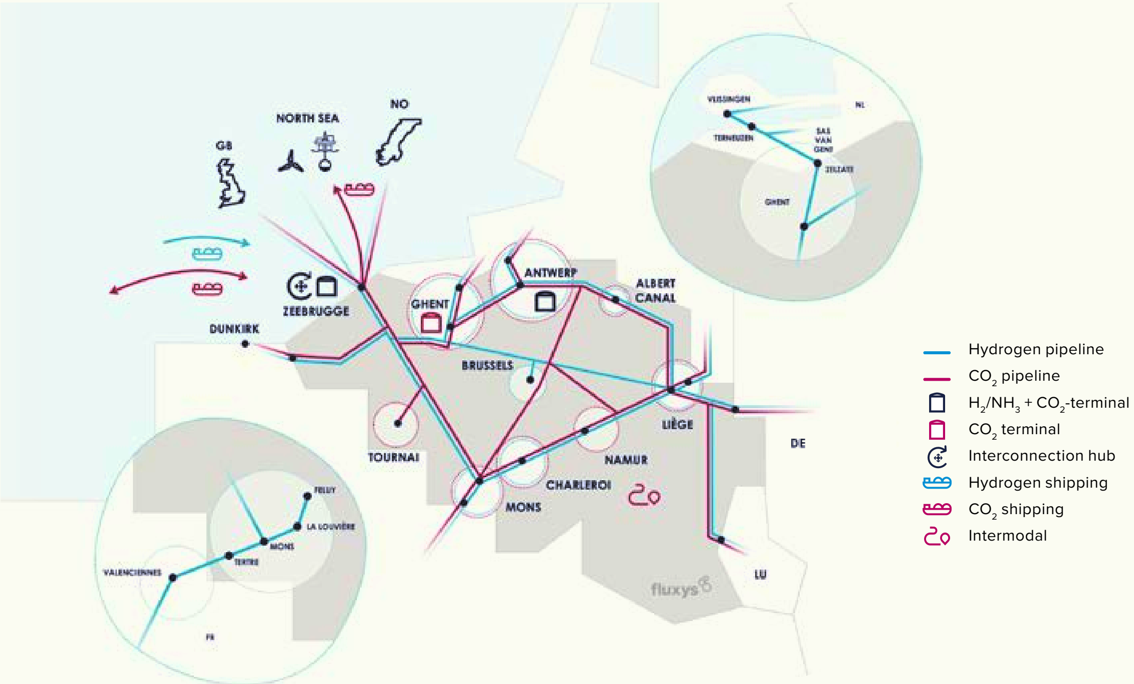
Other transmission system operators in neighbouring countries are also in the process of developing hydrogen infrastructure. In light of this, we see Belgium's hydrogen infrastructure becoming part of a European backbone and, from an international perspective, laying the foundations for consolidating and shoring up our role as the energy crossroads at the heart of North-West Europe for many years to come.

To this end, since 2020 we have been working with other infrastructure companies within the European Hydrogen Backbone initiative. The initiative has since grown into a joint approach to developing dedicated hydrogen infrastructure in 28 European countries. In 2022, the initiative expanded its aims, namely to create a 53,000-km pipeline network by 2040, a substantial share of which consists of reused infrastructure that currently serves to transport natural gas.

European Hydrogen Backbone initiative 2022, supported by Guidehouse

Hydrogen and CO_2 networks in Belgium: overview

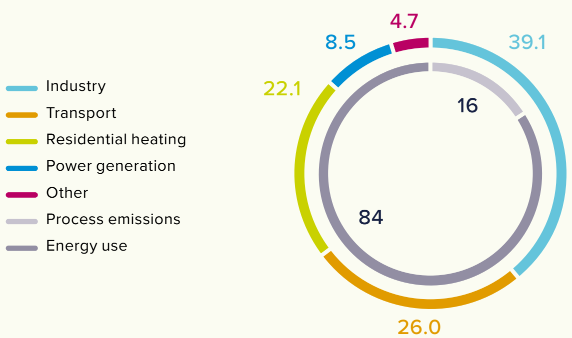
First transmission infrastructure in 2026



Hydrogen and CO_2 infrastructure: a dual solution

Approximately 40% of Belgium's CO_2 emissions are generated by industrial energy consumption or process emissions. The development of infrastructure for the transmission and terminalling of hydrogen and CO_2 is key for industry to meet the relevant decarbonisation goals.

Belgium: breakdown of CO_2 emissions
(in million tonnes, source: klimaat.be)



Industrial processes for which hydrogen is the best solution.

For many companies, hydrogen is the right choice when weighing up the best balance between security of supply, climate impact and cost. A range of industrial processes also requires high temperatures for which (renewable) electricity is not an option. Connecting these industries to a hydrogen supply gives them a chance to switch to the best carbon-neutral alternative. The same goes for industries that use carbon-intensive feedstock.

Industrial processes that produce CO_2.

Carbon capture, use or storage is considered a key technology for reducing CO_2 emissions and creating clusters for the circular reuse of CO_2 in the production of, for example, carbon-neutral biofuels. This technology is vital to safeguard sectors that are difficult to decarbonise and involve industrial processes that produce CO2. The availability of infrastructure for the transmission of captured CO_2 to destinations for reuse or storage is a cornerstone of this solution.

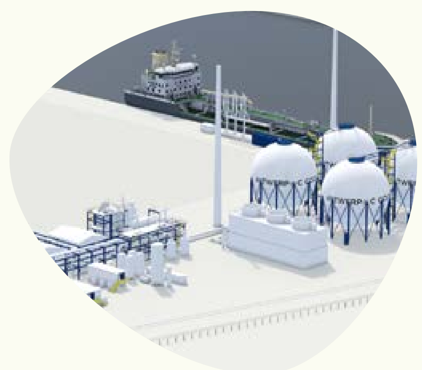
Zeebrugge multi-molecule hub

- Open-access terminal
- Importing hydrogen or derivatives for transshipment to the hydrogen network and then transmission within Belgium and to neighbouring countries
- Receiving captured CO_2 from the CO_2 network with two export options:
  - liquefaction, intermediate storage and loading onto ships to be taken to permanent offshore storage;
  - transshipment to an offshore pipeline for transmission to permanent offshore storage.
- Status: preliminary studies

Antwerp@C CO_2 Export Hub

- Open-access terminal
- Fluxys Belgium project with Air Liquide
- Multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity of up to 10 million tonnes of CO_2 per year
- Status: engineering & design
- Proposed timing: commissioning in 2026

Co-funded by the European Union

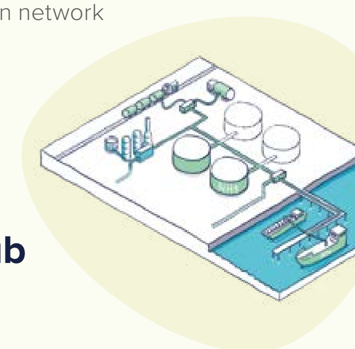


Offshore CO_2 pipeline (North Sea)

- Open-access pipeline
- Project of parent company Fluxys and Equinor
- c. 1,000-km pipeline for CO_2 exports from Zeebrugge to permanent storage in the North Sea
- Capacity: 20-40 million tonnes of CO_2 per year
- Status: feasibility study
- Proposed timing: commissioning before 2030

Import terminal for green ammonia in Antwerp

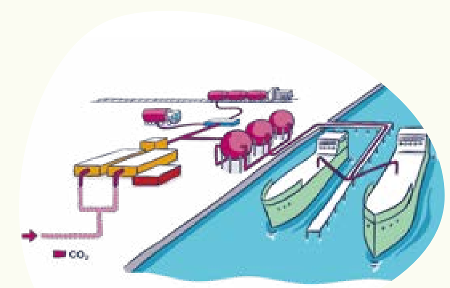
- Open-access terminal
- Fluxys Belgium project with Advario Stolthaven Antwerp and Advario Gas Terminal
- Import terminal for green ammonia: use of green ammonia as a carbon-neutral feedstock and fuel and possibly also its conversion into green hydrogen for transmission in the hydrogen network
- Status: feasibility study
- Proposed timing: commissioning in 2027



Ghent Carbon hub

- Open-access terminal
- Fluxys Belgium project with ArcelorMittal Belgium and North Sea Port
- Multimodal terminal for receiving, liquefying and temporarily storing CO_2 and loading it onto ships to be taken to permanent offshore storage
- Capacity of up to 6 million tonnes of CO_2 per year
- Status: feasibility study
- Proposed timing: commissioning in 2028

Co-funded by the European Union



Research into speeding up the energy transition

Together with various partners and academic institutions, Fluxys Belgium conducts research into hydrogen and CO_2 infrastructure and the practicalities of reusing our existing infrastructure for hydrogen and CO_2.

FutureGrid tests hydrogen in real conditions

Fluxys Belgium is working with its British counterpart National Gas and with Northern Gas Networks, the distribution system operator for the North of England, to develop a hydrogen test facility. Such a facility would test the transmission of hydrogen in real conditions in various domains,

Over the past year, a 'mini-network' of natural gas infrastructure was built that is separate from the existing network. The tests will start in 2023 and are an important addition to our own research into the reuse of existing hydrogen infrastructure. Expert group DNV and the Universities of Durham and Edinburgh are also involved in the test facility.

HyFit and Hysource

These two university projects study the influence of hydrogen on pipeline steels and welding. The results of the HyFit laboratory tests have been presented to the FPS Economy.

PIPELHYNE

This research with GRTgaz, National Gas, Engie and Transitgas/Swissgas aims to test different types of steel for their sensitivity to hydrogen.

Underground storage

We are looking into the practicalities of hydrogen storage at our Loenhout underground storage site. Extensive technical preparations have been made for the injection of hydrogen into the underground storage facility, and we expect to be able to carry out the first tests in 2023 after completing the permit procedures.

Hydrogen panels

Researchers from KU Leuven have developed game-changing hydrogen panels that are a highly efficient means of producing green hydrogen from sunlight as well as water vapour in the air. Fluxys is supporting the innovative project with its wide-ranging expertise in the analysis of molecules.

H2GridLab

H2GridLab is an initiative to establish a participatory laboratory on the Anderlecht site of distribution system operator Sibelga to carry out tests, roll out pilot projects and amass knowledge of green hydrogen and its local storage, injection into networks and role in the decarbonisation of public distribution. H2GridLab has been supported by Belgium's federal Energy Transition Fund. Semi-industrial installations such as gas turbines and fuel cells will be set up and tested in 2023.

Interaction between energy networks

University research is being conducted into the interactions between different energy networks. This research is developing a simulation model for the Belgian energy system that integrates electricity, hydrogen, natural gas and CO_2.

Helping to develop the biomethane market

Getting started

The production of biomethane in Belgium is getting off the ground and gathering momentum. Six biomethane units are currently operational: three in Flanders and three in Wallonia. Construction of an additional unit is expected in 2023.

Up to now, the biomethane units in Belgium have all been connected to the distribution systems. Large-scale facilities can be linked up to Fluxys Belgium's high-pressure network. In 2022, we signed an agreement to connect the Green Logix Biogas facilities in Lommel to our network, with this scheduled to happen in late 2024/early 2025.

Significant potential

Valbiom was commissioned by the Belgian gas federation gas.be to carry out a study into the potential contribution of locally produced biogas in Belgium, concluding that biogas could cover around one fifth of household gas consumption by 2030. In addition, biomethane can also be imported from neighbouring countries in the future, using certificates and guarantees of origin. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin and sustainability certificates.

Supporting the market for LNG and bio-LNG in heavy goods transport and shipping

Switching to LNG-powered ships and trucks would help to quickly cut greenhouse gas emissions and limit air pollution, which is why Fluxys Belgium is investing in infrastructure and services to open up LNG for these segments. The advantage of small-scale LNG infrastructure and the fleet of LNG-powered ships and trucks is that no additional investments are needed to switch to carbon-neutral bio-LNG as it becomes available.

Four additional truck loading stations at LNG terminal

At the Zeebrugge LNG terminal, trailers are loaded with LNG to supply LNG-powered ships and filling stations for trucks running on LNG. In order to be able to continue meeting increasing demand efficiently, four additional truck loading stations are under construction at the terminal. They will be commissioned in late 2023/early 2024.

LNG terminal makes bio-LNG available

Since 2020, the Zeebrugge LNG terminal has been certified as a European approved process plant to make bio-LNG available as a fuel for transport. Switching ships and trucks to bio-LNG can help the sector make the transition to full decarbonisation.

Climate change – Systematically reducing our own climate impact

Policy

Our commitment to systematically reducing our own climate impact is an integral part of our business strategy. In that connection, this commitment is also a core pillar of our Health, Safety and Environment Policy.

In 2018, we launched the Go for Net 0 project with a view to halving the greenhouse gas emissions of our own operations by 2025 compared with 2017 levels. In 2021, we reinforced that ambition by setting the goal of making our own activities carbon-neutral by 2035.

Risks and measures

Risk	Measures
• Greenhouse gas emissions from Fluxys Belgium's activities do not decrease as set out in the climate targets • Greenhouse gas emissions may have a financial impact	• Go for Net 0 project to lower Fluxys Belgium's greenhouse gas emissions to net zero by 2035, including methane emissions from our activities and maintenance/repair work • Building additional open-rack vaporisers to reduce the Zeebrugge LNG terminal's emissions

Opportunity	Actions
Improving the energy efficiency of our activities	Efficiently deployed renewable energy technology improving energy efficiency and reducing greenhouse gas emissions

Tackling methane emissions

Total methane losses on the Fluxys Belgium network account for around 0.02% of the total transported volume. The Go for Net 0 project sets out four tracks for tackling the sources of methane emissions.

Cut emissions from equipment

Modify equipment generating emissions or replace it with equipment controlled by electricity or compressed air.

Reduce fugitive methane emissions

Periodic Leak Detection And Repair (LDAR) campaigns enable us to detect fugitive emission sources and repair or optimise them.

Limit emissions during maintenance/ repairs on the network

Natural gas often has to be removed from a pipeline section during maintenance or repair work. In doing so, we prevent natural gas from being released into the air in various ways. An exception to this may be made for urgent maintenance or repair work.

Other tracks

Various studies are currently exploring other ways to reduce methane emissions. For example, methane emissions can be recovered by starting and stopping facilities.

Tackling CO_2 emissions

Minimising compression

When balancing the network or controlling gas flows, Fluxys Belgium endeavours to use its compressor facilities as little as possible.

Regasification using the heat from seawater

he Zeebrugge LNG terminal has been using an open-rack vaporiser since 2013. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and emissions. Three additional open-rack vaporisers are being built.

In 2022, we launched a number of studies for additional measures to further reduce the terminal's CO_2 emissions:

- Possibilities for constructing extra open-rack vaporisers
- Deploying technology for carbon capture and using hydrogen or a mixture of hydrogen and natural gas as an energy source for the conventional regasification facilities at the terminal.

Green gas

Fluxys Belgium buys green gas certificates from biomethane producer IOK Beerse to heat its head office and Anderlecht site. We are looking into expanding the use of green gas certificates for our activities.

Green electricity

The electricity used by Fluxys Belgium has been entirely renewable since 2021. As a result, we are completely eliminating the indirect impact of our electrical facilities.

Fluxys Belgium is busy exploring options for generating green electricity for its own use. This is already being done with solar panels on some of our industrial buildings, and the expansion of the solar fleet is under consideration.

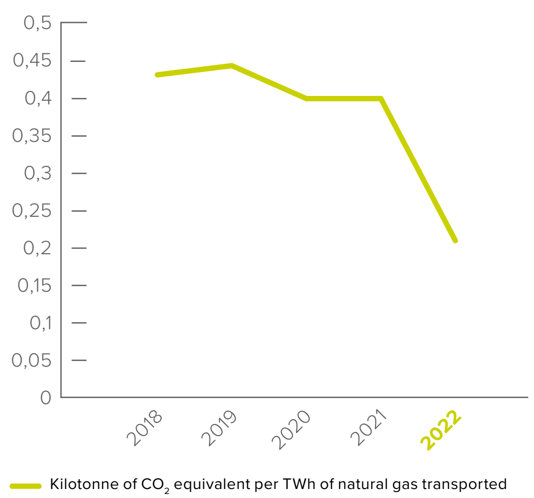
Results

Greenhouse gases: transmission and storage

In 2022, the greenhouse gas (GHG) intensity of the transmission and storage businesses was halved compared to the reference year 2017.

- The initiatives and investments for cutting methane emissions reduced methane emissions by 23% compared with the previous year. This means that methane emissions have now dropped to half of 2017 levels (reference year).
- CO_2 emissions decreased by 14% compared with the previous year, thereby falling below 2017 levels (reference year).

Change in greenhouse gas intensity



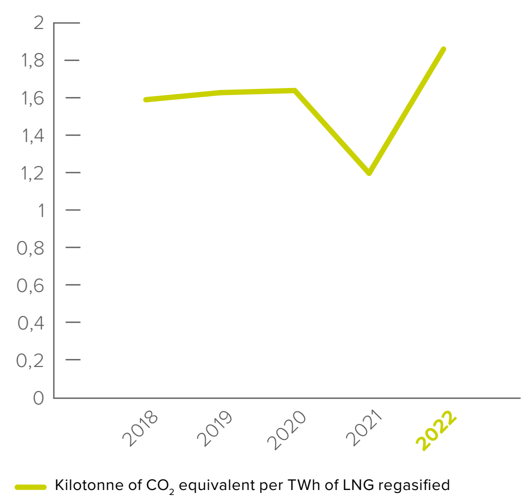
Greenhouse gases: LNG terminalling

In 2022, the Zeebrugge LNG terminal regasified almost three times as much LNG as in 2021 due to the very high demand to support security of supply on the North-West European natural gas market. As a result, considerable use had to be made of emissions-generating conventional regasification facilities to supplement the open-rack vaporiser.

Due to the high levels of activity, GHG intensity increased by more than half compared with 2021 and CO_2 emissions from the facility were more than four times as high. However, maximising use of the open-rack vaporiser with seawater in 2022 prevented 72,250 tonnes of CO_2 emissions.

Three additional open-rack vaporisers are being built at the LNG terminal, with a view to reducing its GHG intensity. In 2022, various studies were launched into additional investments in further reducing the GHG intensity of the facilities (see page 76).

Change in greenhouse gas intensity



3 additional open-rack vaporisers with seawater

In 2021, we started building three additional open-rack vaporisers at the Zeebrugge LNG terminal. The commissioning of the facilities from 2024 onwards will mark a milestone in terms of further reducing energy consumption and also emissions at the terminal.

Energy efficiency

Two key solutions for reducing greenhouse gas emissions (namely minimising the deployment of compressor stations and maximising the use of the open-rack vaporiser at the LNG terminal) primarily improve energy efficiency. The less fossil energy we use, the more we manage to reduce greenhouse gas emissions.

In addition, we take various other measures for our operations. For example, we conclude operational agreements with operators in neighbouring countries to ensure the energy-efficient use of networks. For the best possible energy efficiency, we also make maximum use of the operational flexibility in the pipelines and optimise settings in the pressure-reducing stations.

In recent years, various installations at the LNG terminal have been renovated and adapted to boost the energy efficiency of the infrastructure. The construction of three additional open-rack vaporisers is the latest example of our efforts to boost energy efficiency.

Indicators

The quality and accuracy of the figures used for CO_2-equivalent emissions in this report have been validated by an external auditor, pursuant to the International Standard on Assurance Engagements (ISAE) 3000 (Revised), a model developed for the attestation of non-financial data. The attested indicators are marked with a (☑) – see page 155 (Independent auditor's review report).

Fluxys Belgium has CO_2 emission rights for each of its five sites that are subject to the EU Emissions Trading Directive. Internal audits are organised for these sites every year and the annual emissions report for each site undergoes an external audit.

The results in this report include both direct and indirect emission sources:

- Direct emissions of carbon dioxide (CO_2) and methane (CH_4) from the operation of gas infrastructure, including employee use of motorised vehicles.
- The company's electricity consumption is a source of indirect emissions. As Fluxys Belgium has been only buying green electricity since 2021, this impact is zero.

Systematically reducing our own climate impact	2022	2021	2020	2019	2018	2017
Greenhouse gas emissions: transmission and storage						
Greenhouse gas emissions in kilotonnes of CO_2 equivalent	127 ☑	157	160	195.82	197.06	209.29
Methane (CH_4)	70 ☑	91	103	127	126	142
CO_2	57 ☑	65	52.76	64.39	66.3	59.83
Electricity	0 ☑	0	4.40	4.44	4.52	7.47
Volume of transported natural gas (TWh)	612.03 ☑	391.92	398.52	441.00	456.37	485.70
Greenhouse gas intensity (kilotonnes of CO_2 equivalent/TWh of transported natural gas)	0.21 ☑	0.40	0.40	0.44	0.43	0.43
Greenhouse gas emissions: LNG terminalling						
Greenhouse gas emissions in kilotonnes of CO_2 equivalent	225.35 ☑	52.52	83.35	42.74	13.86	13.86
Methane (CH4)	0.35 ☑	0.07	0.03	0.05	0.02	0.01
CO_2	225 ☑	52.45	71.63	107.43	35.07	5.17
Electricity	0 ☑	0	11.69	11.74	7.65	8.68
Volume of regasified LNG (TWh)	121.19 ☑	44.03	50.87	73.27	26.89	11.95
Greenhouse gas intensity (kilotonnes of CO_2 equivalent/TWh of regasified LNG)	1.86 ☑	1.19	1.64	1.63	1.59	1.16
Total greenhouse gas emissions in kilotonnes of CO_2 equivalent	**352.69 ☑**	**209.52**	**243.35**	**315.04**	**239.8**	**223.15**

More information about the methodology for calculating greenhouse gas emissions can be found on page 151.

	2022	2021	2020	2019	2018	2017
Energy efficiency: transmission and storage						
Energy consumed (MWh)**	523,883	337,554	281,109	311,549	329,431	305,121
Diesel and petrol	9,876	8,954	8,921	9,991	11,013	11.386
Electricity*	250,483	24,565	25,968	26,146	26,262	33.086
Natural gas	263,524	304,044	248,149	275,412	292,156	260.649
Volume of transported natural gas (TWh)	612.19	391.92	398.52	441.00	456.37	485.70
Energy intensity (MWh of energy consumed/MWh of transported natural gas)	0.00086	0.00086	0.00070	0.00071	0.00072	0.00063
Energy efficiency: LNG terminalling						
Energy consumed (MWh)**	1,232,773	320,125	426,640	622,491	242,007	85,867
Diesel and petrol	204	348	374	383	398	558
Electricity*	105,750	58,017	69,052	69,040	44,471	38.458
Natural gas	1,126,819	261,760	357,214	553,068	197,138	46.851
Volume of regasified LNG (TWh)	121.19	44.03	50.87	73.27	26.89	11.95
Energy intensity (MWh of energy consumed/MWh of regasified LNG)	0.01012	0.00727	0.00837	0.00853	0.00896	0.00716

* 2.5 MWh of primary energy is needed for every 1 MWh of electricity. Fluxys only buys green electricity.
** Including buildings and vehicles.

Climate change – Management of natural capital

Policy

Fluxys Belgium's efforts to manage natural capital stem from our Health, Safety and Environment policy. Our environmental management system provides the framework for management, monitoring and improvement measures.

Risks and measures

Risk	Measures
Fluxys Belgium's activities may damage ecosystems and biodiversity	Environmental management system with associated internal and external audits, environmental impact assessments including preventive and mitigating measures, a monitoring approach and complaints management

Environmental management system

Fluxys Belgium's environmental management system provides the framework for management, monitoring and improvement measures for environmental coordinators. The environmental management system also includes action programmes for reducing greenhouse gas emissions (see Climate change – Systematically reducing our own climate impact, page 74).

- Encouraging continuous improvement: Our environmental coordinators provide advice on minimising the environmental impact of Fluxys activities, right from the design phase. Our follow-up on external environmental complaints also leads to measures to improve the situation.
- Internal audits: These are conducted periodically by Internal Audit.
- External audits: The two Seveso facilities (the Loenhout gas storage facility and the Zeebrugge LNG terminal) are required by law to undergo an environmental audit every three years. The environmental audit is externally validated and submitted to the competent authorities. The most recent audit was held in December 2022.
- Monitoring: This covers greenhouse gas and air emission measurements, noise measurements, soil investigations, wastewater analyses, etc.

Environmental impact assessments

Fluxys Belgium's priority is to minimise the impact on the environment and local residents, not only during the design and installation/construction phases, but also during the operation of its infrastructure.

All permit applications for the construction and operation of new facilities or for the renewal of the permit for existing facilities include assessments of their impact on the environment. These environmental studies gauge a project's potential impact in various areas, including air, water and soil pollution, ambient noise, the production of waste, spatial integration, mobility, and the impact on biodiversity. Preventive or mitigating measures are taken wherever necessary.

In 2022, Fluxys Belgium conducted 32 environmental studies as part of its permit applications.

Biodiversity

Fluxys Belgium takes great care to ensure the conservation of ecosystems in those areas where its infrastructure is built and/or operated. Environmental impact assessments gauge our infrastructure's impact on ecosystems (see above). When laying new pipelines, Fluxys Belgium always takes care to ensure that the works cause as little disruption to the environment as possible. We also see to it that nature can fully recover after pipelines have been laid or we invest in measures to offset the impact on nature, preferably involving local species.

In late 2022, an outside company conducted a thorough assessment of the biodiversity at and around the Loenhout gas storage facility's above-ground installations. Based on the assessment report, we are developing initiatives to promote biodiversity in the vicinity of these installations.

Reducing noise pollution

Fluxys Belgium uses a range of techniques to limit the noise generated by its pressure-reducing stations, compressor stations and other facilities.

When building new infrastructure, a lot of attention is paid to potential noise pollution from the design phase onward.

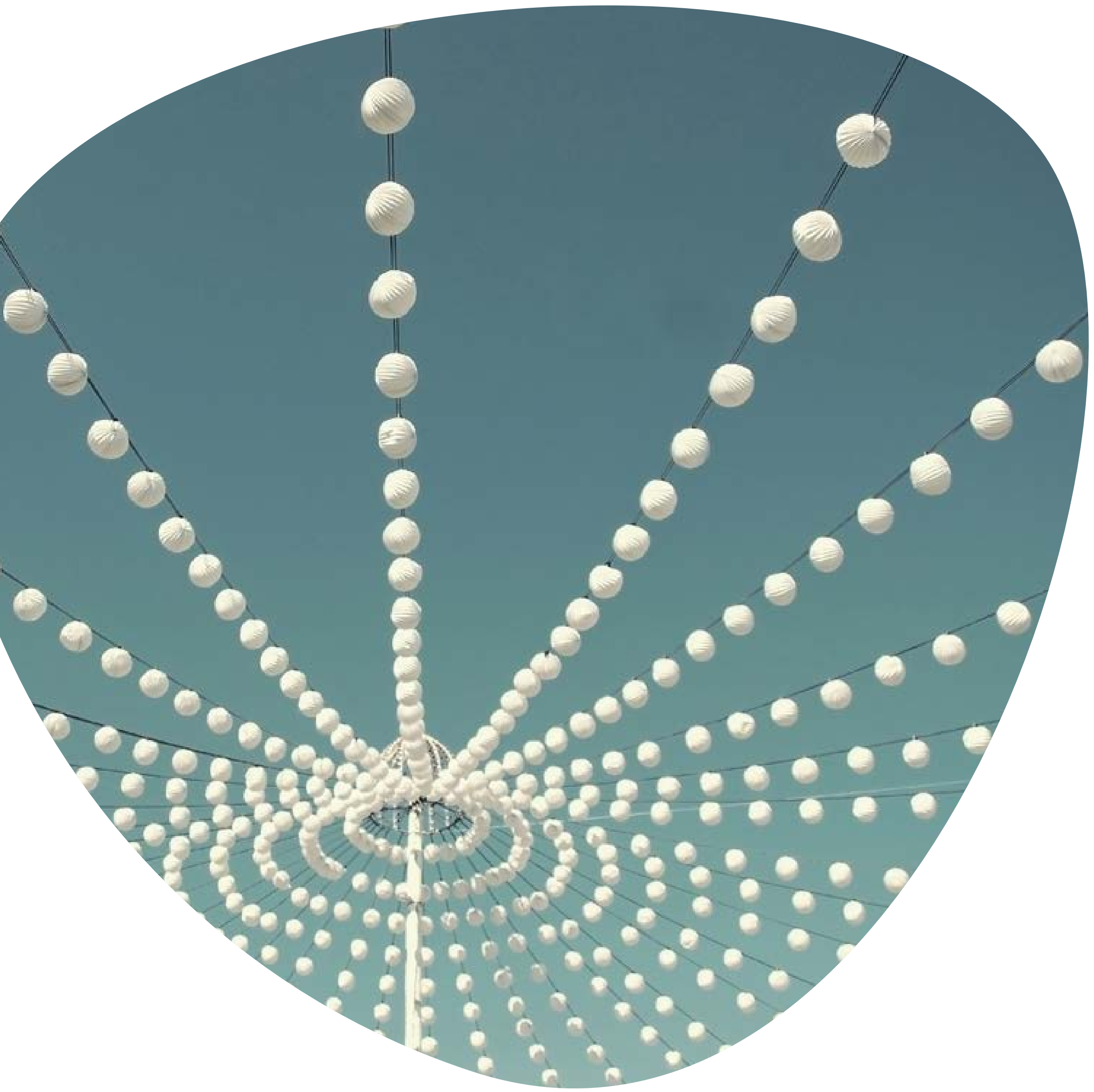
Wastewater treatment

All larger stations house a separate drain system and wastewater treatment plant (or reed bed filtration system).

Handling of complaints

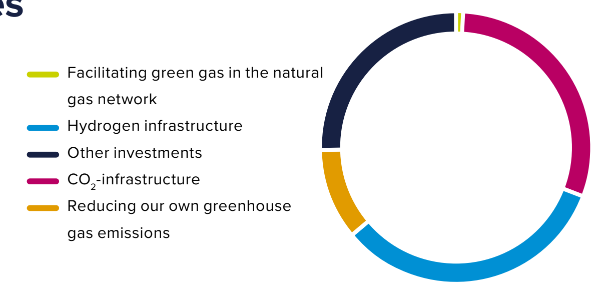
The environmental coordinator received 19 external environmental complaints in 2022, including a notice issued by the public authorities. Complainants contacted us to express dissatisfaction about noise, report that they could smell gas and/or flag up instances of possible contamination. All the complaints have been resolved.

Climate change – EU taxonomy for sustainable economic activities



75% of investment programme focused on sustainable economic activities

In 2022, Fluxys Belgium approved its indicative investment programme for the period 2023-2032. The programme as a whole encompasses investments totalling over €2.8 billion. The estimated investments in the development of the hydrogen and CO_2 infrastructure, the reduction of our own greenhouse gas emissions and other investments in sustainable economic activities amount to around 75% of that total.



Background to the taxonomy of sustainable economic activities

The European Commission has rolled out a sustainable finance action plan. This regulation or "taxonomy" requires listed companies such as Fluxys Belgium to give a rundown of their environmentally sustainable activities.

From 2023 onwards, companies must report which part of their activities meet six environmental objectives laid down by the Commission, two of which (climate change mitigation and climate change adaptation) already took effect in 2021. As the other four objectives (on water and marine resources, pollution, biodiversity and ecosystems, and the circular economy) will only come into force at a later date, they fall outside the scope of the financial year 2022.

An economic activity that pursues climate change mitigation should contribute substantially to the stabilisation of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals.

Meanwhile, an economic activity that pursues climate change adaptation should contribute substantially to reducing or preventing the adverse impact of the current or projected future climate, or the risk of this impact, whether on that activity itself or on people, nature or assets.

The economic activities must "do no significant harm (DNSH)" to the objectives for water and marine resources, pollution, and biodiversity and ecosystems. The circular economy criteria do not apply to our activities.

Economic activities that make a substantial contribution to climate change mitigation

For the financial year 2022, Fluxys Belgium examined its economic activities and assessed whether they were eligible for the EU taxonomy and whether they were sustainable (i.e. aligned), in accordance with Annexes I and II to the relevant Delegated Regulation.

For 2022, Fluxys Belgium identified the following economic activity as an eligible activity: 4.14. Transmission and distribution networks for renewable and low-carbon gases.

The following Fluxys activities fall into this category of eligible economic activity:

- retrofit of the transmission network that enables the integration of hydrogen and other low-carbon gases in the network;
- leak detection and repairs of existing pipelines and stations to reduce methane emissions;
- research, development and innovation.

Environmentally sustainable taxonomy-aligned activities:

- Technical screening criteria: The economic activity complies with the technical screening criteria because within these activities we take the appropriate actions to transform the existing network, expand it into a transmission and distribution network for renewable and low-carbon gases and perform leak detection. We see the activities related to greening existing activities as an essential part of the eligible economic activity.
- Do no significant harm (DNSH): The economic activity was also assessed to ensure that it does no significant harm to the following four criteria: climate change adaptation, sustainable use of water, pollution prevention, and protection of biodiversity. The circular economy criteria do not apply to our activities. In this regard, we relied on the procedures that already exist within the company today.

- Minimum guarantees: With a series of company-internal control mechanisms, Fluxys Belgium ensures that appropriate limitations are placed on risks related to corruption, non-respect for human rights, unfair competition and tax fraud.

  Fluxys Belgium was not found guilty of any failures pertaining to any of these risks in 2022.

From the above, it can be concluded that the activities mentioned above can be regarded as environmentally sustainable.

Turnover and expenditure

Turnover

In 2022, no revenue was generated from the sale of transmission capacity for renewable or low-carbon molecules.

				Substantial contribution criteria		DNSH criteria		("Does not significant harm")										
Economic Activities	Code(s)	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Turnover, year N	Taxonomy-aligned proportion of Turnover, year N-1	Category (enabling activity or)	Category (transitional activity)
		m€	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
Transmission and distribution networks for renewable and low-carbon gases	4.14	0 m€	0%	0%	N/A	N/A	Y		Y	N/A	Y	Y	Y	0%	N/A	N/A	N/A
Turnover of environmentally sustainable activities (A.1)		0 m€	0%	0%	N/A	N/A								0%	N/A	N/A	N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
Turnover of taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%														
Total (A.1 + A.2)		**0 m€**	**0%**											0%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																	
Turnover of Taxonomy-non-eligible activities (B)		928 m€	**100%**														
TOTAL (A+B)		**928 m€**	**100%**														

Capital expenditure

Capital expenditure covers investments, mainly in connection with the Go For Net 0 project to reduce our company's climate impact.

Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	DNSH criteria ("Does not significant harm"): Climate change mitigation	DNSH criteria: Climate change adaptation	DNSH criteria: Water and marine resources	DNSH criteria: Circular economy	DNSH criteria: Pollution	DNSH criteria: Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity or)	Category (transitional activity)
		m€	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Transmission and distribution networks for renewable and low-carbon gases	4.14	6,9 m€	5,91%	100%	N/A	N/A	Y	Y	N/A	Y	Y	Y	5,91%	N/A	N/A	N/A
CapEx of environmentally sustainable activities (A.1)		6,9 m€	5,91%	100%	N/A	N/A								N/A	N/A	N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
CapExof taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%													
Total (A.1 + A.2)		**6,9 m€**	**5,91%**										5,91%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																
CapExof Taxonomy-non-eligible activities (B)		110 m€	**94,09%**													
TOTAL (A+B)		**116,9m€**	**100%**													

Operating expenses

- We work with industrial partners, higher education establishments and public authorities on projects addressing carbon neutrality and on the Go for Net 0 project to reduce our company's climate impact.
- The operating costs include personnel expenses relating to maintenance and leak detection and repair, including pipeline pigging, special helicopter flights and particular costs of the study phase.

				Substantial contribution criteria		DNSH criteria		("Does not significant harm")									
Economic Activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigatio	Climate change adaptation	Climate change mitigation	Climate change adaptation		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year N	Taxonomy-aligned proportion of OpEx, year N-1	Category (enabling activity or)	Category (transitional activity)
		m€	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
Transmission and distribution networks for renewable and low-carbon gases	4.14	7,6 m€	15,05%	100%	N/A	N/A	Y		Y	N/A	Y	Y	Y	15,05%	N/A	N/A	N/A
Transmission and distribution networks for renewable and low-carbon gases		7,6 m€	15,05%	100%	N/A	N/A									N/A	N/A	N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
OpEx of taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%														
Total (A.1 + A.2)		**7,6 m€**	**15,05%**											15,05%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																	
OpEx of Taxonomy-non-eligible activities (B)		42,8 m€	**84,95%**														
TOTAL (A+B)		**50,4 m€**	**100%**														

Social

Our focus in 2022

- Giving the best of ourselves in the field to fully leverage our infrastructure 24/7 in the interests of security of supply
- Preparing for the construction of the first phase of the Zeebrugge-Opwijk pipeline: essential infrastructure for security of supply (for natural gas currently, for hydrogen in the future)
- Implementing a future-oriented recruitment approach with a shorter hiring process and an innovative integration programme to ensure the effective onboarding of new colleagues
- Broadly focusing on well-being, involvement and connection
- Enhancing learning solutions tailored to hybrid working and digital opportunities

0
Interruptions or reductions in capacity
(2021: 0)

0
Damage to infrastructure caused by third parties, resulting in a gas leak
(2021: 0)

0
Complaints about violations of human rights
(2021: 0)

7.2 / 0.12 ☑
Safety
Frequency / Severity
(2021: 7.8) / (2021: 0.22)

909
Employees
(2021: 884)

17 / 83
Diversity
Female / male
(2021: 18) / (2021: 82)

81 / 62 ☑
Talent
Incoming / outgoing
(2021: 63) / (2021: 62)

5.64 ☑
Development
Average number of training days per full-time equivalent (FTE)
(2021: 3,75)

58
Development
Number of employees taking on a new role within the company
(2021: 71)

Safe and reliable infrastructure

Policy

As a socially responsible operator, Fluxys Belgium builds safe infrastructure and operates it safely. Together with distribution system operators and the users of our infrastructure, we guarantee optimum continuity of gas flows to end users in Belgium and the wider Western European market for which we serve as a crossroads.

Our approach to safeguarding the integrity and reliability of our facilities forms an integral part of our business strategy, with our key role in security of supply serving as a driving force in speeding up the energy transition. In that connection, this approach is also a core pillar of our Health, Safety and Environment Policy.

Risks and measures

Risk	Measures
Industrial incidents and some cyber incidents can damage Fluxys Belgium's infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss	• An audited safety management system • Preventive measures in the design, construction and operation of infrastructure • Detection measures included in monitoring and inspection programmes for infrastructure and construction sites • Reactive measures in connection with emergency planning • The security of the critical systems is monitored pursuant to the EU's NIS Directive on cyber security. Programmes are also being rolled out to raise employees' awareness and train them in cyber security, alongside a range of technical measures and tests to practise responding to cyber attacks

Audited safety management system

Fluxys Belgium keeps an eye on public safety, the environment and the well-being of its employees during the design, construction, commissioning, operation, maintenance and dismantling of its facilities.

We work with a comprehensive safety management system in our **transmission business** to provide for a safe and reliable transmission network, preserve its integrity and limit the impact of any incidents. The safety management system is **continually updated** to take account of the latest developments and is also subject to **periodic internal and external audits**.

The management system for our **storage and LNG businesses** is covered by the Seveso legislation. The Federal Public Service Employment, Labour and Social Dialogue conducts **specific inspections** at both Seveso sites in conjunction with the Flemish government's Environment Department.

Within the safety management system, **risk assessments** are the instrument that is used to identify and evaluate the safety aspects pertaining to the integrity of the infrastructure and to define the safety-critical controls.

The safety management system also integrates **internal training aspects** relating to maintenance, prevention of damage and work by third parties and the **raising of awareness among stakeholders** such as municipalities, the fire brigade, landowners, architects, contractors and excavator operators.

In 2022, in light of geopolitical events and the damage to the Nord Stream pipelines in the Baltic Sea, Fluxys Belgium switched to a regime of **refined precautionary measures**.

Careful construction and dismantling

For any construction project, Fluxys Belgium only works with **qualified and certified contractors**. Moreover, the company's entities involved in construction projects are SCC-certified. **SCC certification** entails a checklist covering health, safety and the environment.

Before any facility is commissioned, a series of tests is carried out under the supervision of an authorised inspection agency. The condition of the pipes will then be regularly checked as part of an inspection programme. The pipes are also fitted with a cathodic protection system to prevent corrosion.

Any infrastructure that will stop having a transmission function in the future is taken out of service safely. In some cases, all or part of the infrastructure is kept underground, and technical precautions are taken to prevent any impact on people or the environment.

Detailed maintenance and inspection

Pipelines are **patrolled** in different ways (by car, by helicopter and on foot) and at different intervals.

Patrols also monitor whether **unreported works** are being carried out in the vicinity of our pipelines. In order to detect such works preventively, our main pipes are fitted out with an acoustic detection system.

Maintenance programmes specific to each type of facility ensure that the infrastructure remains safe and reliable throughout its life cycle. All maintenance activities are carried out by competent internal or external staff. Where possible, pipelines are periodically inspected internally, and a special helicopter checks the gas network for leaks every year.

Giving our all to ensure security of supply

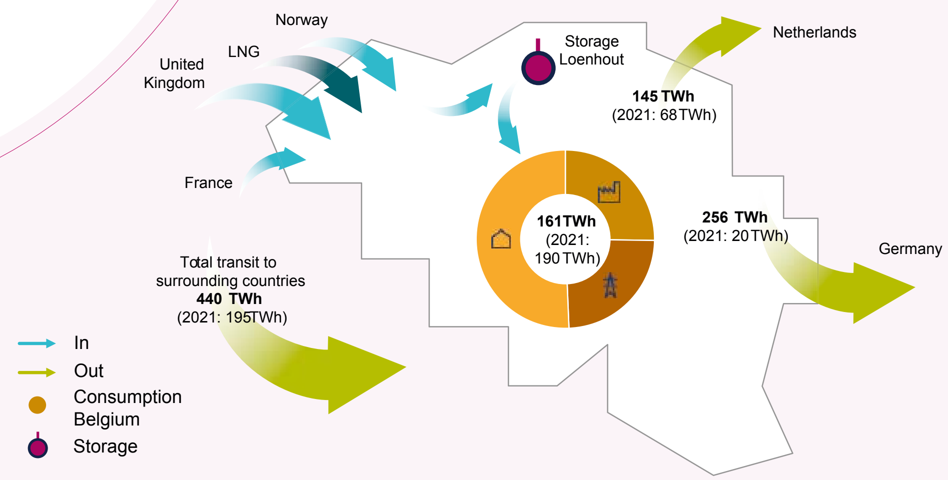
The geopolitical situation in Ukraine has profoundly changed the dynamics on the gas markets and the direction of flows in Europe. To support security of supply, additional flows from the west are needed to compensate for the lost volumes from the east.

Our teams in the field gave the best of themselves throughout 2022 to fully leverage our infrastructure 24/7 with a view to ensuring and enhancing security of supply. Accordingly, the Belgian network once again confirmed its role as an energy crossroads for Europe, with the Zeebrugge area acting as an important gateway for both natural gas (via pipelines) and LNG (via ship).

In 2022, Fluxys Belgium worked intensively in the task force, together with the Minister of Energy, the Federal Public Service Economy and the federal energy regulator, the Commission for Electricity and Gas Regulation (CREG), to coordinate the various aspects of security of supply and discuss how Belgium could provide as much support as possible to its neighbours.

Belgium high flexibility

Operationally, Fluxys Belgium posted a solid result thanks to the ongoing efforts of our teams and cooperation with operators in neighbouring countries. As well as supplying Belgium via the Belgian network, suppliers managed to get unprecedented large quantities of natural gas to the Netherlands and Germany. At the same time, the Loenhout storage facility was filled to record levels before the winter period started.



Policy on works in the vicinity of our infrastructure

Closely following up on reports of works

Serious pipeline incidents are often the result of damage caused by work carried out by third parties. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of natural gas transmission infrastructure has a legal obligation to notify Fluxys Belgium in advance.

Fluxys Belgium then confirms whether or not any natural gas transmission infrastructure is located in the vicinity of the planned work. If this is the case, the applicant is sent all the relevant information and details of further procedures to be followed to carry out the work safely.

Our employees attend preparatory meetings on a daily basis relating to sites where third parties plan to work in the vicinity of our infrastructure. During these meetings, they explain the measures that need to be taken and document the safety arrangements in writing before any work can actually begin.

Damage can also occur when Fluxys Belgium commissions or repairs infrastructure. All incidents or near-incidents are investigated thoroughly and action is taken immediately to prevent them from recurring.

Fluxys Belgium takes care of providing notification to the competent administration(s) of incidents and breaches during work in the vicinity of our infrastructure.

Providing information and raising awareness

Fluxys Belgium runs a range of initiatives to provide information and raise awareness about how to work safely in the vicinity of its infrastructure. The initiatives focus on everyone involved in such works, such as architects, developers, designers, contractors, owners and operators, municipalities, notaries and emergency services.

- Regular reminders sent out to all owners and operators of land holding Fluxys infrastructure
- An information session for municipalities, as well as police forces and emergency services, at least once every municipal council term
- Highlighting working safely in the vicinity of underground infrastructure in trade journals and in various working groups and federations in which Fluxys Belgium is involved
- Providing training for excavator operators and for coating steel pipes
- Holding annual information session for industrial users with gas facilities directly connected to our network

Desteldonk-Opwijk pipeline: for natural gas currently, and ready for hydrogen

Given the new supply situation in Europe, speed and adaptability are the watchwords for new infrastructure as well. We prepared thoroughly for the first phase in the construction of the Zeebrugge-Opwijk pipeline: the section between Desteldonk and Opwijk. Which will boost our capacity to carry natural gas inland from Zeebrugge. At the same time, the pipeline is an initial step towards speeding up the energy transition as it will be immediately available for hydrogen transport as soon as the market is ready. We will commission the Desteldonk-Opwijk section in late 2023.

The new pipeline will run parallel to the existing natural gas pipeline between Desteldonk and Opwijk, a total length of 44 kilometres. Doubling the pipeline in this way will increase offtake capacity from Zeebrugge by 15 GWh/h, equivalent to the energy generated by 15 nuclear reactors.

With this project, Fluxys is anticipating the growth in LNG regasification capacity at the Zeebrugge terminal to avoid creating a bottleneck further down the network.

Another large-scale L/H conversion

As low-calorific natural gas (Lgas) exports from the Netherlands decline, Fluxys Belgium and the transmission system operators in France and Germany are modifying their networks to enable a gradual switch from Lgas to high-calorific natural gas (Hgas) from other sources and so ensure the continuity of the natural gas supply.

In 2022, working with distribution system operators Sibelga, Fluvius and Ores, we converted an impressive 255,000 connections from L-gas to H-gas in the Brussels-Capital Region, thus completing the conversion process there.

This will be followed by the full conversion of Antwerp in 2023 and then the conversion of other areas in Flanders and Wallonia in 2023-2024. After that, L-gas from the Netherlands will only flow southwards through our network towards France, where conversion will probably continue until 2029.

Extra focus on ICT systems and cyber security

The availability of ICT systems and industrial control systems is vital to the safe and reliable operation of our infrastructure. These systems can malfunction for various reasons. With this in mind, Fluxys Belgium implements technical and organisational measures to ensure the availability of IT systems.

Cyber Security programme

Fluxys Belgium uses an information security management system (ISMS) to take care of structured cyber-security management.

The functioning and maturity of the management aspects of the ISMS are scrutinised at least annually by Internal Audit, using external specialists to this end. In addition, each year we carry out various vulnerability scans of internal systems and the external perimeter. For attack and penetration testing, we call on the services of external ethical hackers.

In 2022, the external audit of the ISMS was launched with a view to its certification according to ISO 27001.

Back-up facilities

For several systems such as those used to manage natural gas flows on the network, back-up facilities are in place and can be activated as soon as a malfunction occurs, thus ensuring continued operation. These contingencies are periodically tested by means of disaster recovery plan drills.

Cyber threats

Our ICT approach also pays special attention to ever-growing cyber threats (attacks, malware, phishing, etc.). The ICT teams take technical measures to act as a barrier against the wide variety of cyber risks. In this context, they call on the external expertise of, for instance, the Centre for Cyber Security Belgium and software suppliers to identify and close new loopholes in the cyber net.

Operational monitoring and continuity

Operational monitoring and detection of data leaks or attacks are performed by, among others, security information and event management (SIEM) and endpoint detection and response (EDR) solutions, which are monitored 24/7 by a security operations centre (SOC). If something does go wrong, our ICT approach focuses on ensuring continuity of service. This is done using scenarios that are practised regularly by the ICT teams.

Training and awareness raising

Fluxys Belgium also focuses on training and awareness raising. In 2022, we ran a wide range of initiatives to teach employees how to deal with phishing emails efficiently and effectively. In addition, there were training courses on detecting and responding to cyber incidents.

Emergency planning

With a view to limiting the impact of any incidents, Fluxys Belgium works with a crisis organisation and emergency plans and procedures for its operational and ICT activities. The central dispatching office also plays a coordinating role in the event of an incident or accident, or if someone reports that they can smell gas.

Emergency numbers are available 24/7 for reporting incidents involving, or in the vicinity of, our natural gas transmission infrastructure.

Fluxys Belgium's general emergency plan documents the overarching response method for incidents, and there are also specific emergency plans with the crisis response for the various sites and operational risks.

In the event of an incident, all contacts with internal and external stakeholders are fully documented and, for each stakeholder group, are assigned to specific roles within the crisis organisation.

Emergency planning is covered by Fluxys Belgium's HSE Policy. The members of the crisis organisation receive special training, and we regularly organise emergency-plan drills to ensure that the organisation is responsive.

Indicators

	2022	2021	2020	2019
Safe and reliable infrastructure				
Reduction or interruption of firm transmission capacity	0	0	0	0
Reduction or interruption of interruptible transmission capacity	0	0	0	0
Damage to infrastructure caused by third parties, resulting in a gas leak or interruption of capacity	0	0	0	0

Good neighbourly relations

Policy

At Fluxys Belgium, we provide almost a third of the energy used by Belgium's households and businesses. We do this with infrastructure in almost 400 towns, cities and municipalities, and so it is only natural that we want to establish good neighbourly relations.

Through open dialogue, we aim to foster good relations with all those affected by the construction and operation of our facilities. The company also ensures that the construction and operation of its infrastructure cause minimal disruption.

Risks and measures

Risk	Measures
Poor relations with local residents, municipal authorities and other local stakeholders can have a negative impact on the operation and further development of infrastructure	• Policy of community engagement • Initiatives to promote long-term good neighbourly relations

Community engagement

Personal point of contact

Owners and operators of land have a designated personal point of contact at Fluxys Belgium, from a project's preliminary phase through to the restoration of a site following construction or operation. This allows them to consult with someone familiar with their concerns and the features of their land from the outset. These points of contact are members of a special team tasked with understanding the interests of landowners and operators and defending those interests in their dealings with Fluxys Belgium.

Securing consensus with our neighbours

Transparent communication from the project phase onwards. For new infrastructure projects, Fluxys Belgium aims to transparently provide information and communicate with the relevant administrations, the municipal authorities, local residents and other parties involved from the planning phase onwards.

Information sessions. As regards permit applications for major infrastructure projects, Fluxys Belgium contacts municipalities to suggest that we hold an information session for local residents before the permit procedures get under way. This not only gives residents a chance to talk to us about the project and its impact – it also means that we can take on board any feedback right from the start of the project.

During the public consultation stage of permitting processes, we also contact municipal authorities to suggest organising an information session so that local residents can again ask any questions they might have about the project. At the consultation sessions that are part of the permitting processes, complaints and comments about the project are noted and dealt with.

Initiatives to promote long-term good neighbourly relations

Fluxys Belgium operates on the basis of a rolling programme of local-stakeholder identification: this involves us, in rolling five-year cycles, making a visit to all owners of land having a pipeline running through the subsoil or in the immediate vicinity.

During each municipal council term, we organise an information meeting in every municipality with Fluxys pipelines, for the mayor, the relevant aldermen and representatives of the police and fire brigade.

Fluxys Belgium builds the vast majority of its facilities (pipelines and surface stations) in areas used for agriculture, horticulture or forest management. With long-term good neighbourly relations in mind, we have signed (for agriculture) agreements with the country's three largest agricultural organisations (Boerenbond, Algemeen Boerensyndicaat (ABS) and Fédération Wallonne de l'Agriculture) and for forestry agreements with Hubertus (the Flemish hunting association), Landelijk Vlaanderen and Nature, Terres et Forêts (NTF). These agreements set out the compensation due to those in the agriculture, horticulture or forestry sectors who experience disruption or are temporarily unable to use their land during the construction of a facility. If complaints are made after work is complete, we deal with the reported issues on a case-by-case basis. Farmers have a special Fluxys Belgium point of contact to report damage to agricultural land.

Management of human capital

Policy

Our results and success are based on the commitment and talents of our employees. However, we need to future-proof our organisation and employees against the backdrop of a changing industry. With a view to meeting this challenge, we are committed to strategies that allow employees to adapt to the new way of working and make our transformation a success.

We are evolving into an open, self-learning community of interconnected teams with a common, shared goal: to successfully implement our strategy of being the essential infrastructure partner in speeding up the energy transition. All teams work together to transform future challenges into new opportunities.

Related risks

Risk	Measures
The inability to attract, retain and future-proof talent in a changing landscape	**• Continuous advancement of development and training policy • Alignment of competency development with business strategy • Workforce planning to map out future needs • A future-oriented approach to recruitment**

Continuous advancement of development and training policy

Our development and training policy focuses on active learning to ensure that employees have the knowledge and skills they require. The training on offer is constantly evolving to keep pace with the company's needs and includes a varied mix of learning/training resources:

- learning assignments (whether forming part of the role or not);
- internal or external coaching or training;
- digital learning solutions (collective and individual learning);
- a team of Digital Coaches to further develop our employees' digital skills.

Fluxys Belgium applies the bottom-up principle: employees are expected to take charge of their own development and career, with the support of their managers.

In 2022, employees completed almost 37,000 hours of training, a total which is almost back to pre-COVID levels. More than half of the courses provided training in (gas) technology or safety or job-specific training. The other courses mainly focused on soft and digital skills.

Training in VR

Virtual reality (VR) makes training more efficient, safer and more motivational. Wearing VR glasses, you train technical skills in an extremely realistic-looking, lifelike and immersive virtual environment, and learn immediately from mistakes without facing any of the risks. Our pilot training sessions in VR were a success!

Lunch & learn

We are pressing ahead with the energy transition. We have plenty of ambitious projects for hydrogen and CO_2 infrastructure. To let our employees know more about these, we organise inspiring, interactive lunch sessions for all our staff. Internal experts update them on innovative projects and answer their questions, and anyone who cannot be there in person, can use technology to participate remotely.

Alignment of competency development with business strategy

Through our performance management, development paths and an annual talent review, we want to align the competencies of our employees with what the company needs to grow, innovate and successfully deploy its strategy for the energy transition. In the same vein, we encourage internal job mobility and prioritise in-house candidates when seeking to fill vacancies or new positions. The international development of our parent company Fluxys also provides opportunities for further career development.

Annual performance-management cycle

Through the performance-management cycle, constructive consultations take place each year at the various levels within the company so that we can translate the corporate goals into personal goals. In the course of the year, these goals are the subject of regular dialogue between employees and their managers. A culture of open feedback is the foundation underlying this dialogue, which is formally supplemented by performance reviews and assessment interviews.

Workforce planning: the annual talent review

Based on its corporate goals, Fluxys Belgium uses an annual talent review to assess its future staffing needs so that we can see in our workforce planning which competencies are required now and in the future.

Involvement in business strategy

As an attractive employer, Fluxys Belgium sets great store by ensuring that employees are familiar with the company context and the challenges that Fluxys Belgium faces, as this fosters personal commitment to the company's vision, strategy and goals. Fluxys Belgium makes special efforts, using a variety of means, to give members of staff a better understanding of the rapid changes going on in the energy sector, how the company is adjusting its goals and strategy to address these developments, and what these goals mean for each individual employee.

A future-oriented approach to recruitment

We want what we offer as an employer to be meaningful to employees in exchange for their drive, expertise and competencies. Our purpose shows what we stand for as a company so that the perfect match is found between us and prospective employees.

To ensure the effective onboarding of new colleagues, we launched a shorter recruitment process and an innovative integration programme in 2022, including a new onboarding app and Meet & Greet sessions to promote involvement and interaction as much as possible.

Indicators

	2022	2021	2020	2019
Members of staff	909	884	876	868
Women	153	157	155	154
Men	756	727	721	714
Ratio of women/men	17/83	18/82	18/82	18/82
Full-time	784	773	754	746
Part-time	125	111	122	122
Ratio of full-time/part-time staff members	86/14	87/13	86/14	86/14
Open-ended contract	894	866	857	844
Fixed-term contract	15	18	19	24
Ratio of open-ended/fixed-term contracts	98/2	98/2	98/2	97/3
Internal mobility	58	71	69	70
Incoming employees	81 ☑	63	59	63
Outgoing employees (including those leaving due to their contract coming to an end or due to retirement)	62 ☑	62	58	56
Ratio of outgoing employees	5,0%	3,2%	3,3%	3,7%
Average number of training days* per full-time equivalent (FTE)	5.64 ☑	3.72*	3.42*	6

* The number of training days in 2020 and 2021 was affected by COVID- restrictions.

The staff data are based on the active workforce of Fluxys Belgium and Fluxys LNG and do not include non-active employees (e.g. those on long-term sick leave). Unless otherwise stated, the statistics refer to the number of employees and not the number of FTEs.

Meet & Greet!

A warm welcome makes all the difference. That is why we want new employees to feel at home as soon as possible, get to know their colleagues and immediately sense an affinity with the company. To that end, we launched the Meet & Greet: a day-long event where new employees can learn more about the company and get to know each other in a laid-back atmosphere. Looking forward to the next one!

Developing soft skills

Creativity, resilience, effective communication, emotional intelligence – all of these are soft skills that keep employees agile and help build a culture where everyone feels at home. We are going all in on these. A single click of the mouse takes members of staff to our online library, with e-books and podcasts about communication, mindfulness, creativity and adaptability, allowing them to engage in learning, listening and reading wherever and whenever they want.

Employee safety, health and well-being

Policy

Healthy and involved employees who find pleasure and satisfaction in their work are the driving force that makes the company speed up and stand out. That is why we invest in supporting the safety, health and well-being of our employees. This approach is a central pillar of our Health, Safety and Environment Policy.

Risks and measures

Risk	Measures
Circumstances and events that may harm employees. These may include illness or other health problems, mental health issues or physical injury	• An active Health, Safety and Environment Policy • Consultation within various consultation bodies • Global Prevention Plan • Absenteeism policy • External support available • Specific training • Broadly focusing on well-being and involvement

Consultation within various consultation bodies

Fluxys Belgium is home to various bodies that discuss and promote the health, safety and well-being of employees and contractors.

Internal Service for Prevention and Protection at Work (IDPBW/SIPPT)

The IDPBW/SIPPT organises the policy on well-being and prevention and collaborates with the employer on ensuring a healthy and safe working environment. It monitors the proper implementation of well-being legislation, the health and safety policy and the legal obligations regarding personal safety.

Committee for Prevention and Protection at Work (CPPW)

Meeting every month, the CPPW is a consultation body between employees, the employer and management where they can discuss issues and problems relating to employee well-being. The committee makes proposals concerning, among other aspects, the policy for preventing accidents, incidents and occupational illnesses, the Global Prevention Plan and the annual action plan.

Furthermore, the CPPW regularly inspects Fluxys Belgium's staffed facilities and takes part in analyses of serious accidents and incidents. Within the CPPW, ad hoc working groups examine specific topics, such as work clothing.

Local Joint Consultation Committee

The Local Joint Consultation Committee is a body for consultation between trade union and employer representatives. It keeps an eye on events at local level and proposes solutions that do not fall within the exclusive remit of other consultation bodies.

Collective bargaining agreement CAO/CCT 90

Collective bargaining agreement CAO/CCT 90 provides financial incentives for employees to achieve specific collective health and well-being objectives and to cut Fluxys Belgium's greenhouse-gas emissions, for example.

Global Prevention Plan

The 2022-2026 Global Prevention Plan (GPP) focuses on occupational and process safety as well as the prevention of psychosocial risks and on well-being, health, travel and traffic safety. One of the pillars of the plan is to further strengthen the safety culture across the organisation and a multi-year action plan will be launched in 2023 to this end.

The GPP also pays particular attention to involvement in the new, hybrid way of working. In addition, the company is committed to lifelong learning, especially with regard to using our infrastructure to transport other molecules, such as hydrogen and CO_2.

Absenteeism policy

Measuring and following up on absenteeism gives us an objective view of employees' general health. The level of absenteeism increased in 2022 partly due to the flu epidemic at the end of the year but is still below the market average for Belgium. 36% of employees did not take sick leave in 2022.

As part of our absenteeism policy, we actively endeavour to support employees during their illness, in the run-up to their return and after they resume work. Employees have access to personal guidance and support in this regard. The support is based on regular contact and cooperation between the employee involved, their manager, Human Resources and the internal and external services for prevention and protection at work. In 2022, special attention was paid to communication about returning after a long period of illness, including testimonials from colleagues and an e-learning module developed to ensure a successful return to work.

This image is part of the design phase. It is indicative.

Work@Fluxys

The new ways of working, involving working from home and all kinds of hybrid collaboration, are giving the office a new function, as not only a workplace but also a meeting place. With our Work@Fluxys initiative, we give working in the office a new dimension. A real process of change is under way, with the head office in Brussels being refurbished. The main thrust of the message conveyed by this is that we are one big team and together we make Fluxys the essential infrastructure partner in speeding up the energy transition.

Training in health, safety and well-being

In 2022, (gas-related) technical, safety and job-specific training accounted for more than half of the total number of hours of training completed.

Fluxys Belgium uses various e-learning platforms to periodically remind its own and contractors' employees about the general and specific safety rules. Every employee of a contractor scheduled to work at a Fluxys project site or facility must complete a training module and demonstrate that they are familiar with our safety rules.

In 2022, special attention was also paid to ergonomics for screen work, with targeted information on ways to make workspace adjustments in the office or at home. Ergonomists from Attentia, our external provider of workplace prevention and protection services, provided around 40 theory-based group sessions. They also gave individual tips and advice on screen work to around 130 employees.

Broadly focusing on well-being and involvement

In late 2021, we conducted a company-wide survey about the involvement, well-being and work experience of our employees. 87% of staff took part. The survey revealed that 76% of respondents feel involved or very involved and 90% enjoy their work. However, workload appears to be an area of concern.

In 2022, all our teams joined forces with the social partners to work on these findings, resulting in the rollout of various actions in three areas:

- Work pressure, workload and stress: enabling all employees to engage with the new way of working, including options for working from home;
- Communication: placing an emphasis on informing, involving and inspiring and, post-pandemic, the return of plenty of in-person meetings;
- Connection and cohesion: initiatives to boost informal relations and spontaneous contact after work.

Indicators

	2022	2021	2020	2019
Incapacity for work among staff				
Occupational accidents resulting in more than one day's incapacity for work	10 ☑	11	9	15
Frequency (number of occupational accidents x 1,000,000 divided by the total number of hours worked)	7.2 ☑	7.8	6.4	11
Severity (number of days' absence x 1,000 divided by the total number of hours worked)	0.12 ☑	0.22	0.15	0.12
Fatal occupational accidents	0	0	0	0
Incapacity for work among contractors				
Occupational accidents resulting in more than one day's incapacity for work	5 ☑	6	6	10

Despite all measures and an open safety culture, there remains a residual risk of incomplete accident reporting, depending on the information provided by an employee involved in a workplace accident.

Connect & Move

Taking part in sporting activities with colleagues at lunchtime or after work is not only a pleasant thing to do – it also fosters team spirit and boosts motivation. That is why we launched Connect & Move, an initiative encouraging colleagues to exercise together, put together teams and take part in sporting events. This has reaped rewards, with 120 colleagues going for it at 16 events across Belgium!

Bright summer event

On 2 June, the time had come. After so many months of the Covid pandemic, we could all physically get together again for the first time. Looking back together, looking forward together and, above all, having that nice corporeal group feeling again under the summer sun!

Social dialogue

Policy

Good industrial relations are vital for company cohesion and business development, which is why Fluxys Belgium engages in transparent, constructive social dialogue with all employees, members of the works council, the Committee for Prevention and Protection at Work, the trade union delegation and executive representatives.

Risks and measures

Risk	Measures
Risk of insufficient social dialogue and consultation that may lead to social conflicts	• Social consultation: works council, committee for prevention and protection at work, local joint consultation • Collective agreements • Freedom of association

100% collective agreements

Wage and working conditions are regulated for all staff by collective agreement through consultation and negotiation.

- 65% of Fluxys Belgium's staff are baremised employees. Their wage and working conditions are partly negotiated at sectoral level through Collective Labour Agreements; in addition, certain wage and working conditions are also determined at company level and negotiated with local employee representatives.
- 35% of staff members are executives. Their wage and working conditions are negotiated at company level between Fluxys Belgium and the representation of the executives in an Annual Framework Agreement.

Labour regulations adapted

In 2022, Fluxys Belgium, working with the various partners around the table, embarked on and successfully completed an update of the work regulations, which met with unanimous approval.

Diversity and inclusion

Policy

Fluxys Belgium encourages diversity without using positive discrimination quotas. Our HR policy is based on individual competencies. Openness to other realities, other people's ideas and individual differences is a basic requirement expected of every employee and screened as a standard part of the selection process.

Risks and measures

Risk	Controls and measures
A lack of diversity in the workforce can lead to a business organisation that lacks the necessary skills, talents and experience	• **Equal opportunities policies that encourage diversity by promoting fairness, merit, personal development, work-life balance and shared responsibility**

Encouraging diversity in recruitment

Fluxys Belgium uses its Employer Branding communications to target diverse, complementary profiles so that candidates with different backgrounds, views or preferences feel welcome.

As regards diversity on the Fluxys Belgium Management Board, the Gas Act (Article 8/3) stipulates that at least one third of those on the Board of Directors must not be the same sex as the other members.

Diversity in experience

Fluxys Belgium devotes considerable attention to diversity in terms of experience. This approach translates, for example, into the continuous recruitment of young people with no or very limited work experience (job starters).

We welcomed 81 new employees in 2022, 13 of whom had limited work experience or faced a lack of opportunities on the labour market.

The same criteria for everyone

The criteria used for employee remuneration, evaluation, career development, training and the work-life balance are identical for men and women. The difference in the average basic salary between men and women is due to the fact that the composition of both categories differs with regard to seniority, type of role and the division between old and new salary conditions.

Indicators

	2021	2020	2019	2018
Total	909	884	876	868
Incoming employees				
< 30 years	42% ☑	54%	49%	40%
30-50 years	53% ☑	41%	44%	51%
> 50 years	5% ☑	5%	7%	9%
Men	74% ☑	75%	69%	68%
Women	26% ☑	25%	31%	32%
Outgoing employees (not including planned outflows from end-of-contracts and retirements)				
< 30 years	35% ☑	32%	28%	28%
30-50 years	56% ☑	61%	62%	56%
> 50 years	9% ☑	7%	10%	16%
Men	60% ☑	79%	83%	69%
Women	40% ☑	21%	17%	31%
Executives				
< 30 years	11%	10%	9%	6%
30-50 years	58%	55%	57%	63%
> 50 years	31%	35%	34%	31%
Men	86%	85%	87%	86%
Women	14%	15%	13%	14%
Salaried staff members				
< 30 years	7%	8%	6%	7%
30-50 years	48%	46%	49%	52%
> 50 years	45%	46%	45%	41%
Men	82%	81%	80%	81%
Women	18%	19%	20%	19%
Management				
< 30 years	0%	0%	0%	0%
30-50 years	39%	25%	39%	50%
> 50 years	61%	75%	61%	50%
Men	90%	89%	89%	89%
Women	10%	11%	11%	11%
Board of Directors				
< 30 years	0%	0%	0%	0%
30-50 years	29%	25%	18%	18%
> 50 years	71%	75%	82%	82%
Men	62%	65%	68%	68%
Women	38%	35%	32%	32%
Average basic salary ratio (based on full-time equivalents)				
Men	100% ☑	100%	100%	100%
Women	92% ☑	91%	93%	91%

The staff data are based on the active workforce of Fluxys Belgium and Fluxys LNG and do not include non-active employees (e.g. those on long-term sick leave). Unless otherwise stated, the statistics refer to the number of employees and not the number of FTEs.

Customer care

Policy

For us, our customers are central. Our transmission, storage and LNG terminalling services are regulated, and we open up our infrastructure to all market players on a level playing field. We treat all customers on an equal footing, and our policy, operating within the parameters of the regulatory framework for our activities, aims to develop long-term relationships with customers and respond as effectively as possible to their needs and expectations.

Risks and measures

Risks	Measures
Discriminatory treatment of customers, lack of transparency in information sharing can lead to market abuse and claims	• Commercial contact point • Complaints point of contact • Development of services within a strict regulatory framework • Information and market consultation • Monitoring by the regulator

Transparent and user-friendly services

In line with the regulatory framework, Fluxys Belgium's service offering is completely transparent. Existing and potential customers can find our range of services, rates and all related information and documentation, such as the relevant standard contracts, on our website. At the same time, we are constantly working on improvements to make booking capacity as simple and user-friendly as possible.

Sales team as a point of contact

Our sales team is the point of contact for customers and prospects. They are on hand to help you make the best possible use of our services and book capacity. At the same time, they keep a close eye on customer expectations for new services or updates to the offering.

Maximum security of supply

The geopolitical situation in Ukraine has profoundly changed the dynamics on the gas markets and the direction of flows in Europe. Throughout 2022, the members of our sales team left no stone unturned in their efforts to offer customers as much capacity as possible in the interests of security of supply (see the As much capacity as possible to maximise security of supply section, page 50).

Market consultations and information sessions

When adapting existing services, developing new services, new tariff proposals or proposals to amend contractual documents, Fluxys Belgium always conducts a market consultation in accordance with the regulatory framework. Only after this consultation can the documents be submitted to the regulator, CREG, for approval.

Fluxys Belgium holds annual information moments for each customer group to addressing topics that regularly come up in day-to-day contact with the sales team.

Monitoring by the regulator CREG and the compliance officer

The supervisory authority for Fluxys Belgium's regulated activities is the federal regulator, the Commission for Electricity and Gas Regulation (CREG). In line with the regulatory framework,

Fluxys Belgium has appointed a compliance officer in the framework of its commitments regarding non-discriminatory access to the network.

A compliance programme has been set up with the specific details of the rules of conduct that members of staff must comply with in terms of non-discrimination, transparency and handling of confidential information. The Board of Directors and management approved the compliance programme. The annual Compliance Report, covering how we have done in meeting our obligations under the compliance programme, can be found on the Fluxys Belgium website.

More information about the legal and regulatory framework and the code of conduct is given in the Legal and regulatory framework section (page 38).

Point of contact for complaints

Customers and other market players who want to complain about our services can contact our key account managers, the Fluxys Belgium compliance officer or the regulator CREG.

Human rights

Policy

Fluxys Belgium operates in Belgium and therefore our approach to human rights violations is enshrined in the company's policy on business ethics, diversity, and health, safety and well-being at work. Our approach also focuses on the supply chain.

Risks and measures

Risk	Measures
Violation of human rights having a negative impact on the company's business reputation and/or financial results	• Staff: provisions in our Ethical Code, work regulations, collective bargaining agreements and specific procedures • Suppliers: human rights provisions included in the terms and conditions of purchase

Approach incorporated into other domains

Given the Belgian scope of our activities, our initiatives on respecting human rights are for the most part set out in our approach in three other domains.

The Health, Safety and Well-being at Work domain covers the following human rights:

- the right to decent work and well-being;
- the right to rest and free time;
- protection of the work-life balance;
- the right to protection from risks at work, including stress, violence, bullying and harassment;
- the right to freedom of assembly and association.

A wide range of training courses on these topics was offered to employees in 2022 (see page 123).

The right to equal opportunities and zero tolerance for discrimination fall within the Diversity and inclusion domain (see page 118).

The Ethical Code (see page 127) covers both the protection of human rights in the workplace and human rights in the local communities where we operate.

Focus on human rights in the supply chain

Fluxys Belgium's General Terms and Conditions of Purchase for suppliers impose various human rights obligations on contractors, including:

- the obligation to insure personnel against occupational accidents;
- the obligation to comply with the legal obligations regarding safety and well-being at work, minimum-wage requirements for employees, the payment of wages and respect for the environment and environmental protection;
- the requirement to refrain from employing foreign workers who are illegally resident in Belgium.

Indicators

	2022	2021	2020	2019
Complaints about violations of human rights	0	0	0	0
Number of training courses on human rights completed				
Number of training hours completed	1,328** ☑	459	554	*
Share in the total number of training hours completed	3.6%** ☑	1.9%	2.4%	*

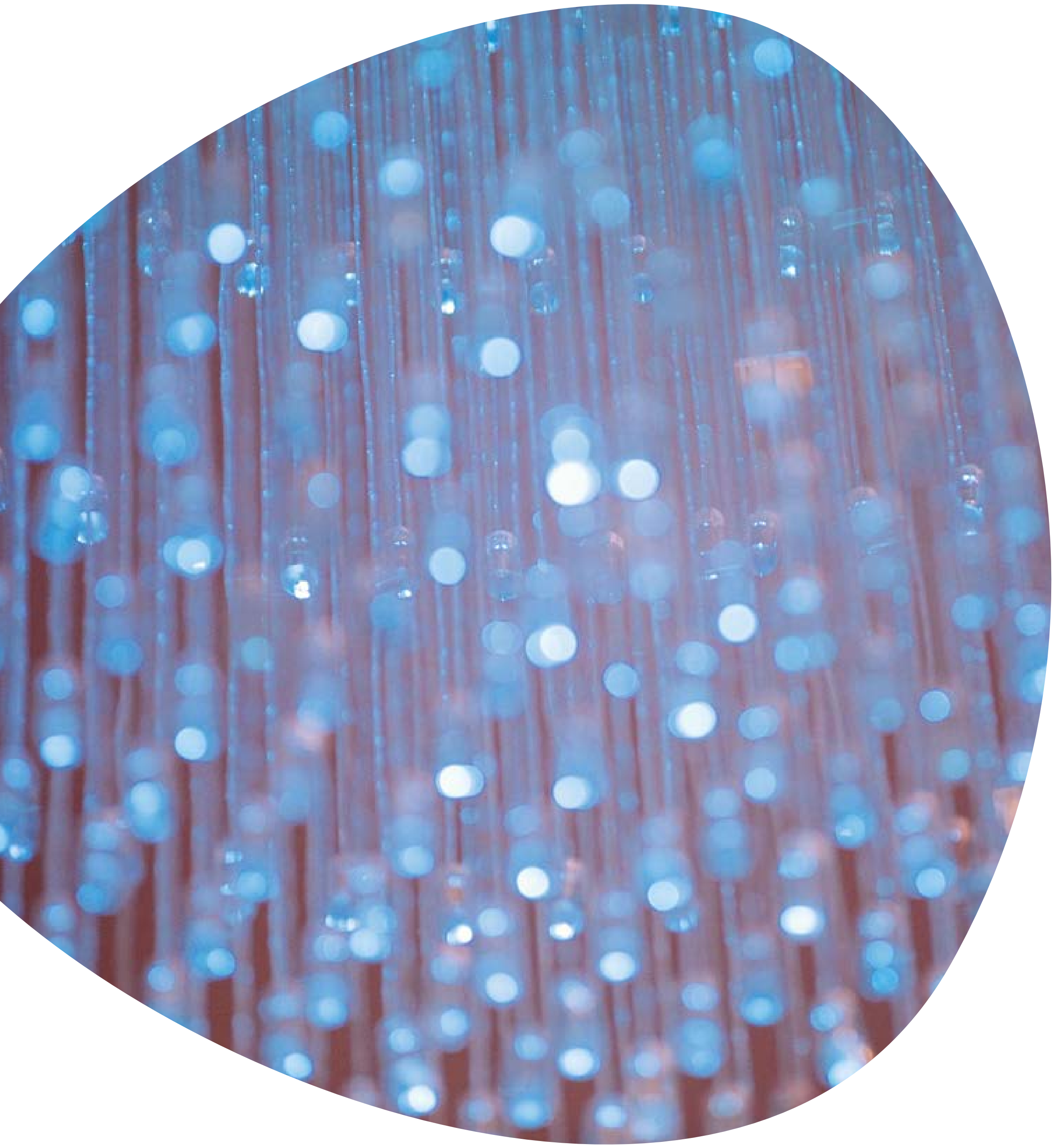
* Not registered

** All training initiatives (trainings, coaching, e-learnings) that contribute to increasing the well-being of employees indirectly contribute to human rights. Indeed, those initiatives ensure that the importance of treating people with respect is propagated as a basis within the company.
We saw a significant increase in the number of coaching hours in 2022 after Corona, including through the new summer coaching for a wider target audience, and a substantial increase in the number of team tracks.

Governance

Ethics and integrity – Efforts to combat corruption
p. 126

Data protection and privacy
p. 128



Our focus in 2022

Further developing the formal procedures for whistleblowing and protecting whistleblowers

Updating our internal guidelines on the use of social media to ensure that the social interactions there are as beneficial as possible

0

Complaints about fraud or reports of unethical conduct

(2021: 0)

0

Legal proceedings concerning anti-competitive behaviour or failure to comply with competition law

(2021: 0)

Ethics and integrity – efforts to combat corruption

Policy

Fluxys Belgium's anti-corruption policy is set out in the company's Ethical Code, which ensures that we offer employees a safe and respectful work environment, maintain high standards in terms of human rights and make a commitment to conducting business ethically by being responsible in dealings with our business partners.

Risks and measures

Risk	Measures
Corruption having a negative impact on the company's business reputation and/or financial results	**• Fluxys staff must comply with our Ethical Code, work regulations, collective bargaining agreements and specific procedures • Suppliers are subject to the terms and conditions of purchase with specific provisions on corruption • Control process to ensure that customers, suppliers, agents, consultants, etc. adhere to anti-bribery rules • Specific internal checks followed up at least every two years by internal audit**

Ethical Code

The new Ethical Code came into force in 2021 and was widely distributed in-house and externally. The Code covers a wide range of areas: a safe and respectful working environment, responsible interactions with business partners, human rights, anti-bribery and general principles on how the company competes. The Code also expects customers, suppliers and other partners to comply with equivalent standards. As part of the Ethical Code, various workshops were organised for staff in 2022.

Reporting unethical conduct

Our employees can contact their manager or the Ethics & Compliance team for advice on problematic situations or to report a (potential) breach of the ethical rules.

Employees, customers, suppliers and partners can also email ethics@fluxys.com to report a (potential) breach in complete confidentiality.

In accordance with its Ethical Code and the relevant EU directive, Fluxys Belgium further developed the formal procedures for whistleblowing and protecting whistleblowers. The procedure will be rolled out in 2023.

Focus on ethical conduct in the supply chain

Fluxys Belgium's General Terms and Conditions of Purchase for suppliers impose various anti-corruption obligations on contractors, including:

- Not being allowed to engage in or tolerate practices such as private or public corruption.
- Being required to demonstrate integrity to their employees

Indicators

	2022	2021	2020	2019
Efforts to combat corruption				
Complaints about fraud or reports of unethical conduct	0	0	0	0
Number of instances of legal proceedings concerning anti-competitive behaviour or failure to comply with competition law	0	0	0	0

Data security and privacy

Policy

The responsible, secure handling of data is of vital importance to the company and its employees and everyone has a role to play in this regard. As such, Fluxys Belgium works with a circumstantial framework on data protection, including the requirements of the EU's General Data Protection Regulation (GDPR) and general privacy regulations.

Risks and measures

Risk	Measures
Financial impact and loss of reputation due to lack of protection of personal data and non-compliance with data protection regulations	• Data Protection Officer appointed as point of contact for privacy-related queries and incidents • Data security according to ISO 27001 standard • Information Governance Policy (BIS) and related procedures also applicable to suppliers • Training (example phishing exercises) • Internal audits

Approach contained in cybersecurity management

Our approach to data security and privacy is contained in our cybersecurity management: see "Additional focus on cybersecurity and ICT systems", page 102

Social media guidelines updated

In 2022, Fluxys Belgium updated the guidelines for staff on the use of social media and communicated them extensively within the company. With the updated guidelines, we are seeking a balance between every employee's freedom of speech and right to privacy, the added value provided by interacting on social media and the protection of the company from illegal or inappropriate social-media use.

OneteamOnetarget

Corporate Governance Declaration

Good governance is paramount. We make a fundamental contribution to the energy and climate solutions society needs. With infrastructure that serves around the clock as an essential link in the ecosystem. We tackle this as one team: in the field, in the office, in the board room. Reliable, in all transparency and every one of us with its own expertise.

Fluxys Belgium has adopted the 2020 Belgian Code on Corporate Governance (the 2020 Code) as its benchmark code of conduct. The main principles are set out in its Articles of Association and its Corporate Governance Charter. Fluxys Belgium is also subject to legislation on corporate governance contained in the Act of 12 April 1965 on the transmission of gaseous and other products via pipeline, as subsequently amended (the Gas Act), and European Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the Directive). Details of the legislation applied by Fluxys Belgium can be found online:

- The 2020 Code: https://www.corporategovernancecommittee.be/en
- The Gas Act: www.just.fgov.be (in French and Dutch)
- The Directive: www.eur-lex.europa.eu

In line with the principle of transparency, Fluxys Belgium indicates in this section of its annual report the parts of the 2020 Code with which the company does not comply and the justified reasons for this:

- The company does not apply the 2020 Code rules on the term of directorships. Members of the Board of Directors are appointed for a period of six years rather than the four years advocated by Principle 5.6 of the 2020 Code. This term is justified in light of the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas system operator. A six-year mandate allows directors to deepen their expertise and to bring real added value to the debate over a longer period of time. This is also in line with the long-term nature of infrastructure operators' activities.
- The company also deviates from recommendations 7.6 and 7.9 of the 2020 Code for the reasons set out in the remuneration report. Please see that report for more details.

Changes in the composition of the Board of Directors in 2022

At the Annual General Meeting on 10 May 2022, Abdellah Achaoui, who was co-opted by the Board of Directors on 30 March 2022, was permanently appointed as a director for a term of office expiring at the end of the 2027 Annual General Meeting.

The same Annual General Meeting also decided to permanently appoint Cécile Flandre, who was co-opted by the Board of Directors on 30 March 2022, as an independent director to replace Laurence Bovy following her resignation. This term of office will expire at the end of the 2025 Annual General Meeting.

Finally, the Annal General Meeting appointed Leen Dierick and Gianni Infanti as directors, replacing Jos Ansoms and Renaud Moens respectively, for a six-year term of office that will expire at the end of the 2028 Annual General Meeting.

Wim Vermeir was co-opted by the Board of Directors with effect from 21 February 2023 to replace Patrick Côté, following his resignation on that same date, for a term of office expiring at the end of the 2028 Annual General Meeting. The next Annual General Meeting will have to decide on his permanent appointment.

The procedure for new appointments by the Appointment and Remuneration Committee and the Corporate Governance Committee was complied with.

Changes to the Articles of Association and Corporate Governance Charter in 2022

Fluxys Belgium's Articles of Association and Corporate Governance Charter were amended on 10 May 2022 to remove the Strategic Advice Committee as a governing body.

Rules governing the appointment and replacement of members of the Board of Directors and amendments to the Articles of Association

Appointment and replacement of directors

Directors are appointed by the General Meeting for no more than six years and can be dismissed by this body.

Article 10 of the Articles of Association stipulates that the company shall be managed by a Board of Directors comprising non-executive directors (except for the director charged with the day-to-day management of the company), who are appointed for a maximum term of six years and may be dismissed by the General Meeting. The directorships of outgoing directors who have not been re-elected shall expire immediately after the Annual General Meeting. In the event that one or more directorships fall vacant, the remaining directors may, by a simple majority of votes, temporarily fill the vacancy. In such cases, the General Meeting shall make the permanent appointment or appointments at its first meeting thereafter. If a directorship becomes vacant before the end of the term, the replacement director appointed shall serve out the rest of the term in question.

Amendments to the Articles of Association

The company's Articles of Association may be amended by the Annual General Meeting; any amendments made must be published in the Belgian Official Gazette. Deliberation and decisions regarding amendments to the Articles of Association are only valid if at least half of the group's share capital is represented at the General Meeting. No amendment shall be permitted unless it is passed by three quarters of the votes.

Board of Directors

Composition of the Board of Directors

Article 10 of the company's Articles of Association stipulates that the Board of Directors shall comprise no fewer than three and no more than 24 non-executive directors, excluding one or more federal government representatives.

Principle 3.2 of the 2020 Code recommends that the Board should be small enough for efficient decision-making. It should also be large enough for its Board members to contribute experience and knowledge from their different fields and for changes to the Board's composition to be managed without undue disruption. The size of the Fluxys Belgium Board of Directors is justified in light of the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas system operator and the diversity of interests involved.

In order to comply with the provisions of the Gas Act, at least one third of directors must be independent within the meaning of the Gas Act. They are chosen partly on the basis of their financial management skills and partly for their useful technical knowledge and in particular their relevant knowledge of the energy sector. Independent directors within the meaning of the Gas Act must meet, among other things, the independence criteria of the 2020 Belgian Code on Corporate Governance. One third of directors must be of a different gender from the other two thirds.

At least half of the directors must be fluent in French and half in Dutch.

In addition, the golden share grants the federal Energy Minister the right to appoint two representatives of the federal government to the Board of Directors.

Directors of the company may not simultaneously be members of the supervisory board, board of directors or bodies legally representing the undertaking, of an undertaking active in the production or supply of natural gas and may not exercise any rights over such an undertaking.

Directors

Daniël Termont, Director, Chairman of the Board of Directors
Daniël Termont is a member of the Board of Directors of Publigas. He was appointed as director in May 1998 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2027.

Claude Grégoire, Director, Vice-Chairman of the Board of Directors
Claude Grégoire is a qualified civil engineer. He was appointed as director in October 1994 following his nomination by Publigas and tendered his resignation with effect from 9 May 2023.

Pascal De Buck, Managing Director and CEO
Pascal De Buck studied law, specialising in economic law, before completing several management training courses, including at the Flemish School of Higher Education in Economics (VLEKHO) and EHSAL Management School (EMS) in Brussels and the IESE Business School's international Global CEO Program. After joining Fluxys as a Legal Counsel in 1995, he became head of the Legal and Commercial departments before taking on the role of Commercial Director, where he was responsible for business development and strategy. Pascal was appointed CEO and Chairman of the Executive Board of Fluxys Belgium on 1 January 2015. He became Managing Director of Fluxys Belgium in May 2020 and his term of office as director will expire at the Annual General Meeting in May 2026.

Abdellah Achaoui, Director (since 30 March 2022)
Abdellah Achaoui speaks several languages and has a degree in finance. He is management manager at VIVAQUA. He is on political leave and serving as an alderman in the Brussels municipality of Molenbeek. He is Chairman of the Board of Directors of Interfin and a member of the Boards of Directors of Sibelga and Publigas. He has held financial positions in various sectors, both private and public. He was co-opted as director by the Board of Directors with effect from 30 March 2022 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2027.

Jos Ansoms, Director (until 10 May 2022)
Jos Ansoms holds a degree in political and social sciences from KU Leuven. He has been Chairman of Intermixt, Iveka and IGEAN and Vice-Chairman of Eandis, among other roles. For 23 years he was a member of the lower house of the Belgian federal parliament, the House of Representatives, during which time he for example chaired the Business and Energy Committee. He was appointed as director in May 2016 following his

nomination by Publigas, and his term of office expired after the Annual General Meeting in May 2022.

Laurent Coppens, Director
Laurent Coppens holds a Master of Business Administration from the University of Liège and completed specialised courses in Management Accounting & Control at Maastricht University before working as an assistant and researcher in finance. He is CFO of Sibelga and Interfin and Financial Officer at Publigas and Publi-T. He was appointed as director with effect from 1 July 2021 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2027.

Patrick Côté, Director (until 21 February 2023)
Patrick Côté is Managing Director, Infrastructure at Caisse de dépôt et placement du Québec (CDPQ). He has 15 years' experience in the infrastructure sector, having joined CDPQ in 2006. Before that, he held various corporate finance positions in large companies, including Ivanhoé Cambridge, CDPQ's real estate subsidiary. He also sits on the Board of Directors of Velto Renewables and Akiem. Patrick graduated from HEC Montréal with a business degree, specialising in finance, and a qualification as a Chartered Professional Accountant (CPA). He was co-opted as director by the Board of Directors with effect from 1 January 2017 following his nomination by CDPQ. He tendered his resignation with effect from 21 February 2023.

Leen Dierick, Director (since 10 May 2022)
Leen Dierick studied business administration, marketing and logistics at EHSAL in Brussels and has subsequently held various positions at DOMO NV. She has served as a Dendermonde municipal councillor since 2001 and as a Member of the Federal Parliament for CD&V since 2007. In the Chamber she is a permanent member of both the Parliamentary Committees for Economy & Energy and the subcommittee for Nuclear Safety. She was appointed as director in May 2022 following her nomination by Publigas and her current term of office will expire at the Annual General Meeting in May 2028.

Andries Gryffroy, Director
Andries Gryffroy is a qualified industrial electromechanical engineer and holds a Master's degree in marketing. He took a number of additional training courses in the energy sector and worked in a range of positions in that sector. He is a consultant in technology and energy. He is also the Chairman of Publigas, a member of the Flemish Parliament and a federated entity senator. He was appointed as director in May 2015 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2027.

Gianni Infanti, Director (since 10 May 2022)
Gianni Infanti holds a Master's degree in management sciences at UCL Mons. He is an adviser to the office of Minister Christie Morreale. He was appointed director in May 2022 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2028.

Ludo Kelchtermans, Director, Chairman of the Audit and Risk Committee
Ludo Kelchtermans holds a degree in economics and is CEO of Nutsbedrijven Houdstermaatschappij (Nuhma). He is a director at several companies and chairman of Aspiravi's audit committee. He was appointed as director in June 2012 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2026.

Renaud Moens, Director and Chairman of the Appointment and Remuneration Committee (until 10 May 2022)
Renaud Moens has a degree in business from ULB's Solvay Business School. He is the General Manager of the intermunicipal company IGRETEC and a director at Publigas, Sambrinvest, Sonaca and SOCOFE. He was co-opted as director by the Board of Directors with effect from 24 September 2014 following his nomination by Publigas and his term of office expired at the Annual General Meeting in May 2022.

Josly Piette, Director
Josly Piette holds degrees in industrial sociology and economic and social sciences. He is Honorary General Secretary of the Confédération des Syndicats Chrétiens (Confederation of Christian Trade Unions) and a director at SOCOFE and Publigas. He was appointed as director in June 2009 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2026.

Koen Van den Heuvel, Director
Koen Van den Heuvel holds a degree in economics and political science. As a member of Puurs Municipal Council since 1989, for five years he served as the Alderman for Youth, Culture and Finance. In 1997, he became Mayor of Puurs, and since 2019 he has been the mayor of the merged municipality of Puurs-Sint-Amands. Since 2004, he has been a member of the Flemish Parliament, leading his parliamentary group there from 2012 to 2019. In 2019, he was the Flemish Minister for the Environment, Nature and Agriculture. He was co-opted as director by the Board of Directors with effect from 1 December 2019 following his nomination by Publigas and his current term of office will expire at the Annual General Meeting in May 2025.

Wim Vermeir, Director (since 21 February 2023)
Wim Vermeir has a degree in engineering physics from Ghent University and holds an MBA from Vlerick School of Management. He started his career at Ghent University and Vlerick School of Management as a research assistant in corporate finance. Between 1995 and 2006, he held various positions at Dexia Asset Management and in 2006 he was appointed Chief Investment Officer for Traditional Investments and member of the Executive Board of Dexia Asset Management. He has been Chief Investment Officer of AG Insurance since April 2011 and also Group Head of Investments for Ageas since June 2012. He was co-opted as director by the Board of Directors with effect from 21 February 2023 following his nomination by AG Insurance. The Annual General Meeting of 9 May 2023 will have to decide on his permanent appointment.

Geert Versnick, Director
Geert Versnick has a law degree from Ghent University. He has also participated in study programmes from GUBERNA, the International Institute for Management Development (IMD) and INSEAD. He was a lawyer at the Ghent Bar from 1980 until 2000 and active in politics from 1989 to 2017. He holds a number of directorships in both the private and public sectors. He was appointed as director in May 2018, with effect from 3 October 2018, following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 2024.

Independent directors under the provisions of the Gas Act

Sabine Colson, independent director, Chairman of the Corporate Governance Committee
Sabine Colson has a degree in business and finance from HEC Liège. She completed a GUBERNA Certified Director course and holds a university certificate in innovation management from UCLouvain. She coordinates the BU WE Transmission at Wallonie Entreprendre. She was co-opted as independent director with effect from 1 October 2018 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2024.

Valentine Delwart, independent director
Valentine Delwart holds a degree in law and a Master's degree in European law. She is Alderwoman for Finance in Uccle and has been General Secretary of the French-speaking liberal party Mouvement Réformateur since March 2011. She was appointed as independent director in May 2013 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2025.

Cécile Flandre, independent director (since 30 March 2022)
Cécile Flandre holds a degree in mathematics and actuarial science from the Université Libre de Bruxelles (ULB). For nine years she served as CFO and executive director at two insurance companies, Belfius Insurance and later Ethias. She has many years of experience in the insurance sector, including its supervision, and in financial matters. She is a director of Elia Transmission Belgium, Elia Asset and Elia Group and an independent director of MS Amlin Insurance S.E., where she chairs the Audit Committee. She has been a member or chair of the boards of directors and audit committees of several companies. She was co-opted as independent director with effect from 30 March 2022 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2025.

Sandra Gobert, independent director
Sandra Gobert obtained a Master's degree in law from the Vrije Universiteit Brussel (VUB). She has been a lawyer at the Brussels Bar since 1992 and is a partner at Sub Rosa Legal. After a specialisation and internship in tax law, she built up her expertise in corporate law and corporate governance. She has been a GUBERNA Certified Director since 2010 and has held directorships in various sectors (distribution and retail, legal, real estate and energy). She completed the Chapter Zero "Director Climate Journey" in 2021. In early 2019, she was appointed Executive Director of GUBERNA (Institute of Directors), where she has been a member of the Board of Directors since 2016. She is a member of the Belgian Corporate Governance Committee, a member of the Board of Directors of ecoDa (European Confederation of Directors' Associations) and chair of the ecoDa Working Group on Sustainability and of the Remuneration and Nomination Committee. She is a member of the ESG Exchange Advisory Committee. She was appointed as independent director in May 2019 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2025.

Roberte Kesteman, independent director
Roberte Kesteman holds a Master's degree in Applied Economics from VLEKHO. She also studied International Corporate Finance at INSEAD in France. She is Senior Advisor at First Sentier Investors International, an independent director at Elia Transmission Belgium, Elia Asset and Elia Group, as well as a member of the Audit Committee, Remuneration Committee and Corpo-

rate Governance Committee. Since 4 May 2022, she is independent director, member of the Audit Committee and member of the Remuneration, Nomination and Corporate Governance Committee at Aperam SA. She was co-opted as independent director with effect from 1 July 2019 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2023.

Anne Leclercq, independent director
Anne Leclercq holds a Master's degree in law and an MBA from Vlerick Business School. Many years working in both the banking sector and as Director of Treasury and Capital Markets at the Belgian Debt Agency (the agency in charge of the operational management of the debt of the Belgian federal government) have provided her with a wealth of financial expertise and management experience. Until mid-2019, Anne chaired a sub-committee of the European Union's Economic and Financial Committee comprising debt managers from the various EU Member States. She is a director at BNP Paribas Fortis, where she also chairs the Risk Committee, WDP (Warehouses De Pauw) and Sint-Maria Halle General Hospital. Until the end of December 2022, she was a director and chair of the Audit Committee of KULeuven/UZ Leuven. She was appointed as independent director in May 2018 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2024.

Sandra Wauters, independent director
Sandra Wauters holds a PhD in chemical engineering from Ghent University. She is Carbon Management Programme Manager at BASF Antwerp, where she is responsible for business development and coordination on climate-neutral growth. She was appointed as independent director in May 2013 on proposal of the Board of Directors and following the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2025.

Federal government representatives

Maxime Saliez and Tom Vanden Borre
Messrs Maxime Saliez and Tom Vanden Borre were appointed as per the Royal Decree of 31 January 2021 as representatives of the federal government in an advisory capacity for the French- and Dutch-speaking roles respectively. This Royal Decree entered into force on the date of its publication in the Belgian Official Gazette, namely 8 February 2021.[4]

Maxime Saliez has a degree in civil and electromechanical engineering and is an adviser to the Federal Minister of Energy. Tom Vanden Borre holds a PhD in law and serves as Head of the Private Office of the Federal Minister of Energy.

Federal government representatives have special powers as stipulated in the Acts of 26 June 2002 and 29 April 1999 and the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 12 of the Articles of Association and in the Corporate Governance Charter.

They attend meetings of the Board of Directors in an advisory capacity.

Secretariat

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Board of Directors.

Activity report

Issues examined

The members of the Board of Directors seek to adopt decisions by consensus. The Board mainly addressed the following issues:

- The strategy of Fluxys Belgium;
- The 2022 budget;
- The 10-year investment programme (2023-2032);
- The medium-term financial plan;
- The HSEQ policy;
- Risk management;
- The preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases;
- The drafting of the annual financial report for the financial year 2021 and the half-yearly financial report as at 30 June 2022;
- The tariff methodology 2024-2027;
- Evolution and use of the regularization account and the exceptional solidarity contribution received by the Federal Government of Belgium;
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
  - market integration projects;
  - projects linked to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO_2, including the framework of the economic recovery plan (also covered in a separate expert session);
  - L-gas to H-gas conversion;
  - upgrading of the Zeebrugge-Opwijk pipeline route: investment decision phase 1 Desteldonk-Opwijk and progress reporting;
  - progress of the LNG capacity expansion and truck-loading projects;
- Changes in the legal and regulatory framework;
- Progress of disputes and legal action brought in order to safeguard the company's interests;
- The energy mix, the European Green Deal, developing a long-term vision for a low-carbon energy system by 2050 and the European Commission's Fit for 55 programme;
- The consequences of the war in Ukraine;
- Security of supply;
- The role of natural gas in Belgium's future energy system and in the energy transition;
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal);
- IT security;
- The safety culture within the company;
- The design of the new intervention centre;
- The abolition of the Strategic Advice Committee and the resulting amendment to the Articles of Association;
- Convening the Annual General Meeting and Extraordinary General Meeting;
- Changes in the composition of the Board of Directors and the advisory committees;
- Examination of reports by the Strategic Advice Committee, the Audit and Risk Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee;
- Examination of the report of the Board of Directors of Fluxys LNG;
- The measures taken by the company with regard to the COVID-19 pandemic.

Operation

The Board of Directors may only deliberate and adopt decisions when at least half of the directors are either present or represented. Decisions made by the Board of Directors are taken by a simple majority of votes cast by directors present or represented. In 2022, the Board of Directors took all of its decisions by unanimous vote of the directors present or represented.

Frequency of meetings and attendance levels

The Board of Directors met 9 times in ordinary meetings in 2022 and made one decision by unanimous written agreement of the directors, in accordance with its Articles of Association. The director attendance at Board of Directors' meetings in 2022 was as follows:

	Attendance
Daniël Termont	9 out of 9 meetings
Claude Grégoire	7 out of 9 meetings
Pascal De Buck	9 out of 9 meetings
Abdellah Achaoui	6 out of 7 meetings
Jos Ansoms	4 out of 4 meetings
Sabine Colson	9 out of 9 meetings
Laurent Coppens	8 out of 9 meetings
Patrick Côté	9 out of 9 meetings
Valentine Delwart	9 out of 9 meetings
Leen Dierick	5 out of 5 meetings
Cécile Flandre	6 out of 7 meetings
Sandra Gobert	9 out of 9 meetings
Andries Gryffroy	8 out of 9 meetings
Gianni Infanti	5 out of 5 meetings
Ludo Kelchtermans	9 out of 9 meetings
Roberte Kesteman	9 out of 9 meetings
Anne Leclercq	8 out of 9 meetings
Renaud Moens	3 out of 4 meetings
Josly Piette	9 out of 9 meetings
Koen Van den Heuvel	9 out of 9 meetings
Geert Versnick	7 out of 9 meetings
Sandra Wauters	9 out of 9 meetings

Committees formed by the Board of Directors

Strategic Advice Committee (until 10 May 2022)

Following the introduction of the 2020 Belgian Code on Corporate Governance, Fluxys Belgium reviewed the operation of its Board of Directors' advisory committees and of the Strategic Advice Committee in particular.

As a result, the Board decided to abolish the Strategic Advice Committee and schedule more time in Board of director meetings to examine certain topics in more depth.

The Extraordinary General Meeting of 10 May 2022 therefore approved an amendment to the company's Articles of Association to this effect.

4. Royal Decree of 31 January 2021 on the dismissal and appointment of federal government auditors to the Boards of Directors of the relevant operators, as provided for in Article 8/3(1/3) of the Act of 12 April 1965 concerning the transmission of gaseous and other products by pipeline (published in the Belgian Official Gazette on 8 February 2021).

Issues examined

The Strategic Advice Committee was set up within the Board of Directors in accordance with Article 15.1 of the Articles of Association, which has now been deleted. It had no decision-making powers but was responsible for providing an opinion on the items to be submitted to the Board of Directors for approval, in accordance with the applicable legal and regulatory provisions and the Articles of Association. Within this framework, the committee also monitored implementation of the Board of Directors' decisions. The members of the Strategic Advice Committee sought to adopt decisions by consensus. In 2022, the Strategic Advice Committee addressed the following issues, among others:

- The consequences of the war in Ukraine;
- Security of supply;
- IT security;
- Changes in the legal and regulatory framework;
- Progress of disputes and legal action brought in order to safeguard the company's interests;
- The energy mix, the European Green Deal, developing a long-term vision for a low-carbon energy system by 2050 and the European Commission's Fit for 55 programme;
- The role of natural gas in Belgium's future energy system and in the energy transition;
- Upgrading of the Zeebrugge-Opwijk pipeline route;
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal.

Operation

The advice put forward by the Strategic Advice Committee was adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers.

Frequency of meetings and attendance levels

The Strategic Advice Committee met 3 times in 2022. Director attendance at Strategic Advice Committee meetings in 2022 was as follows:

	Attendance
Claude Grégoire	3 out of 3 meetings
Daniël Termont	2 out of 3 meetings
Jos Ansoms	3 out of 3 meetings
Patrick Côté	3 out of 3 meetings
Valentine Delwart	3 out of 3 meetings
Andries Gryffroy	3 out of 3 meetings
Anne Leclercq	2 out of 3 meetings
Koen Van den Heuvel	3 out of 3 meetings
Sandra Wauters	2 out of 3 meetings

Audit and Risk Committee

Composition of the Audit and Risk Committee

The Audit and Risk Committee comprises seven non-executive directors, of whom at least one third must be independent within the meaning of the Gas Act and the 2020 Belgian Code on Corporate Governance. The Audit and Risk Committee has collective expertise in the company's area of activity and at least one independent director has the required expertise in accounting and auditing.

Chairman

Ludo Kelchtermans

Members

- Sabine Colson*
- Laurent Coppens
- Patrick Côté (until 21 February 2023)
- Cécile Flandre* (since 30 March 2022)
- Anne Leclercq*
- Wim Vermeir (since 21 February 2023)
- Sandra Wauters*

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO..

Secretariat

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Audit and Risk Committee.

Accounting and auditing expertise of the independent directors on the Audit and Risk Committee

Cécile Flandre

- She holds a degree in mathematics and actuarial science.
- She has extensive experience on boards of directors and audit committees.
- She has held the position of Chief Financial Officer, executive board member and executive director, with particular responsibility for investments, accounting, financial planning and control, and corporate finance.

Sabine Colson

- She holds a degree in business and finance from HEC Liège and has been an audit manager at PwC.
- She has experience of audit committees and appointment and remuneration committees.
- She is a director of various companies, primarily in the environmental sector.

Anne Leclercq

- She holds a Master's degree in law and an MBA from Vlerick Business School.
- Many years working in the financial sector have provided her with a wealth of financial expertise and management experience.
- She has extensive market knowledge and insight into the key drivers of change in financial markets, such as changes in regulations and economic factors.
- Until 31 July 2019, she was Director of Treasury and Capital Markets at the Belgian Debt Agency.

Sandra Wauters

- She has a PhD in chemical engineering.
- In her operations role at BASF Antwerp, she has acquired experience in HAZOP studies and technical risk assessments.

Issues examined

The Audit and Risk Committee was set up within the Board of Directors to assist this body. It has the powers assigned to an audit and risk committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Audit and Risk Committee seek to adopt decisions by consensus. In 2022, the Audit and Risk Committee mainly addressed the following issues:

- The company's accounts as at 31 December 2021 and 30 June 2022 as well as the associated press releases (financial part);
- The annual financial report for the 2021 financial year and the half-yearly report as at 30 June 2022;
- The principles governing the closing of accounts;
- Examination of the auditor's work and schedule;
- The renewal of the statutory auditor's mandate;
- Examination of the internal control and risk management system;
- Goals, schedule and activities of the internal audit in 2022;
- The internal audit schedule for 2023;
- Follow-up on the recommendations made in the wake of the internal audit in 2021;
- Risk management;
- The change in the valuation rule for 'Unrealised foreign exchange results' in Belgian GAAP;
- Confirmation to the Audit and Risk Committee of the independence of the internal audit;
- The evaluation of the person in charge of the internal audit.

Operation

Decisions by the Audit and Risk Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Audit and Risk Committee works, please consult Annex II of the Corporate Governance Charter – Audit and Risk Committee Rules of Internal Procedure (https://www.fluxys.com/en/company/fluxys-belgium/management-governance).

Frequency of meetings and attendance levels

The Audit and Risk Committee met 4 times in 2022. Director attendance at Audit and Risk Committee meetings in 2022 was as follows:

	Attendance
Ludo Kelchtermans	3 out of 4 meetings
Sabine Colson	3 out of 4 meetings
Laurent Coppens	4 out of 4 meetings
Patrick Côté	3 out of 4 meetings
Cécile Flandre	3 out of 3 meetings
Anne Leclercq	4 out of 4 meetings
Sandra Wauters	3 out of 4 meetings

Appointment and Remuneration Committee

Composition of the Appointment and Remuneration Committee

The Appointment and Remuneration Committee comprises seven non-executive directors, the majority of whom must be independent within the meaning of the Gas Act and the 2020 Belgian Code on Corporate Governance. The committee has the required expertise in remuneration policy.

Chairman

Renaud Moens (until 10 May 2022)
Koen Van den Heuvel (since 10 May 2022)

Members

- Valentine Delwart*
- Cécile Flandre* (since 30 March 2022)
- Sandra Gobert*
- Gianni Infanti (since 10 May 2022)
- Roberte Kesteman*
- Koen Van den Heuvel (until 10 May 2022)
- Geert Versnick

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO.

Secretariat

Anne Vander Schueren, HR Director, acts as secretary to the Appointment and Remuneration Committee.

Issues examined

The Appointment and Remuneration Committee was set up within the Board of Directors to assist it in all matters concerning the appointment and remuneration of directors and members of the Management Team BE. It has

* Independent directors under the provisions of the Gas Act

* Independent directors under the provisions of the Gas Act

the powers assigned to a remuneration committee by law as well as any other powers that may be assigned to it by the Board of Directors. In 2022, the Appointment and Remuneration Committee mainly addressed the following issues:

- The compilation of the draft remuneration report;
- The compilation of opinions for the Board of Directors concerning the appointments of directors and of an independent director;
- The preparation of the objectives for the Managing Director and the members of the Management Team BE;
- The preparation of the evaluation of the Managing Director and the members of the Management Team BE;
- The compilation of recommendations on the remuneration of the Managing Director (fixed and variable remuneration and long-term incentives);
- The compilation of recommendations on the remuneration of the members of the Management Team BE (fixed and variable remuneration and long-term incentives) following a proposal by the Managing Director;
- The state of progress regarding the company targets for 2022;
- Monitoring of the remuneration policy.

Operation

Decisions by the Appointment and Remuneration Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. The members of the Appointment and Remuneration Committee seek to adopt decisions by consensus. In 2022, the Appointment and Remuneration Committee approved all the decisions submitted to it. For detailed information on how the Appointment and Remuneration Committee works, please consult Annex III of the Corporate Governance Charter – Appointment and Remuneration Committee Rules of Internal Procedure (https://www.fluxys.com/en/company/fluxys-belgium/management-governance).

Frequency of meetings and attendance levels

The Appointment and Remuneration Committee met 6 times in 2022. Director attendance at Appointment and Remuneration Committee meetings in 2022 was as follows:

	Attendance
Renaud Moens	4 out of 4 meetings
Koen Van den Heuvel	6 out of 6 meetings
Valentine Delwart	5 out of 6 meetings
Cécile Flandre	1 out of 2 meetings
Sandra Gobert	5 out of 6 meetings
Gianni Infanti	2 out of 2 meetings
Roberte Kesteman	5 out of 6 meetings
Geert Versnick	6 out of 6 meetings

Corporate Governance Committee

Composition of the Corporate Governance Committee

The Corporate Governance Committee comprises seven non-executive directors, of whom at least two thirds must be independent under the provisions of the Gas Act.

Chairman

Sabine Colson*

Members

- Laurent Coppens
- Valentine Delwart*
- Sandra Gobert*
- Roberte Kesteman*
- Anne Leclercq*
- Josly Piette

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO.

Secretariat

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Corporate Governance Committee.

Issues examined

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act. The members of the Corporate Governance Committee seek to adopt decisions by consensus. In 2022, the Corporate Governance Committee mainly addressed the following issues:

- Preparation of the 2021 annual report by the Corporate Governance Committee, drafted on the basis of Article 8/3 section 5(3) of the Gas Act;
- The compilation of the opinion for the Board of Directors concerning the appointment of an independent director.

Operation

Decisions by the Corporate Governance Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Corporate Governance Committee works, please consult Annex I of the Corporate Governance Charter – Corporate Governance Committee Rules of Internal Procedure (https://www.fluxys.com/en/company/fluxys-belgium/management-governance).

Frequency of meetings and attendance levels

The Corporate Governance Committee met 1 time in 2022. Director attendance at Corporate Governance Committee meetings in 2022 was as follows:

	Attendance
Sabine Colson	1 out of 1 meeting
Laurent Coppens	0 out of 1 meeting
Valentine Delwart	1 out of 1 meeting
Sandra Gobert	1 out of 1 meeting
Roberte Kesteman	1 out of 1 meeting
Anne Leclercq	0 out of 1 meeting
Josly Piette	1 out of 1 meeting

Managing Director and CEO and Management Team BE in 2022

Composition

Pascal De Buck is the Managing Director of Fluxys Belgium. He is also the company's Chief Executive Officer.

The Managing Director can delegate some of his powers to a 'Management Team BE' that is composed as follows:

- Arno Büx, member of the Management Team BE and Chief Commercial Officer
- Christian Leclercq, member of the Management Team BE and Chief Financial Officer
- Peter Verhaeghe, member of the Management Team BE and Chief Technical Officer

Nicolas Daubies, Dpt. Director Group General Counsel & Company Secretary, acts as secretary to the Management Team BE.

Deliberations

The Management Team BE assists the Managing Director in the tasks assigned to him. It meets as often as it deems necessary and in any case weekly, unless hindered in some way. The Managing Director convenes the members and any guests and sets the agenda.

The Management Team BE is assisted in its decision-making by an Executive Committee composed as follows:

- Damien Adriaens, Dpt. Director Commercial Regulated
- Nicolas Daubies, Dpt. Director Group General Counsel &Company Secretary
- Raphaël De Winter, Director Fluxys nextgrid
- Jan Van de Vyver, Dpt. Director Installations § Grid
- Rafaël Van Elst, Director Construction, Engineering & Gas Flow
- Anne Vander Schueren, Director Human Resources
- Leen Vanhamme, Director Transformation & Sustainability
- Erik Vennekens, Director Digital

* Independent directors under the provisions of the Gas Act.

* Independent directors under the provisions of the Gas Act.

Remuneration report

Introduction

The Fluxys Belgium remuneration policy is submitted to the Annual General Meeting in accordance with the Belgian Code on Companies and Associations. The policy will then be published on the company website at https://www.fluxys.com/en/company/fluxys-belgium/management-governance.

The purpose of this report is to provide information on the implementation of this policy over the past financial year.

By way of introduction, it should be emphasised that the remuneration policy aims to contribute to the company's mission and purpose, namely to be the designated operator of the Belgian natural gas transmission grid, the Loenhout storage facility and the Zeebrugge LNG terminal, and to be an important actor in a sustainable energy future and to bring reliable and affordable energy flows to market. Moreover, the company's new objective is to be the essential infrastructure partner for accelerating the energy transition.

The remuneration policy applicable to the Managing Director and CEO and of the Management Team BE was developed in accordance with the company's remuneration policy. This policy is based on an objective and transparent classification system with a view to:

- Ensuring that the compensation package complies with that of the market in order to attract and retain staff with the required expertise;
- Developing performance-driven pay, which varies according to each person's responsibilities and contribution to Fluxys Belgium's objectives. The amount of the incentive payment received is based on the extent to which company, transversal and individual targets have been achieved;
- Promoting professional and committed behaviour, as well as a consistent, transversal and sustainable approach, with respect for and in full support of the company's values.

Remuneration for non-executive members of the Board of Directors is based on market practice and takes into account their role, the specific duties they perform, the resulting responsibilities and the time they devote to their duties.

The remuneration awarded in 2022 is in line with the company's remuneration policy and with the company's performance, which also remained strong during this year, and with its short- and long-term ambitions. Among other things, the company was able to continue ensuring the continuity of its business activities and a maximum contribution to the supply of North-West Europe despite the pandemic and the particularly complex supply challenge resulting from the impact of the conflict in Ukraine. The company continues to take major steps forward in the transition to a sustainable energy future.

We note that contrary to recommendations 7 § (6) and (9) of the 2020 Corporate Governance Code, the directors and members of the executive management do not receive any part of their remuneration in the form of shares of Fluxys Belgium. This deviation is justified by the regulated nature of the company's activity, which is characterised by different mechanisms to ensure long-term value creation and a highly relative relationship between performance and share price.

Remuneration for non-executive directors

During the previous financial year, Fluxys Belgium set the non-executive directors' remuneration at the same level as the previous financial year in line with the principles outlined in the Articles of Association, the Corporate Governance Charter and the remuneration policy.

The remuneration consists of a total fixed amount, determined by the Annual General Meeting, that the Board of Directors distributes to non-executive directors on the basis of the workload their individual roles require within the company of no more than € 360,000 per annum as of 1 July 2007 (subject to indexation), or €499,840.50 as of 31 December 2022. Non-executive directors and government representatives also receive an attendance fee of €250 for each Board or committee meeting.

Non-executive directors receive neither performance-related remuneration, such as bonuses or long-term, share-related incentive schemes, nor benefits in kind or pension-plan benefits. Remuneration for non-executive directors consists exclusively of a fixed part.

At the end of the first six-month period, directors are paid an advance on their remuneration and attendance fees. This advance is calculated on the basis of the index-linked basic remuneration and in proportion to the duration of the directorship over the six-month period. A settlement is made in December of the year in question.

Fees for non-executive directors

For their work on Fluxys Belgium's Board of Directors and its various committees, the non-executive directors received the following gross remuneration and attendance fees in 2022:

Directors and government representative	Gross total (in €)
Daniël Termont	26,927.98
Claude Grégoire	17,533.26
Abdellah Achaoui	9,929.58
Jos Ansoms	7,638.53
Sabine Colson (1)	25,465.13
Laurent Coppens (2)	25,215.13
Patrick Côté (3)	22,374.19
Valentine Delwart	28,677.97
Leen Dierick	8,431.88
Cécile Flandre	19,359.15
Sandra Gobert	25,965.13
Andries Gryffroy	15,820.41
Gianni Infanti	12,522.82
Ludo Kelchtermans (4)	19,661.35
Roberte Kesteman (5)	25,965.13
Anne Leclercq	27,677.97
Renaud Moens (6)	7,638.53
Josly Piette (7)	19,161.35
Koen Van den Heuvel	23,124.20
Geert Versnick	19,911.35
Sandra Wauters	22,124.19
Maxime Saliez	16,070.41
Tom Vanden Borre	15,070.41
Total	442,266.07

The total amount of €442,266.07 is made up of €376,516.07 in directors' fees and €65,750.00 in attendance fees.

At their request, notification is hereby given that some directors have retroceded their remuneration and attendance fees:

(1) This director retroceded her remuneration and attendance fees to SRIW Environnement.
(2) This director retroceded his remuneration and attendance fees to Interfin.
(3) This director retroceded his remuneration and attendance fees to Caisse de dépôt et placement du Québec.
(4) This director retroceded his remuneration and attendance fees to Nuhma.
(5) This director retroceded her remuneration and attendance fees to Symvouli.
(6) This director retroceded his remuneration and attendance fees to IGRETEC.
(7) This director retroceded his remuneration and attendance fees to SOCOFE.

The non-executive directors of Fluxys Belgium held no paid directorships in any other Fluxys group companies.

On 8 February 2021 Mr Tom Vanden Borre and Mr Maxime Saliez were appointed as representatives of the federal government for the Dutch-speaking and French-speaking roles respectively[5].

Remuneration for the Managing Director and CEO and the members of Management Team BE

Total remuneration

Remuneration for the Managing Director and CEO and the members of Management Team BE in accordance with the remuneration policy consists of the following components:

- a base salary: fixed amount;
- performance-related remuneration: depending on the degree to which the objectives set each year have been achieved (company and individual objectives);
- performance-related remuneration for long-term objectives: depending on the realisation of the objectives set for each regulatory period (four years) with a possible payment every two years;
- a defined-contribution pension plan administered in accordance with the rules applicable to companies in the gas and electricity sector;
- other components: expenses to cover insurances, company car, gas and electricity sector benefits.

Setting of remuneration

The Managing Director and CEO of Fluxys Belgium was evaluated for the year in question by the Board of Directors, following the opinion of the Appointment and Remuneration Committee, based on the extent to which the objectives were achieved. The Appointment and Remuneration Committee was also given an explanation by the Managing Director and CEO of Fluxys Belgium regarding the extent to which the stipulated objectives were achieved and the evaluation of the members of Management Team BE in 2022.

The Board of Directors met to decide on the remuneration for the Managing Director and CEO and the members of Management Team BE. The Board of Directors:

- approved the performance and activities of Fluxys Belgium for 2022;
- defined the amount of the 2022 variable remuneration of the Managing Director and CEO of Fluxys Belgium in 2022, pursuant to a proposal by the Appointment and Remuneration Committee, and defined the total amount of the variable remuneration in 2022 of the members of Management Team BE of Fluxys Belgium, pursuant to a proposal by the Managing Director and CEO.

The allocation of performance-related remuneration is based on an assessment of the following criteria:

5. Royal Decree of 31 January 2021 on the dismissal and appointment of federal government auditors to the Boards of Directors of the relevant operators, as provided for in Article 8/3(1/3) of the Act of 12 April 1965 concerning the transmission of gaseous and other products by pipeline (published in the Belgian Official Gazette on 8 February 2021).

For the Managing Director and CEO

Short-term variable remuneration

Cycle	Per year	
Performance/payment link	**Performance**	**Payment**
Minimum Bonus	80% or less	No minimum %, depending on circumstances.
Target Bonus	100%	40%
Maximum Bonus	120% or more	70%
Objectives	**Description**	**Weighting**
Company	Key company targets	50%
Personal	Individual and transversal	35%
Style & values	Leadership & link to company values	15%

Long-term variable remuneration

Cycle	Per 4 years / payment possible every 2 years	
Performance/payment link	**Performance**	**Payment**
Maximum Bonus	100% or more	13%/year
Objectives	**Description**	**Weighting**
Company	Key long-term company targets	100%

As an exception, the first cycle will cover three years (2021 to 2023), with a first possible payout in 2023, for the results of 2022-2023. The CEO waived this long-term variable remuneration for the year 2021.

For the members of the Management Team BE

Short-term variable remuneration

Cycle	Per year	
Performance/payment link	**Performance**	**Payment**
Minimum Bonus	80% or less	No minimum %, depending on circumstances.
Target Bonus	100%	30%
Maximum Bonus	120% or more	45%
Objectives	**Description**	**Weighting**
Company	Key company targets	40%
Personal	Individual and transversal	30%
Style & Values	Leadership & link to company values	30%

Long-term variable remuneration

Cycle	Per 4 years / payment possible every 2 years	
Performance/payment link	**Performance**	**Payment**
Maximum Bonus	100% or more	7%/year
Objectives	**Description**	**Weighting**
Company	Key long-term company targets	100%

As an exception, the first cycle will cover three years (2021 to 2023, inclusive), with a first payout in 2021, for the 2021 results, and a second possible payout in 2023, for the 2022-2023 results.

For 2022, the key corporate targets can be summarised as follows:

- Financial performance: keep OPEX under control and hit Fluxys Belgium's financial targets;
- Energy transition and profitable and sustainable growth to become the transporter of future energy carriers;
- Implement the investment plan, focusing in particular on the energy transition;
- Safe and reliable operation, continuity of gas flows and satisfaction of the users of the facilities and attention paid to security of supply (SOS) in the current market situation;

Fluxys Belgium implements its strategy and sustainability commitment in company objectives that cover the key areas of Planet, Prosperity and People, which are translated into personal objectives every year. For example, our focus on our role in the transition to a sustainable energy future is a critical factor in the variable compensation framework, as is our Go4Net0 project targeting a greenhouse gas emission-free company. We also actively support technologies and market models that strengthen the position of natural gas and carbon-neutral gas in the context of the energy transition. In addition, sustainability, safety, good community relations and the well-being of our employees were included as important pillars in the short-term and long-term compensation plans.

The company objectives, both short and long term, and the respective personal objectives, together form the framework within which the performance of the Managing Director and CEO as well as the members of Management Team BE is evaluated and their corresponding variable remuneration awarded.

The company targets were exceeded in 2022, in particular in terms of financial performance, implementation of the investment plan and the energy transition. In November, a new business unit was created, nextgrid, which is fully dedicated to developing projects related to new molecules in Belgium. Nextgrid aims to make the company the essential infrastructure partner for the energy transition in Belgium.

For the Managing Director and CEO, the personal targets were exceeded and the targets related to leadership and the propagation of the company's values were also positively assessed. The short-term variable remuneration for the Managing Director and CEO is mainly paid in cash, with the remainder paid into the group insurance policy, plus the option to have part of the bonus paid in OTC (over-the-counter) options. The CEO waived his variable remuneration for long-term objectives for the year 2021 and will therefore only receive performance-related remuneration for long-term objectives as of 2022, with the first possible payout after two years, in 2023. Remuneration for long-term goals is paid out in cash.

For the members of Management Team BE, too, the personal targets were exceeded and the targets related to leadership and the propagation of the company's values were also positively assessed. The short-term variable remuneration is paid entirely in cash, with the option to have part of the bonus paid out in OTC options. With regard to the long-term objectives of the members of Management Team BE, the next payment is possible after two years, with respect to 2022 and 2023. Remuneration for long-term goals is paid out in cash

Remuneration awarded to the Managing Director and CEO and the members of Management Team BE in 2022

Components	Managing Director and CEO (individual)	Members of Management Team BE (together)
Base salary	322,656.60	539,425.20
Variable remuneration	204,887.00	205,714.00
Long-term variable remuneration*	0	0
Pension	123,393.88	263,703.01**
Other components	19,035.28	48,774.63
Total	669,972.76	1,057,616.84
Fixed/variable ratio***	69%	80%
	31%	20%

* In accordance with the established long-term compensation rules, the next payout will take place in 2023.
** Including special bonus for 25 years of service for one member of Management Team BE.
*** The one-off special bonus for 25 years of service for one member of Management Team BE has not been included in the calculation of the fixed/variable ratio.

As regards the variable remuneration for 2022, Fluxys Belgium is covered by the legal derogation from the requirement to spread payment over multiple years, because the on-target variable remuneration for the Managing Director and CEO and the members of Management Team BE is no more than 25% of the total annual remuneration.

Share-related remuneration

The Managing Director and CEO and the members of Management Team BE receive neither shares nor share options in the company as part of their base salary or performance-related remuneration.

Severance pay

The company did not award any severance pay during the year in question.

Clawback rights

The Managing Director and CEO, in this capacity, and the members of Management Team BE have employee status. Fluxys Belgium applies the relevant legal provisions of the law on employment contracts.

If it transpires that a deliberate error has resulted in inaccurate financial data being used as the basis for the variable remuneration, the error will be taken into account in the evaluation process of the individual concerned in the year in which the error is detected.

The company did not make use of this option during the year in question.

Deviations from the remuneration policy
There were no deviations from the remuneration policy in 2022.

Changes in company remuneration and performance

Change by year	2018	2019	2020	2021	2022
Non-executive directors*					
Total	437,103	462,051	464,687	469,910	442,266
Chairman of the Executive Board and CEO/Managing Director and CEO					
Total	470,938	516,941	619,288	609,811	669,973
Members of the Executive Board/Management Team BE*					
Total	915,034	893,778	977,242	1,022,346	1,057,617
Performance of Fluxys Belgium Group (consolidated annual accounts – in thousands of €)					
Operating revenue	503,246	530,995	560,590	573,191	912,559
EBITDA	278,382	297,337	313,623	318,905	323,167
EBIT	120,601	134,841	133,482	137,821	147,305
Net profit	54,469	69,498	73,237	75,521	83,728
Average remuneration for other employees (in full-time equivalents)					
Total**	88,498	88,689	89,292	91,112	99,140

*The number of members may vary from year to year.

**Total of the remuneration section for all employee categories, namely executives and employees and including a frozen population of employees who are still paid according to the so-called ‘old employment conditions’ in accordance with the provisions of Joint Committee 326.

This ‘remuneration’ section includes all gross remuneration components, including fixed annual wages, as well as all variable components, including compensation for on-call duty, shift work, overtime, etc.

The other remuneration components (employer contributions to the group insurance policy, personnel insurance and the cost of certain job-related benefits) are not included.

The ratio between the highest remuneration for management (the Managing Director and CEO) and the lowest remuneration in full-time equivalent for employees was 1:14 for 2022.

Voting rights and special powers

The shareholders’ meeting represents all shareholders irrespective of their share category. The valid decisions it makes, based on the required majority, shall be binding on all shareholders, even those who are not present or who do not agree with said decisions.

Each share entitles the holder to one vote. In compliance with the Royal Decree of 16 June 1994, and with the Articles of Association within which these statutory provisions are incorporated, special rights shall be allocated to the golden share held by the Belgian State in Fluxys Belgium in addition to the ordinary rights attached to all other shares. Said special rights are exercised by the federal Energy Minister and, in brief, comprise the following:

- the right to oppose any transfer, assignment as a guarantee, or change in the purpose of Fluxys Belgium’s strategic assets (a list of which is appended to the aforementioned Royal Decree dated 16 June 1994) if the federal Energy Minister considers that such an operation would adversely affect national interests in the field of energy;
- the right to appoint two representatives of the federal government in an advisory capacity to Fluxys Belgium’s Board of Directors;
- the right of representatives of the federal government to appeal to the federal Energy Minister within four working days, on the basis of objective, non-discriminatory and transparent criteria (as defined in the Royal Decree of 5 December 2000), against any decision of Fluxys Belgium’s Board of Directors (including the investment and activity plan and the associated budget) which in their view breaches national energy policy guidelines, including the government’s national energy supply objectives – such an appeal shall be suspensive; if the federal Energy Minister has not annulled the decision concerned within eight working days after this appeal, the decision shall become definitive;
- a special voting right in the event of deadlock at the General Meeting concerning an issue affecting the objectives of federal energy policy.

The special rights attached to the golden share held by the Belgian State are listed in Articles 5, 7, 10, 12 and 18 of Fluxys Belgium’s Articles of Association. These rights remain attached to the golden share for as long as it is held by the Belgian State and Articles 3 to 5 of the Royal Decree of 16 June 1994 granting the State a golden share in Fluxys Belgium or replacement provisions remain in force.

In addition to these statutory special rights, the golden share also confers on its holder the right to receive a portion 100 times greater than that associated with each category-B and category-D share of all dividend payments and all other payments which the company makes to its shareholders.

Limitations on share transfers set by law or the Articles of Association

There are no limitations on the following share transfers:

- transfers of shares, subscription rights, ex-rights or independent rights enabling the purchase of shares (hereafter jointly referred to as “securities”) between a shareholder and companies associated with that shareholder within the meaning of the Code on Companies and Associations;
- all transfers of category-D shares.

In all other cases, any shareholder planning to transfer securities to another shareholder or a third party, in any manner whatsoever, shall give all other shareholders, except holders of category-D shares and the golden share, the option of a priority purchase (on a pro rata basis of their shareholding) of the securities relating to the planned transfer, as per the procedures detailed below.

A shareholder planning to transfer shares must inform the company in writing, requesting acknowledgement of receipt, a) of the number of shares they plan to sell, b) of the name of the prospective assignee(s) deemed to be of good faith and the price irrevocably offered by said assignee, and c) that the shares in question are being offered to shareholders for priority purchase under the same conditions. The Board of Directors shall inform the other shareholders of this offer in the same manner within two weeks. Every shareholder shall then have 60 days as from receipt of the aforesaid written notification to inform the transferring shareholder and the company, in writing requesting acknowledgement of receipt, whether or not they shall submit a bid and, if so, of the number of shares they wish to acquire.

If requests exceed the number of shares offered for sale, the Board of Directors shall distribute the shares between the applicants on a pro rata basis of the number of shares held by said applicants and up to the maximum number of shares stated in their request.

If, upon the expiry of the aforementioned period of 60 days, no shareholders have indicated their intention to acquire the shares offered, or where the number of shares requested by the shareholders is less than the number of shares offered, the shareholder who indicated their intention to transfer shares in accordance with the provisions of this article shall be able to complete the planned transfer to the third party indicated in their notification and under the conditions indicated therein.

Transactions and other contractual relations

Directors and members of the Management Team BE must take care to comply with all legal and ethical obligations incumbent upon them, in particular with respect to conflicts of interest as per Article 7:96 of the Code on Companies and Associations.

The group's Corporate Governance Charter lays down a procedure for transactions and other contractual relations between directors or members of the Management Team BE and the company or its subsidiaries and which do not fall within the scope of the aforementioned Article 7:96.

This procedure is as follows:

- Directors and members of the Management Team BE must take care to comply with all legal and ethical obligations incumbent upon them. They must organise their private and business affairs in such a way as to avoid as far as possible any situation in which a personal conflict of interest may arise between themselves and the company or its subsidiaries.
- In the event of any doubt on the part of a director as to whether there is such a conflict of interest, they must notify the Chairman of the Corporate Governance Committee accordingly. Members of the Management Team BE should express their doubts to the Managing Director.
- Where there is a personal conflict of interest, the director concerned must, without being asked, withdraw from the Board of Directors' meeting while the matter in question is being discussed and must not take part in the voting, including by proxy, on said matter. Reasons for this abstention must be stated in accordance with the terms of the Code on Companies and Associations.
- Where there is deemed to be a conflict of interest, the purpose and conditions of the transaction or other contractual relationship must be communicated for information purposes to the Board of Directors by its Chairman. The Board of Directors is also required to approve said purpose and conditions (or refer them to the Board of Directors of the subsidiary concerned for approval) where the total amount of the individual transaction or accumulated transactions over a three-month period is in excess of €25,000.
- If a member of the Management Team BE has, directly or indirectly, an interest of a financial nature which conflicts with a decision or a transaction falling within the remit of the Management Team BE, they must notify the other members of this before the Team deliberates. The member concerned may not participate in the deliberations of the Management Team BE on that decision or transaction or in the vote.

The Board of Directors was not required to implement the above procedure during the 2022 financial year.

Issue or buy-back of shares

Fluxys Belgium's Articles of Association authorise the General Meeting to acquire the company's own shares in accordance with legal provisions. No such decision was taken at the 2022 Annual General Meeting. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the General Meeting is required.

In the case of a capital increase, the shares for subscription in cash must be preferentially offered to shareholders, in proportion to the portion of the company's capital their shares represent. However, the General Meeting may, in the interests of the company, limit or eliminate this pre-emptive right in compliance with legal provisions.

Auditor

The Annual General Meeting decided, based on a proposal by the Board of Directors and advice from the Audit and Risk Committee, to renew the mandate of EY Bedrijfsrevisoren BV, represented by Wim Van Gasse BV, permanently represented by Mr Wim Van Gasse, for a period of three years. This mandate will expire at the end of the 2025 Annual General Meeting and will be subject to an indexed fee of €118,779/year.

In 2022, EY received remuneration totalling €217,379 for its work as the Fluxys Belgium group's auditor.

This remuneration is broken down as follows:

- Audit services as auditor for the group: €159,595;
- Audit services as auditor for the group's foreign subsidiaries: €19,384.
- The auditor provided additional services during the year for a total of €38,400.

Subsidiaries

The Board of Directors checks on the progress of the activities of the subsidiaries Fluxys Re and Fluxys LNG at least twice a year when it examines their consolidated accounts (annual and half-yearly). The Board of Directors is also informed, as and when appropriate, of major events and important developments involving subsidiaries.

Disclosure of major holdings

The periodic disclosure pursuant to Article 74(8) of the Act of 1 April 2007 was sent out on 13 December 2017. As of the date of disclosure, Fluxys held 63,237,240 shares with voting rights in Fluxys Belgium. Publigas held no shares with voting rights in Fluxys Belgium. Publigas confirmed at that time that it had not acquired or transferred any shares with voting rights in Fluxys Belgium. No transfer of shares with voting rights took place in 2022.

Annex

Methodology for calculating greenhouse gas emissions

Scope and sites

- Emissions from scopes 1 and 2
- All relevant sources of emissions in our activities

Definitions

Scope 1

1. Sources of CO_2

CO_2 emissions from gas consumption:

- Stationary combustion: gas turbines, gas engines, boilers and heaters in Fluxys Belgium's facilities
- Consumption of office buildings (headquarters and regional operating centres)
- Flaring during work
- Fleet (CNG vehicles)

CO_2 emissions relating to diesel and gasoline consumption:

- Fleet
- Emergency generators

2. Sources of CH_4

- Pneumatic emissions: emissions from pneumatic control systems
- Fugitive emissions: emissions due to problems with seals on some equipment (flanges, pipe equipment, valves, joints, seals)
- Operational emissions: emissions due to machinery starting and stopping and incomplete combustion
- Interventions: volume vented for interventions
- Incidents: vented volume due to emergency breakdowns/shutdowns or due to pipeline damage caused by third parties

For the purpose of our calculation, we assume that 1 kg of methane contributes 25 times as much to climate change as 1 kg of CO_2 (GWP_{100} = 25, according to the fourth IPCC report).

Scope 2

The carbon footprint of the generation of the purchased electricity. As defined in the GHG protocol (ghgprotocol.org), scope 2 emissions physically occur at the site where the electricity is generated. Our green electricity contract came into force on 1 January 2021. Scope 2 emissions are equal to zero.

Health, Safety and Environment Policy

Health, safety and the environment (HSE) is a responsibility and commitment for both Fluxys and its employees. Transparency and trust are key to realising our HSE policy. .

Well-being at work

- Fluxys is committed to investing in occupational health and safety and incident prevention.
- Employees and contractors have the individual responsibility to live up to that commitment in their actions.
- We continuously improve to further enhance our safety culture.

Integrity of our assets

- We ensure safe, reliable and sustainable operations for our stakeholders.
- We actively manage risk through a Quality & Safety Management System.
- We report incidents and learn from experience.

Commitment to the climate targets

- We are committed to accommodating the energy carriers of the future.
- We invest in reducing our greenhouse gas emissions.
- We improve our ecological footprint.

GRI index

In line with GRI standards The reporting in this sustainability report integrates non-financial information in line with Global Reporting Initiative[6] (GRI Standards - Core) and thus provides an explanation of the topics that are material to Fluxys Belgium's activities, taking into account the context and value chain within which the company operates and the interests of the company's stakeholders.

Statement of use	Fluxys has reported the information cited in this GRI content index for the period 01/01/2022-01/01/2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisation details	12-29
	2-2 Entities included in the organization's sustainability reporting	24
	2-3 Reporting period, frequency and contact point	153; 288
	2-5 External assurance	156; 279
	2-6 Activities, value chain and other business relationships	18-24
	2-7 Employees	110; 119
	2-8 Workers who are not employees	110
	2-9 Governance structure and composition	22-27
	2-12 Role of the highest governance body in overseeing the management of impacts	23; 26-27
	2-13 Delegation of responsibility for managing impacts	24-27
	2-15 Conflicts of interest	148
	2-22 Statement on sustainable development strategy	24
	2-23 Policy commitments	17; 49; 57; 65; 75; 83; 97; 100; 105; 107; 113; 114; 117; 118; 120; 122; 127; 129; 141; 152; 249
	2-24 Embedding policy commitments	49-53; 57-59; 65-73; 75-81; 83-93; 97-99; 101-103; 105; 107-111; 113-115; 118-123; 127; 129; 141-142
	2-25 Processes to remediate negative impacts	49-53; 57-59; 65-73; 75-81; 83-93; 97-99; 101-103; 105; 107-111; 113-115; 118-123; 127; 129; 141-142
	2-26 Mechanisms for seeking advice and raising concerns	127
	2-27 Compliance with laws and regulations	34-37; 127
	2-29 Approach to stakeholder engagement	28-31
GRI 3: Material Topics 2021	3-1 Process to determine material topics	32-33
	3-2 List of material topics	32
	3-3 Management of material topics	32-33

6. The Global Reporting Initiative (GRI) provides a generally accepted system for sustainability reporting. This includes principles and indicators that organisations can use to uniformly and transparently report on their economic, environmental and social performance.

GRI Standard	Disclosure	Location
GRI 201: Thematische norm: Economisch 2016	201-1 Direct economic value generated and distributed	52-55
	201-2 Financial implications and other risks and opportunities due to climate change	49
	201-3 Defined benefit plan obligations and other retirement plans	185; 237-239
	201-4 Financial assistance received from government	154
Financial assistance received from government: in 2022, Fluxys Belgium and Fluxys LNG received a reduction in withholding tax of €1,235,191.95 and €501,657.08 respectively. The partial exemption from paying withholding tax consists of the structural exemption for all employee categories, for shift, night and continuous work, for a certain number of overtime hours, and for R&D (certain qualifications). In 2020, Fluxys Belgium also received an advance ruling on the innovation income deduction for financial years 2019, 2020 and 2021. This regime, which replaced the patent income deduction, provides for a deduction calculated on net income from intellectual property limited in proportion to the share of the company's own R&D expenditure or the share outsourced to non-affiliated companies in the total R&D expenditure relating to this intellectual property. The deduction for financial year 2021 (return submitted in 2022) was €8,575,624.87, i.e. a net tax gain of €2,143,906.22.		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	20-21; 52
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	88; 127
	205-2 Communication and training about anti-corruption policies and procedures	127
	205-3 Confirmed incidents of corruption and actions taken	127
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	88; 127
GRI 302: Energy 2016	302-1 Energy consumption within the organization	78-81
	302-3 Energy intensity	81
	302-4 Reduction of energy consumption	76-77; 81
GRI 305: Emissies 2016	305-1 Direct (Scope 1) GHG emissions	81
	305-2 Energy indirect (Scope 2) GHG emissions	81
	305-4 GHG emissions intensity	81
	305-5 Reduction of GHG emissions	76-77; 81
GRI 401: Employment 2016	401-1 Nieuwe werknemers en personeelsverloop	110
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	112-114
	403-2 Hazard identification, risk assessment, and incident investigation	112-115
	403-3 Occupational health services	112-115; 152
	403-4 Worker participation, consultation, and communication on occupational health and safety	115
	403-5 Worker training on occupational health and safety	114-115
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	114-115
	403-9 Work-related injuries	36; 113-116
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	106-109; 111
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	118-119
	405-2 Ratio of basic salary and remuneration of women to men	119
GRI 415: Public Policy 2016	415-1 Political contributions	Fluxys Belgium does not make political contributions

Independent auditor's assurance report

Scope

We have been engaged by Fluxys Belgium NV to perform a 'limited assurance engagement', hereafter referred to as "the Engagement", to report on certain sustainability indicators of Fluxys Belgium NV's (the "Company") as included in Appendix 1 (the "Subject Matter") of the annual report 2022 (the "Report") for the period from 1 January 2022 to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining sustainability indicators included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Fluxys

In preparing the sustainability indicators as listed in Annex 1 and included in the Report, Fluxys applied the reporting standards of the Global Reporting Initiative ("GRI") and the Greenhouse Gas Protocol, as well as a set of own reporting criteria as disclosed in the Report (the "Criteria").

Fluxys' responsibilities

Fluxys' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects . This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the Subject Matter based on our procedures and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our Engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the sustainability KPIs and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Obtaining an understanding of the reporting processes for the Subject Matter;
- Evaluating the consistent application of the Criteria;
- Interviewing relevant staff at Fluxys Belgium responsible for data collection, reporting and calculation of the Subject Matter;
- Interviewing relevant staff responsible for reporting the Subject Matter in the Report;
- Obtaining internal and external documentation that reconcile with the Subject Matter;
- Performing an analytical review of the data and trends in the Subject Matter at consolidated level as well as at the level of the sites;
- Evaluating the overall presentation of the Subject Matter in the Report.

Conclusion

Based on our review, nothing has come to our attention that make us to believe that the Subject matter as listed in Appendix 1, of Fluxys Belgium NV included in the Report for the period from 1 January 2022 to 31 December 2022, was not prepared, in all material respects, in accordance with the Criteria.

Diegem, 16 March 2023

EY Bedrijfsrevisoren BV
Represented by

Wim Van Gasse[7]
Partner

7. Acting on behalf of a SRL.

Appendix 1

Environmental KPI's:

✓ **Total GHG emissions (transmission & storage)**

- ✓ Methane (Kt CO_2e)
- ✓ CO_2 (Kt CO_2e)
- ✓ Electricity (Kt CO_2e)
- ✓ Volume of gas transmitted (TWh)
- ✓ GHG intensity (Kt CO_2e/TWh)

✓ **Total GHG emissions (LNG terminalling)**

- ✓ Methane (Kt CO_2e)
- ✓ CO_2 (Kt CO_2e)
- ✓ Electricity (Kt CO_2e)
- ✓ Volume of regasified LNG (TWh)
- ✓ GHG intensity (Kt CO_2e/TWh)

✓ **Total GHG emissions (Kt CO_2e)**

✓ **Realized CH_4 reduction (%)**

- ✓ CH_4 (tons)

Safety KPI's:

✓ **Incapacity for work among staff**

- Occupational accident resulting in more than one day's incapacity for work (#)
- Frequency (number of occupational accidents divided by the number of hours worked) (#)
- Severity (number of days of absence divided by the number of hours worked) (#)

✓ **Incapacity for work among contractors**

- Occupational accident resulting in more than one day's incapacity for work (#)

HR KPI's:

✓ **Number of training hours completed on subjects related to human rights (hours)**

✓ **Share of training hours completed on subjects related to human rights in the total number of training hours (%)**

✓ **Average number of training days per full-time equivalent (days)**

✓ **Incoming employees (#)**

- < 30 years (%)
- 30-50 years (%)
- > 50 years (%)
- Men (%)
- Women (%)

✓ **Outgoing employees (including those leaving due to their contract coming to an end or due to retirement) (#)**

- < 30 years (%)
- 30-50 years (%)
- > 50 years (%)
- Men (%)
- Women (%)

✓ **Ratio average salary**

- Men (%)
- Women (%)

OneteamOnetarget

Financial situation

We're there, day after day, ensuring security of energy supply and accelerating the green transition. This is how we bring prosperity to society, the economy and to our shareholders. And how we make sure to extend our contribution to welfare sustainably into the long-term future.

Consolidated financial statements under IFRS

General information on the company

Corporate name and registered office

The registered office of the parent entity Fluxys Belgium SA is Avenue des Arts 31, B – 1040 Brussels, Belgium.

Group activities

The main activities of the Fluxys Belgium group are transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. The Fluxys Belgium group also provides complementary services related to these main activities.

Transmission, storage and terminalling services in Belgium are subject to the Gas Act[1].

Please refer to the specific chapters in the directors' report for further information on the activities of Fluxys Belgium group.

[1] Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines as later amended.

Consolidated financial statements of the Fluxys Belgium group under IFRS

A. Consolidated balance sheet

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2022	31-12-2021
I. Non-current assets		**2,061,085**	**2,074,508**
Property, plant and equipment	5.1	1,855,375	1,902,037
Intangible assets	5.2	22,864	23,891
Right of use assets	5.3	30,020	33,527
Investments accounted for using the equity method		50	50
Other financial assets	5.4/6	111,171	88,642
Finance lease receivables	6	0	2,094
Other receivables	6	15,144	9,144
Other non-current assets	5.5	26,461	15,123
II. Current assets		**1,345,485**	**560,006**
Inventories	5.6	62,656	39,042
Finance lease receivables	6	2,094	601
Current tax receivables		2,429	1,473
Trade and other receivables	5.7/6	164,299	90,446
Cash investments	5.8/6	26,113	45,740
Cash and cash equivalents	5.8/6	1,070,708	366,931
Other current assets	5.9	17,186	15,773
Total assets		**3,406,570**	**2,634,514**

Consolidated Balance Sheet			In thousands of €
	Notes	31-12-2022	31-12-2021
I. Equity	**5.10**	**643,617**	**639,674**
Equity attributable to the parent company's shareholders		643,617	639,674
Share capital and share premiums		60,310	*60,310*
Retained earnings and other reserves		583,307	*579,364*
Non-controlling interests		0	0
II. Non-current liabilities		**2,061,275**	**1,775,473**
Interest-bearing liabilities	5.11/6	1,115,772	1,162,091
Regulatory liabilities	5.12	746,809	397,877
Provisions	5.13	4,127	4,246
Provisions for employee benefits	5.14	47,444	60,517
Other non-current financial liabilities	6	3,575	3,254
Deferred tax liabilities	5.14	143,548	147,488
III. Current liabilities		**701,678**	**219,367**
Interest-bearing liabilities	5.11/6	56,269	57,432
Regulatory liabilities	5.12	188,485	75,963
Provisions	5.13	0	3,069
Provisions for employee benefits	5.13	3,543	4,201
Current tax payables		1,020	2,148
Trade and other payables	5.16/6	444,533	73,307
Other current liabilities		7,828	3,247
Total liabilities and equity		**3,406,570**	**2,634,514**

B. Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2022	31-12-2021
Operating revenue	4.1	912,559	573,191
Sales of gas related to balancing operations and operational needs		278,566	32,378
Other operating income		16,212	13,107
Consumables, merchandise and supplies used	4.2.1	-5,582	-3,422
Purchase of gas related to balancing of operations and operational needs		-275,178	-32,378
Miscellaneous goods and services	4.2.2	-465,521	-146,348
Employee expenses	4.2.3	-132,931	-112,549
Other operating expenses	4.2.4	-4,958	-5,074
Depreciations	4.2.5	-168,051	-173,993
Provisions	4.2.6	6,993	-7,070
Impairment losses	4.2.6	-14,804	-21
Operational profit/loss		**147,305**	**137,821**
Change in the fair value of financial instruments		-1,298	-114
Financial income	4.3	4,589	1,142
Finance costs	4.4	-40,805	-38,375
Profit/loss before taxes		**109,791**	**100,474**
Income tax expenses	4.5	-26,063	-24,953
Net profit/loss for the period	**4.6**	**83,728**	**75,521**
Fluxys Belgium share		83,728	75,521
Non-controlling interests		0	0
Basic earnings per share attributable to the parent company's shareholders in €	4.7	1.1916	1.0748
Diluted earnings per share attributable to the parent company's shareholders in €	4.7	1.1916	1.0748

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2022	31-12-2021
Net profit/loss for the period	4.6	**83,728**	**75,521**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.12	22,905	28,503
Income tax expense on these variances		-5,726	-7,126
Other comprehensive income		**17,179**	**21,377**
Comprehensive income for the period		**100,907**	**96,898**
Fluxys Belgium share		100,907	96,898
Non-controlling interests		0	0

D. Consolidated statement of changes in equity

Consolidated statement of changes in equity									In thousands of €
	Share capital	Share premium	Reserves not available for distribution	Retained earnings	Reserves for employee benefits	Other comprehensive income	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
I. BALANCE AS AT 31-12-2020	**60,272**	**38**	**54,072**	**542,537**	**-17,881**	**0**	**639,038**	**0**	**639,038**
1. Comprehensive income for the period				75,521	21,377		96,898		96,898
2. Dividends paid				-96,262			-96,262		-96,262
II. CLOSING BALANCE AS AT 31-12-2021	**60,272**	**38**	**54,072**	**521,796**	**3,496**	**0**	**639,674**	**0**	**639,674**
1. Comprehensive income for the Period				83,728	17,179		100,907		100,907
2. Dividends paid				-96,964			-96,964		-96,964
III. CLOSING BALANCE AS AT 31-12-2022	**60,272**	**38**	**54,072**	**508,560**	**20,675**	**0**	**643,617**	**0**	**643,617**

E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)			In thousands of €
	Notes	31-12-2022	31-12-2021
I. Cash and cash equivalents, opening balance	A.	**366,931**	**377,359**
II. Net cash flows from operating activities		**1,008,653**	**214,328**
1. Cash flows from operating activities		**1,041,092**	**248,206**
1.1. Profit/loss from continuing operations	B.	147,305	137,821
1.2. Non cash adjustments		631,460	144,620
1.2.1. Depreciations	B.	168,051	173,993
1.2.2. Provisions	B.	-6,993	7,070
1.2.3. Impairment losses	B.	14,804	21
1.2.4. Translation adjustments		0	0
1.2.5. Other non-cash adjustments		-626	-369
1.2.6. Increase (decrease) of the regulatory liabilities	5.12	456,224	-36,095
1.3. Changes in working capital		262,327	-34,235
1.3.1. Decrease (increase) of inventories		-38,433	-12,663
1.3.2. Decrease (increase) of tax receivables	A.	-956	3,635
1.3.3. Decrease (increase) of trade and other receivables	A.	-73,838	-19,468
1.3.4. Decrease (increase) of other current assets		-153	-564
1.3.5. Increase (decrease) of tax payables		-126	-4,355
1.3.6. Increase (decrease) of trade and other payables	A.	371,252	-1,273
1.3.7. Increase (decrease) of other current liabilities	A.	4,581	453
1.3.8. Other changes in working capital		0	0
2. Cash flows relating to other operating activities		**-32,439**	**-33,878**
2.1. Current tax paid		-36,732	-34,780
2.2. Interests from investments, cash and cash equivalents	4.3	4,053	957
2.3. Other inflows (outflows) relating to other operating activities	4.3/4.4	240	-55
III. Net cash flows relating to investment activities		**-124,784**	**-43,950**
1. Acquisitions		**-145,118**	**-61,546**
1.1. Payments to acquire property, plant and equipment, and intangible assets	5.1/5.2	-116,916	-56,546
1.2. Payments to acquire subsidiaries, joint arrangements or associates	A.	0	0
1.3. Payments to acquire other financial assets		-28,202	-5,000

Consolidated statement of cash flows (indirect method)			In thousands of €
	Notes	31-12-2022	31-12-2021
2. Disposals		**707**	**23,365**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets		707	1,307
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates		0	0
2.3. Proceeds from disposal of other financial assets	5.4	0	22,058
3. Dividends received classified as investment activities		**0**	**0**
4. Subsidies received	**5.1**	**0**	**513**
5. Increase (-)/ Decrease (+) of cash investments	**A.**	**19,627**	**-6,282**
IV. Net cash flows relating to financing activities		**-180,092**	**-180,806**
1. Proceeds from cash flows from financing		**601**	**603**
1.1. Proceeds from issuance of equity instruments	D.	0	0
1.2. Proceeds from issuance of treasury shares	D.	0	0
1.3. Proceeds from finance leases	A.	601	603
1.4. Proceeds from other non-current assets		0	0
1.5. Proceeds from issuance of compound financial instruments		0	0
1.6. Proceeds from issuance of other financial liabilities	5.11	0	0
2. Repayments relating to cash flows from financing		**-48,455**	**-48,288**
2.1. Repurchase of equity instruments subsequently cancelled		0	0
2.2. Repayment of capital to non-controlling shareholders		0	0
2.3. Repayment of finance lease liabilities	5.11	-5,060	-4,955
2.4. Redemption of compound financial instruments		0	0
2.5. Repayment of other financial liabilities	5.11	-43,395	-43,333
3. Interests		**-35,274**	**-36,859**
3.1. Interest paid classified as financing		-35,330	-36,919
3.2. Interest received classified as financing		56	60
4. Dividends paid	**D.**	**-96,964**	**-96,262**
V. Net change in cash and cash equivalents		**703,777**	**-10,429**
VI. Cash and cash equivalents, closing balance	**A.**	**1,070,708**	**366,931**

Notes

Note 1a. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys Belgium group for the financial year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union and applicable on the balance sheet date.

All amounts are stated in thousands of euro.

Note 1b. Judgement and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, as well as revenues and expenses of the financial year.

Significant estimates made by the group in the preparation of the financial statements relate mainly to the valuation of the recoverable amount of property, plant and equipment, and intangible assets (see Notes 5.1 and 5.2), the valuation of rights of use and lease obligations under leases (see Notes 5.3 and 5.11), the valuation of any provisions and assets/liabilities (see Notes 5.13 and 7) and in particular the provisions for litigation and pension and related liabilities (see Note 5.14).

Due to the uncertainties inherent in all valuation processes, the group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, group management also uses judgement in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

Therefore, in the balance sheet, the group records the regulatory liabilities corresponding to the excess of regulated revenue received according to the real costs to be covered by the authorized regulated tariffs. This difference is transferred from the income statement to the balance sheet in the regulatory liabilities (non-current and current - See Note 5.12). Where required, the regulatory assets are accounted for in the balance sheet on the line for ‘regulatory assets’ when the regulated revenue received is lower than the real costs to be covered by the authorised regulated tariffs.

These latter are recognised in as much as the group considers their recovery highly likely. This accounting method (see Note 2.12) has been determined by the group, as no definitive guidance on ‘rate-regulated activities’ has been published to date.

Note 1c. Date of authorisation for issue

The Board of Directors of Fluxys Belgium SA authorised these IFRS financial statements for issue on 29 March 2023.

Note 1d. Standards, amendments and interpretations applicable on 1 January 2022

The following standards and interpretations are applicable for the annual period starting from 1 January 2022

- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments - Fees in the ’10 per cent’ test for derecognition of financial liabilities
- IAS 41 Agriculture - Taxation in fair value measurements

The application of these amendments has not had a significant impact on the financial statements of the group.

Note 1e. Standards, amendments and interpretations applicable from 1 January 2023 and later

At the date of authorization of these financial statements, the standards and interpretations listed below have been issued but are not yet mandatory:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024, but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements and the IFRS 2 Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 Financial Instruments
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)

These standards, amendments and interpretations have not been adopted early. The application of these standards, amendments and interpretations will have no significant impact on the financial statements of the group.

Note 2. Accounting principles and policies

The accounting principles and policies set out below were approved at the Fluxys Belgium Board of Directors meeting of 29 March 2023.

Changes or additions compared with the previous financial year are <u>underlined</u>.

Note 2.1. General principles

The financial statements fairly present Fluxys Belgium group's financial position, results of operations and cash flows.

The group's financial statements have been prepared on the accrual basis of accounting, except for the cash flow statement.

Assets and liabilities have not been offset against each other, except when required or allowed by an international accounting standard.

Current and non-current assets and liabilities have been presented separately in the balance sheet of the Fluxys Belgium group.

The accounting policies have been applied in a coherent manner.

Note 2.2. Balance sheet date

The consolidated financial statements are prepared as of 31 December, i.e. the parent entity's balance sheet date.

Note 2.3. Events after the balance sheet date

The book value of assets and liabilities at the balance sheet date is adjusted when events after the balance sheet date provide evidence of conditions that existed at the balance sheet date.

Adjustments can be made until the date of authorisation for issue of the financial statements by the Board of Directors.

Other events relating to circumstances arising after balance sheet date are disclosed in the notes to the consolidated financial statements, if significant.

Note 2.4. Basis of consolidation

The Fluxys Belgium group's consolidated financial statements have been prepared in accordance with IFRS and in particular with IFRS 3 (Business Combinations), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries

The Fluxys group's consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities it controls and its subsidiaries.

The investor controls an investee when he is exposed—or has rights—to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investor has power over the investee when he holds existing rights that give the current ability to direct the relevant activities, i.e. the activities of the investee that significantly affect the investee's returns, even he does not hold the majority of the voting rights in the investee concerned.

The parent entity must consolidate the subsidiary as of the date it obtains the control over it and must cease to consolidate when it loses control over it. In this way revenues and charges of a subsidiary acquired or transferred in the course of the financial year are included in the consolidated income statement and in the consolidated statement of comprehensive income as from the date on which the parent entity acquired the control over the subsidiary and up to the date on which it ceased to control the latter.

Investments in joint ventures

A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

The results and assets and liabilities of associates or joint ventures are accounted for in the present consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified as an asset held for sale in accordance with IFRS 5.

An investment in an associate or joint venture is initially accounted for at cost. It then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally, dividends distributed by this entity decrease the value of the investment.

Note 2.5. Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

Intangible assets are recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Intangible assets with a limited useful life are depreciated over their useful life.

Computer software is depreciated at 20% per annum.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

Intangible assets are impaired when their book value exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.

Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognised when their book value exceeds their recoverable amount.

The useful life, the depreciation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.

The cost associated with emission of greenhouse gases in the atmosphere is recognised as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned (other debts). This expense is measured by reference to the weighted average cost of the acquired or granted allowances.

This liability is derecognised on the delivery of allowances to the government by withdrawing emission rights from intangible assets.

In case the allowances are insufficient to cover the emission of greenhouse gases during the financial year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.

The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

Note 2.6. Property, plant and equipment

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

PPE is recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

PPE is reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use. The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

Subsidies

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.

Depreciation methods

PPE is depreciated over its useful life.

Each significant component of PPE is recognised separately and depreciated over its useful life.

The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.

The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets. This is a specific list of regulated infrastructure investments, which are essential for gas transmission in Europe and form an integral part of the RAB.

The methods and durations of depreciation used are as follows:

Straight-line method:

- 50 years for transmission pipelines in Belgium, terminalling facilities and tanks;
  In line with the new tariff method applied since 01.01.2020, all investments (new and existing) in gas transmission pipelines are fully depreciated by December 2049 at the latest.
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;

- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;

Declining-balance method:

- This method only applies for investments made to ensure security of supply: declining-balance.

The useful life, the depreciation method, as well as the potential residual value of property, plant and equipment are reassessed at each balance sheet date and revised prospectively, if applicable.

Note 2.7. Leases

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination are considered, as required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

The group as a lessee

At the start of the lease, the lessee recognises a right-of-use asset and a lease obligation.

Right-of-use assets

The group recognises right-of-use assets on the date of the start of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease obligation minus amortisation and any depreciation, adjusted to take into account any revaluations of the lease obligation. The initial cost of the right-of-use assets includes the present value of the lease obligation, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different entry under non-current assets.

Lease obligations

The lease obligation is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the book value to reflect the interest on the lease obligation;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease obligation or amendments to the lease.

The services included in leases do not form part of the lease debt.

Lease obligations are presented in a separate entry under current and non-current interest-bearing liabilities (see note 5.11).

Short-term leases and low-value leases

For short-term leases (duration of 12 months or less), the Fluxys Belgium group registers a lease expense.

To determine the criteria for a low-value lease, a threshold has been determined, except for vehicles, which are included in the group of vehicles leased for more than one year without applying the value criteria.

For short-term leases, and low-value leases, the effect on profit/loss is not significant.

Presentation

In the consolidated income statement, the interest charge on the lease obligation is presented separately from the depreciation charge that applies to the right-of-use asset.

In the cash flow statement, the cash flows will be presented as follows:

- cash outflows relating to the principal of the lease obligation and the interest paid, in the financing activities;
- rent payments for short-term leases, low-value leases and variable rent payments that have not been taken into account in the valuation of the lease obligations, in the operating activities.

The group as a lessor

The group leases out some facilities under finance lease as a lessor.

Assets under finance lease are assets for which the group substantially transfers risks and rewards related to the economic ownership to the lessee. Assets leased under such contracts are recognised on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question. Lease payments received are apportioned between financial income and repayments of the lease receivable so as to achieve a constant rate of return on the net investment by the group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the most pertinent criteria adopted is the following: a contract is considered a finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract.

No residual value is assumed for gas transmission assets in Belgium, due to the specific nature of the activities concerned.

Note 2.8. Financial instruments

Recognition and derecognition of financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the group becomes party to the instrument's contractual terms.

Derecognition of financial assets

The group has to derecognise a financial asset if and only if the contractual rights on the cash flows of the financial asset expire, or where it transfers almost all the risks and advantages inherent to the ownership of the financial asset to a third party.

If the group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the group continues to recognise the financial asset to the extent of its continuing involvement and recognises a related liability for the amount received.

If the group keeps almost all the risks and advantages inherent to the ownership of the financial asset, it continues to recognise the whole financial asset and recognises a financial liability for the consideration received.

When a financial asset measured at amortised cost is derecognised, the difference between the amortised cost and the sum of the considerations received is transferred to the income statement.

When an investment in equity instruments until now measured at fair value with changes to other comprehensive income are derecognised, the accumulated profit/loss recognised previously in other comprehensive income is not reclassified to net income.

Derecognition of financial liabilities

The entity derecognises a financial liability only if this liability is extinguished, i.e. once the obligation is fulfilled, cancelled or it expires.

The difference between the book value of an extinguished financial liability and the consideration paid, including, where applicable, the assets (non-cash) transferred and the liabilities acquired must be recognised in the income statement.

Unconsolidated equity instruments (such as shares and equity rights)

The Fluxys Belgium group values the unconsolidated equity instruments at fair value with changes to other comprehensive income.

However, given the materiality of certain instruments and the unavailability of recent market values, certain equity instruments are accounted for at the initial cost.

The dividends received for these equity instruments are recognised in financial income under the item 'Dividends from unconsolidated entities'.

Short-term investments, cash and cash equivalents

Cash investments in the form of bonds or commercial paper, having a maturity date exceeding three months, are reported as financial assets measured at amortised cost. These are shown in the balance sheet under non-current 'other financial assets' and under current 'investments'.

Cash and cash equivalents include short-term investments, short-term bank deposits and deposits readily convertible to a known cash amount and which are subject to an insignificant risk of changes in value (maximum of three months).

Cash and cash equivalents held are reported as financial assets measured at amortised cost.

The economic model used by the Fluxys Belgium group to manage financial assets aims to hold them in order to obtain contractual cash flows. The sales of financial assets are rare, and the group does not expect to proceed with such sales in the future, except in the case of an increased credit risk for the assets over and above the policy advocated by the group. A sale may also be motivated by an unexpected financing need.

Where the conditions required to be qualified as financial assets valued at amortised cost are not met, these financial assets concerned are valued at fair value with changes to net profit/loss.

Trade and other receivables

Trade and other receivables are stated at their face value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognised when the book value of these items at balance sheet date exceeds their recoverable amount.

Expected credit losses and write-downs

Expected credit losses on financial assets accounted for at amortised cost are calculated using an individual approach, based on the credit quality of the counterparty and the maturity of the financial asset.

Expected credit losses are calculated using a probability of default over 12 months where the credit risk is low.

A financial asset is impaired where one or more events have occurred with a negative effect on the future estimated cash flows of this financial asset. The indications of the impairment of a financial asset encompass data that may be observed on the following events:

- defaults in payments for more than 90 days,
- significant financial difficulty of the issuer or debtor and
- increasing probability of bankruptcy or financial restructuring of the lender.

If the economic forecast (for example gross domestic product) deteriorates over the course of next year, which could lead to an increase in the number of defaults, the historical default rates are adjusted. At each balance sheet date, the historical default rates observed are updated and the changes in the forecast estimates are analysed.

Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognised in the income statement under the effective interest rate method over the term of the liabilities.

Trade payables

Trade payables are stated at face value.

When the time value of money is significant, trade payables are discounted.

Note 2.9. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.

Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

This impairment on inventories is recognised in the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs.

When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognised immediately as an expense in the income statement.

Note 2.10. Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.

The amount of the borrowing costs to be capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

Note 2.11. Provisions

Provisions are recognised as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from a past event;
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits;
- the amount of the obligation can be reliably estimated.

No provision is recognised if the above conditions are not met.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to have to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognised, management considers that the probability of an outflow of resources exceeds 50%.

When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.

All risks incurred by the group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes.

Employee benefits

Some companies in the Fluxys group have established supplementary ‘defined benefit’ or ‘defined contribution’ pension plans. Benefits provided under these plans are based on the number of years of service and the employee’s salary.

‘Defined benefit’ pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

‘Defined contribution’ pension plans provide employees with a capital sum accumulated from personal and employer contributions, based on the salary.

In Belgium, the law requires that the employer guarantee a minimum return for defined contribution, which varies based on the market rates.

The accounting method used by the group to value these ‘defined contribution pension plans, with a guaranteed minimum return’, is identical to the method used for ‘defined benefit’ plans.

In case of death before retirement, these plans provide a capital sum for the surviving spouse, as well as allowances for orphans.

Other employee benefits

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and price subsidies, and other long-term benefits (seniority bonuses).

Valuation

These liabilities are valued annually by a qualified actuary.

Regular payments made in relation to the supplementary pension plans are recognised as expenses at the time they are incurred.

‘Defined benefit’ pension plans

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee Benefits), using the projected unit credit method (PUCM).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee’s career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. Any deficit resulting from this valuation is subject to the recognition of a provision to cover this risk. In the opposite case, an asset is recognised in line with the surplus of the defined benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or assets in the balance sheet comprise:

- the actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate);
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity through the other items in comprehensive income.

'Defined contribution' pension plans

The liabilities of the group with regard to 'defined contribution' plans are limited to the employer contributions paid recorded in the results.

Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but revaluations are fully accounted for in the financial results in the financial year in which they occur.

Note 2.12. Revenue recognition

The group accounts for operating revenue as it meets a service obligation by supplying the customer with the promised good or service and as this latter obtains control thereof.

The Fluxys Belgium group uses a five-stage approach to determine whether a contract entered into with a customer may be accounted for and the way in which revenue should be recognised:

1. identification of the contract,
2. identification of the service obligations,
3. determination of the transaction price,
4. distribution of the transaction price between the service obligations and
5. recognition of operating revenue where the service obligations are met or where the control of the goods or services is transferred to the customer.

Group revenues mainly come from standard regulated contracts for which both the services to be provided and the price of the service are clearly identified.

Fluxys Belgium and its subsidiaries transfer the control of their regulated services progressively and in doing so meet their service obligation and account for operating revenue progressively. It should be noted that the revenue from regulated activity is recognised based on reserved capacities.

Furthermore, the Fluxys Belgium group makes sales of gas that are necessary for balancing operations and its operational needs. These services, fulfilled at a specific time, are recognised in operating revenue at the time of their fulfilment. From 1 June 2020, these balancing operations are conducted by the joint venture with Balansys.

Regulated income received by the group may generate a gain or a loss compared with the target rate of return on the capital invested. Gains are reported and recognised as regulatory liabilities, whereas losses are included in operating revenue to offset the accounting of regulatory assets. The Group has no regulatory assets in the published periods.

The regulatory framework is explained in further detail in the chapter on 'Regulatory and legal framework' of the annual report.

In note 4 - Segment income statement, the distinction is shown between the revenue invoiced and the revenue recognised. The latter includes the revenue invoiced, but also the movements in regulatory assets and liabilities.

The following table provides more detailed information on the Group's services (performance obligations), types of contract, pricing, and the way in which operating revenue is recognised. Most of this revenue is regulated.

Legal entity	Revenue stream	Performance obligation: nature, customer and timing of satisfaction	Contract type and pricing
Fluxys Belgium	Transmission services	**Nature of performance obligation**: sale of capacity and related services in the pipeline infrastructure to its customers to transmit natural gas to distribution system operators, power stations and major industrial end-users in Belgium or to transport natural gas to a border point for transmission to other end-user markets in Europe. **Customers**: gas shippers reserve capacity slots (short + long term contracts) **Revenue recognition**: the performance obligation consists in making these capacities available for the customers for use at the customers' discretion (cf. IFRS 15.26 (e)). Basically, the contracts between Fluxys Belgium and their customers determine that the latter reserve a certain capacity that can be used over a certain period, at the choice of the customer. Thus, Fluxys Belgium will transfer to the customer a series of services that are substantially the same and that have the same pattern of transfer to the customer (IFRS 15.22 (b)). Each service in the series provided by Fluxys Belgium is a performance obligation satisfied **over time**, as described by IFRS 15.35a (the customer simultaneously receives and consumes the benefits provided by Fluxys' performance as Fluxys performs). Therefore, the reserved capacities are invoiced and recognised monthly over the period covered by the contract related to the capacities reserved (in accordance with IFRS 15.39 and IFRS 15.B15), i.e. **over time** recognition.	**Regulated Standard Transmission Agreement.** Regulated tariffs are expressed in €/kWh/h/year
Fluxys Belgium	Storage capacity service	**Nature of performance obligation**: storage services enabling customers to use buffer capacity flexibly according to their needs. The gas is stored in the underground facilities in Loenhout, Belgium. Most of the revenues are generated by the sale of standard bundled packages, composed of injection, storage and withdrawing capacity throughout the storage season in fixed proportion. Such contracts can be both long term and short term. **Customers**: As for transmission, the revenues are based on the reserved capacities. Revenue recognition: revenue is recognised over time as these services are performed continuously throughout the contractual term	**Regulated Standard Storage Agreement** (in combination with a regulated Standard Transmission Agreement to enable injecting into and withdrawing from the gas grid – see above). Regulated tariffs for storage capacity are expressed in €/standard bundled unit per year. Tariffs for separately purchased storage capacity are expressed in €/GWh/year. Injection or withdrawal capacity is expressed in €/m³(n)/h/year.
Fluxys LNG	Terminalling services	**Nature of performance obligations:** Unloading services (time slots are sold in advance, the so-called 'berthing rights'), possibly combined with related services such as storage, regasification or sending out (i.e. transform the liquid gas into gas that can be injected in the grid). Loading services Transhipment services, that occur in 2 forms: Ship-To-Ship: unloading of LNG from one LNG ship directly to another. Ship-Storage-Ship: LNG is unloaded from an LNG ship, then stored in a tank at the terminal. It can be loaded a few days later by another LNG ship. **Customers:** Customers reserve berthing rights in advance, these can be both long term and short term contracts. Revenue recognition: revenue of these berthing rights is recognised **over time** based on the reserved capacity, independently of whether the slots are used or not. For some additional services, such as storage, revenue is recognised over time as well, in accordance with IFRS 15.35(a). For other additional services, such as regasification, revenue is recognised at a point in time.	**Standard regulated LNG Terminalling Agreement,** mostly combined with a separate standard regulated LNG Service Agreement for ancillary services such as storage and sending out capacity, etc. Tariffs for (un)loading are expressed in €/berthing right for the capacity reservations. For storage and for regasification and sending out services, tariffs are expressed in €/MWh/day. **Regulated standard LNG Transhipment Service Agreement.** Tariffs are expressed in €/berthing right for the transhipment services. For additional storage services, the tariff is expressed in €/MWh/day.

Note 2.13. Income taxes

Current tax is determined in accordance with local tax regulations and calculated on the income of the parent entity, subsidiaries and joint operations.

Deferred tax liabilities and assets reflect the future taxable and deductible temporary differences, respectively, between the book base and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the enacted or substantially enacted new income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability is expected to be settled.

Any later change in rates requires a change to the deferred taxes. This is accounted for via the other items of the global profit/loss for the part concerning operations that are usually accounted for in these items. The balance of the change in deferred taxes is accounted for in the net profit/loss for the period.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

Note 3. Acquisitions, disposals and restructuring

Consolidation scope

The consolidation scope and percentage of interests in consolidated entities remained identical to those of 31 December 2021.

Information on investments

Fully consolidated entities						
Name of the subsidiary	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**Balance sheet date**
Fluxys LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	100.00%	LNG terminalling	€	31 December
Flux Re SA	Rue de Merl 74 L - 2146 Luxembourg	-	100.00%	Reinsurance entity	€	31 December

Entities accounted for using the equity method						
Name of the subsidiary	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**Balance sheet date**
Balansys SA	Rue de Bouillon 59-61 L - 1248 Luxembourg	-	50.00%	Balancing operator	€	31 December

Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- the right to oppose to all transfers, any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy;
- the right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategic Committee of Fluxys Belgium;
- the right of the representatives of the federal government, within four business days, to appeal to the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors or any advice of the strategic Committee of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the country's energy policy, including the government's objectives concerning the country's energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not cancelled the decision concerned within eight business days after this appeal, it becomes final;
- a special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

There are no other significant restrictions that may limit the ability of the group to access or use its assets and discharge its liabilities. However, it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re came to €164.1 million as at 31-12-2022 compared to €173.2 million as at 2021 year-end.

Balansys SA is a company governed by Luxembourg law in which 50% of shares are held by Fluxys Belgium SA and 50% by Creos Luxembourg SA. The objective of this company is to integrate the Belgian and Luxembourg natural gas markets. As part of this objective, an agreement has been signed between the shareholders that stipulates that Balansys SA shares may not be encumbered with any guarantees or transferred, unless for the benefit of another transmission network operator and with the agreement of the other shareholder.

The key figures of Balansys are shown in the table below:

Entity accounted for using the equity method	31-12-2022 In thousands of € (*)	31-12-2021 In thousands of € (*)
Non-current assets	0	0
Current assets	100,112	66,040
Equity	100	100
Non-current liabilities	30,060	18,061
Current liabilities	69,952	48,879
Operating revenue	461,307	168,837
Operating expenses	460,282	-168,546
Net financial result	-989	-280
Income tax expenses	-37	-11
Net profit/loss for the period	0	0
Entities accounted for by the equity method	50	50
Result of entities accounted for by the equity method	0	0

(*) Figures before intercompany eliminations, on a 100% basis and subject to approval of the accounts by the governing bodies and the general assembly of the entity.

Note 4. Income statement and operating segments

Operating segments

Fluxys Belgium group carries out activities in the following operating segments: transmission, storage, LNG terminalling activities in Belgium and other activities.

The segment information is based on a classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission of gas in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage of gas at Loenhout in Belgium.

Terminalling activities comprise all activities subject to the Gas Act related to the LNG terminal at Zeebrugge in Belgium.

The three aforementioned activities are regulated and strictly separated. Offsetting balances between these activities is not authorised.

The segment 'other activities' comprises other services rendered by Fluxys Belgium group such as the operational support of the IZT and ZPT terminals[2] in Belgium and work for third parties.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

The Chief Operating Decision Maker (CODM) is the CEO.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another. These transactions are charged at the same regulatory tariffs as for external clients.

Information relating to the main customers

The group's main customers are users of transmission and storage services and of the Zeebrugge LNG Terminal.

[2] **Interconnector Zeebrugge Terminal (IZT)**: Fluxys Belgium rents part of its installations to IZT under a finance lease and also provides operational support and maintenance. The cooperation with IZT is based on contracts (no participation by Fluxys Belgium).

Zeepipe Terminal (ZPT): Fluxys Belgium contributes to the operations of ZPT on a contractual basis (no participation).

Segment income statement at 31-12-2022						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other	Elimination between segments	Total
Operating revenue	**710,702**	**34,817**	**157,292**	**20,666**	**-10,918**	**912,559**
Sales and services to external customers	866,993	15,882	297,722	21,033	0	1,201,630
Transactions with other segments	1,312	8,473	1,500	-367	-10,918	0
Changes in regulatory assets and liabilities	-157,603	10,462	-141,930	0	0	-289,071
Sales of gas related to balancing operations and operational needs	**138,655**	**10,327**	**129,584**	**0**	**0**	**278,566**
Sales of gas related to balancing of operations and operational needs	273,348	8,673	163,699	0	0	445,720
Changes in regulatory liabilities	-134,693	1,654	-34,115	0	0	-167,154
Other operating income	5,426	129	4,736	5,999	-78	16,212
Consumables, merchandise and supplies used	-1,144	1	-34	-4,405	0	-5,582
Purchase of gas related to balancing of operations and operational needs	-139,057	-9,924	-126,197	0	0	-275,178
Miscellaneous goods and services	-419,316	-9,600	-40,577	-6,946	10,918	-465,521
Employee expenses	-96,731	-7,216	-23,360	-5,702	78	-132,931
Other operating expenses	-3,944	-588	-374	-52	0	-4,958
Depreciations	-111,009	-8,361	-47,656	-1,025	0	-168,051
Provisions for risks and charges	3,970	-15	99	2,938	1	6,993
Impairment losses	-14,173	0	-647	16	0	-14,804
Profit/loss from continuing operations	**73,379**	**9,570**	**52,866**	**11,489**	**1**	**147,305**
Change in the fair value of financial instruments	0	0	0	-1,298	0	-1,298
Financial income	2,759	306	567	957	0	4,589
Finance costs	-26,131	-2,894	-9,788	-1,992	0	-40,805
Profit/loss before taxes	**50,007**	**6,982**	**43,645**	**9,156**	**1**	**109,791**
Income tax expenses						-26,063
Net profit/loss for the period						**83,728**

Segment income statement at 31-12-2021						In thousands of €
	Trans-mission	Storage	Terminal-ling	Others	Elimination between segments	Total
Operating revenue	**384,346**	**33,536**	**145,680**	**26,343**	**-16,714**	**573,191**
Sales and services to external customers	286,969	32,791	137,826	20,135	0	477,721
Transactions with other segments	892	8,137	1,477	6,208	-16,714	0
Changes in regulatory assets and liabilities	96,485	-7,392	6,377	0	0	95,470
Sales of gas related to balancing operations and operational needs	**20,038**	**2,948**	**9,392**	**0**	**0**	**32,378**
Sales of gas related to balancing of operations and operational needs	65,830	2,948	22,975	0	0	91,753
Changes in regulatory liabilities	-45,792	0	-13,583	0	0	-59,375
Other operating income	4,256	115	2,467	6,327	-58	13,107
Consumables, merchandise and supplies used	-991	-5	-27	-2,399	0	-3,422
Purchase of gas related to balancing of operations and operational needs	-20,038	-2,948	-9,392	0	0	-32,378
Miscellaneous goods and services	-117,044	-7,838	-26,379	-11,800	16,713	-146,348
Employee expenses	-80,839	-6,510	-20,409	-4,850	59	-112,549
Other operating expenses	-3,841	-523	-462	-248	0	-5,074
Depreciations	-116,067	-9,568	-47,520	-838	0	-173,993
Provisions for risks and charges	-2,117	28	-121	-4,861	1	-7,070
Impairment losses	1	0	0	-22	0	-21
Profit/loss from continuing operations	**67,704**	**9,235**	**53,229**	**7,652**	**1**	**137,821**
Change in the fair value of financial instruments	0	0	0	-114	0	-114
Financial income	125	14	32	971	0	1,142
Finance costs	-24,251	-2,711	-10,011	-1,402	0	-38,375
Profit/loss before taxes	**43,578**	**6,538**	**43,250**	**7,107**	**1**	**100,474**
Income tax expenses						-24,953
Net profit/loss for the period						**75,521**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Transmission in Belgium	4.1.1	709,390	383,454	325,936
Storage in Belgium	4.1.1	26,344	25,399	945
Terminalling in Belgium	4.1.1	155,792	144,203	11,589
Other operating income	4.1.2	21,033	20,135	898
Total		**912,559**	**573,191**	**339,368**

Operating revenue in the 2022 financial year amounted to €912,559 thousand, which represents an increase of €339,368 thousand as compared with the previous financial year.

4.1.1 Transmission, storage and terminalling services in Belgium are subject to the Gas Act.

Revenue from these services aims to ensure an authorised return on capital invested and to cover the operating expenses related to these services, while integrating the productivity efforts to be accomplished by the network operator, as well as permitted depreciation.

The bulk of the increase in sales and regulated services relates to transmission services (€325,936 thousand). This increase is mainly due to the accounting settlement of the exceptional solidarity contribution of €300 million. The regulatory nature of this contribution makes the impact on the result neutral. Sales increased significantly in 2022, as the infrastructure was largely used to support the security of supply of surrounding countries. These additional sales, including auction premiums, do not benefit shareholders but are offset by a higher allocation to regulatory liabilities.

Revenue from storage services is slightly up compared to 2021. Sales are down in 2022, but this decrease is offset by the use of regulatory liabilities in accordance with the tariff proposal.

With regard to terminalling revenue, this is up €11,589 thousand, largely following spot slot auction sales. Almost all of these sales are allocated to regulatory liabilities.

4.1.2 Other operating revenue relates mainly to work and services for third parties and the provision of facilities.

Note 4.2. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Consumables, merchandise and supplies used	4.2.1	-5,582	-3,422	-2,160
Miscellaneous goods and services	4.2.2	-465,521	-146,348	-319,173
Employee expenses	4.2.3	-132,931	-112,549	-20,382
Other operating expenses	4.2.4	-4,958	-5,074	116
Total operating expenses		**-608,992**	**-267,393**	**-341,599**

4.2.1. Consumables, merchandise and supplies used

This item mainly includes costs for transport material taken out of inventory for maintenance and repair projects as well as costs for work carried out on behalf of third parties.

4.2.2. Miscellaneous goods and services

Miscellaneous goods and services are mainly composed of:

	31-12-2022	31-12-2021	Change
Purchase of equipment	-6,324	-8,674	2,350
Rent and rental charges (1)	-7,623	-5,496	-2,127
Maintenance and repair expenses	-24,601	-24,365	-236
Goods and services supplied to the group	-19,376	-6,540	-12,836
Third-party remuneration	-354,502	-52,496	-302,006
Royalties and contributions	-40,083	-37,681	-2,402
Non-personnel related insurance costs	-6,451	-6,096	-355
Other miscellaneous goods and services	-6,561	-5,000	-1,561
Total	**-465,521**	**-146,348**	**-319,173**

(1) Amounts that relate mainly to services that do not meet the definition of a lease under IFRS 16.

The main increase in this item ensues from the exceptional solidarity contribution of €300 million that the Belgian State established for the operator of the natural gas transmission network to support the Belgian population during the energy crisis. Goods and services supplied to the group, and royalties, are also up.

This evolution, apart from the solidarity contribution, is in line with the reference framework for the 2020-2023 regulatory period.

Third-party remuneration increased by €302,006 thousand. This evolution is largely due to the solidarity contribution of €300 million. Another important cost is related to the study with a view to installing a new electric compressor at our storage facility in Loenhout.

The increase in goods and services supplied to the group reflects the high price of electricity, but also the increase of activity in the terminal and the transmission network. The cost of electricity is up €9,272 thousand compared to 2021.

As for the €2,402 thousand increase in royalties and contribution compared to 2021, this is largely explained by compensation paid by Flux Re to Fluxys SA (which is offset by using the corresponding provision of 2021). The use of this provision in 2022 compensates the cost of the compensation paid.

The increase in rent and rent expense comes from the higher prices of software.

4.2.3. Auditor remuneration

Other miscellaneous goods and services (see note 4.2.2.) include the total remuneration paid to the auditor by Fluxys Belgium NV and its consolidated subsidiaries. These fees are presented below.

Auditor remuneration			In thousands of €
	31-12-2022	31-12-2021	Change
Audit fees	-179	-152	-27
Other non-audit services	-38	-18	-20
Total remuneration	**-217**	**-170**	**-47**

The amount of other (non-audit) services provided by the statutory auditor and persons professionally related to him are in line with article 3:64 and 65 of the Code of companies and associates and approved by the Audit Committee in advance. They mainly relate to ad-hoc and limited assurance attestations.

4.2.4. Employee expenses

Employee expenses have increased €20,382 thousand as compared with 2021, among other things as a result of indexation.

The average headcount of the Group is slightly up, from 912 in 2021 to 914 in 2022. Expressed in FTE (full-time equivalents), these figures convert to 883.4 in 2022 compared to 881.4 in 2021.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	914	883.4	912	881.4
Fluxys Belgium	865	836.1	864	835.3
Executives	308	300.2	295	286.7
Employees	557	535.9	569	548.6
Fluxys LNG	48	46.8	47	45.5
Executives	3	2.9	3	3.1
Employees	45	43.9	43	42.4
Flux Re	1	0.5	1	0.5
Headcount at balance sheet date	939	908.6	918	886.2
Fluxys Belgium	891	862.0	869	839.2
Executives	321	313.1	300	291.3
Employees	570	548.9	569	547.9
Fluxys LNG	47	46.2	48	46.5
Executives	3	2.9	3	2.9
Employees	44	43.3	45	43.6
Flux Re	1	0.5	1	0.5

4.2.5. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment.

4.2.6. Depreciations

Depreciation charges on property, plant and equipment over the period are down by €7,343 thousand as compared with the previous financial year because the depreciation for certain historic assets came to an end in the previous financial year.

However, depreciation charges on intangible assets over the period are up by €1,541 thousand as compared with the previous financial year following the higher level of investments in intangible assets over these past few years.

Depreciations, impairment losses and provisions				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Depreciations	**4.2.5**	**-168,051**	**-173,993**	**5,942**
Intangible assets		-12,385	-10,844	-1,541
Property, plant and equipment		-150,915	-158,258	7,343
Right of Use Assets		-4,751	-4,891	140
Provisions for risks and charges	**4.2.6**	**6,993**	**-7,070**	**14,063**
Impairment losses		-14,804	**-21**	-14,783
Inventories		-14,819	1	-14,820
Trade receivables		15	-22	37
Total depreciations, impairment losses and provisions		**-175,862**	**-181,084**	**5,222**

4.2.7. Provisions for risks and charges

The significant change in provisions, of €14,063 thousand as compared with the previous financial year can chiefly be explained by the increase in discount rates, which ended up resulting in a reduction of the provision for employee benefits and by the use of a provision relating to a claim established during the previous financial year, the compensation for which was paid in 2022 (see Note 4.2.2.).

An impairment loss on gas stocks of €17,714 thousand was recorded in 2022 to reflect the price of gas on 31/12/2022 which was considerably lower than the average price of gas in stock. This was partly offset by a partial reversal of the impairment of the spare parts inventory.

Note 4.3. Financial income

Financial income				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Dividends from unconsolidated entities		0	0	0
Financial income from leasing contracts	4.3.1	56	60	-4
Interest income on investments and cash equivalents	4.3.2	3,970	927	3,043
Other interest income	4.3.2	83	30	53
Unwinding of discounts on provisions	4.4.2	0	126	-126
Other financial income		480	125	355
Total		**4,589**	**1,268**	**3,321**

4.3.1. Financial income from leasing contracts

Financial income from leasing contracts relates to the Interconnector Zeebrugge Terminal (IZT) facilities.

4.3.2. Interest on investments and cash equivalents

Interest on investments and cash equivalents mainly comes, in 2022, from investments recognised at amortised cost in accordance with IFRS 9. The amount of this interest is up as compared with 2021, following the increase in interest rates.

Note 4.4. Finance costs

Finance costs				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Borrowing interest costs	4.4.1	-39,292	-37,338	-1,954
Unwinding of discounts on provisions	4.4.2	-383	0	-383
Interest charges on leasing contracts		-890	-983	93
Other finance costs		-240	-180	-60
Total		**-40,805**	**-38,501**	**-2,304**

4.4.1. Borrowing interest costs

Borrowing interest costs primarily include interest on the loans from the European Investment Bank and Fluxys, on bonds and on regulatory liabilities.

4.4.2. Unwinding of discounts on provisions

This item almost exclusively concerns employee benefits that are recognised and valued in accordance with IAS 19 and includes, apart from the unwinding of discounts on provisions, returns from associated assets, and actuarial gains and losses recognised in profit/loss. The change is mainly associated with an increase in the discount rates at year-end.

Note 4.5. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Current tax	4.5.1	-35,730	-37,137	1,407
Deferred tax	4.5.2	9,667	12,184	-2,517
Total	4.5.3	**-26,063**	**-24,953**	**-1,110**

Income tax expenses are up €1,110 thousand as compared with the preceding financial year. This change can essentially be explained by the following factors:

- an increase in earnings before tax;
- a reduction in the amount of the deduction for revenues from innovation (from €10,000 thousand estimated in 2021 to €5,400 thousand estimated in 2022);

This increase was partly compensated by the deduction for energy efficiency investments obtained by Fluxys LNG. The amount of this deduction for the year 2022 is estimated at €4,366 thousand.

Income tax expenses include both current and deferred taxes, which are detailed separately below.

4.5.1. Current tax			In thousands of €
	31-12-2022	31-12-2021	Change
Income taxes on the result of the current period	**-36,052**	**-36,465**	**413**
Taxes and withholding taxes due or paid	-35,066	-36,938	1,872
Excess of payment of taxes and withholding taxes (included in assets)	-1,213	47	-1,260
Estimated additional taxes (included in liabilities)	227	426	-199
Adjustments to previous years' current taxes	**322**	**-672**	**994**
Total	**-35,730**	**-37,137**	**1,407**

Current tax decreased by €1,407 thousand in 2022.

4.5.2 Deferred tax			In thousands of €
	31-12-2022	31-12-2021	Change
Relating to origination or reversal of temporary differences	**9,667**	**12,184**	**-2,517**
Differences arising from the valuation of property, plant and equipment	11,378	12,094	-716
Changes in provisions	263	-28	291
Other changes	-1,974	118	-2,092
Relating to tax rate changes or to new taxes	**0**	**0**	**0**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**9,667**	**12,184**	**-2,517**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment.

The deferred tax profit decreased by €2,517 thousand compared to 2021. This decrease can primarily be explained by adjustments of the tax base for financial assets.

4.5.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2022	31-12-2021	Change
Income tax as per applicable tax rate – Financial year	**-27,448**	**-25,119**	**-2,329**
Profit/loss before taxes	109,791	100,474	9,317
Applicable tax rate	25.00%	25.00%	0%
Elements that justify transition to the effective average tax rate	**1,063**	**838**	**225**
Income tax rate differences between jurisdictions	-58,0	5	-63
Changes in tax rates	0	0	0
Tax-exempt income	0	0	0
Non-deductible expenses	-1,396,0	-1,375	-21
Taxable dividend income	0	0	0
Deductible notional interest cost	0	0	0
Other (1)	2,517	2,208	309
Income tax as per effective average tax rate – Financial year	**-26,385,0**	**-24,281**	**-2,104**
Profit/loss before taxes	109,791	100,474	9,317
Average effective tax rate	24.03%	24.17%	-0.14%
Taxation of tax-free reserves	**0**	**0**	**0**
Adjustments to previous years' current taxes (1)	**322**	**-672**	**994**
Total income tax expense	**-26,063**	**-24,953**	**-1,110**

(1) In 2022, Fluxys LNG obtained the deduction for energy efficiency investments for the year 2021. This tax advantage is incorporated into the regulated tariffs.

The average effective tax rate for 2022 amounted to 24.03% compared with 24.17% the previous year.

Note 4.6. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2022	31-12-2021	Change
Non-controlling interests	0	0	0
Group share	83,728	75,521	8,207
Total profit/loss for the period	**83,728**	**75,521**	**8,207**

The consolidated net profit for the financial year amounted to €83,728 thousand, an increase of €8,207 thousand compared with 2021.

Note 4.7. Earnings per share

In thousands of €	31-12-2022	31-12-2021
Net profit/loss from continuing operations attributable to the parent company's shareholders	**83,728**	**75,521**
Net profit/loss	83,728	75,521
Impact of dilutive instruments	0	0
Diluted net profit/loss from continuing operations attributable to the parent company's shareholders	**83,728**	**75,521**
Net profit/loss from discontinued operations attributable to the parent company's shareholders	0	0
Net profit/loss	0	0
Impact of dilutive instruments	0	0
Diluted net profit/loss from discontinued operations attributable to the parent company's shareholders	0	0
Net profit/loss attributable to the parent company's shareholders	**83,728**	**75,521**
Net profit/loss	83,728	75,521
Impact of dilutive instruments	0	0
Diluted net profit/loss attributable to the parent company's shareholders	**83,728**	**75,521**

Denominator (in units)	31-12-2022	31-12-2021
Average number of outstanding shares	**70,263,501**	**70,263,501**
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	**70,263,501**	**70,263,501**

Earnings per share (in euros)	31-12-2022	31-12-2021
Basic earnings per share from continuing operations attributable to the parent company's shareholders	1.1916	1.0748
Diluted basic earnings per share from continuing operations attributable to the parent company's shareholders	1.1916	1.0748
Basic earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Diluted basic earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Basic earnings per share attributable to the parent company's shareholders	1.1916	1.0748
Diluted basic earnings per share attributable to the parent company's shareholders	1.1916	1.0748

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2022						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other	Unallo-cated	Total
Property, plant and equipment	1,156,981	125,365	572,946	83	0	1,855,375
Intangible assets	22,009	10	845	0	0	22,864
Right of use assets	7,724	318	18,932	3,046	0	30,020
Other financial assets	95	0	0	111,076	0	111,171
Inventories	54,453	3,100	1,211	3,892	0	62,656
Lease receivables	0	0	0	2,094	0	2,094
Net trade receivables	110,249	1,071	6,633	33,852	0	151,805
Other assets	0	0	0	0	1,170,585	1,170,585
						3,406,570
Interest-bearing liabilities	368,097	61,020	232,249	510,675	0	1,172,041
Other financial liabilities	0	0	20	3,555	0	3,575
Other liabilities	563,230	41,595	330,468	0	652,044	1,587,337
						2,762,953
Equity						643,617
						3,406,570
Investments over the period in PP&E	36,814	871	67,736	104	0	105,525
Investments over the period in intangible assets	11,294	0	71	0	0	11,365

Segment balance sheet at 31-12-2021						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other	Unallo-cated	Total
Property, plant and equipment	1,219,055	132,855	550,044	83	0	1,902,037
Intangible assets	22,614	14	1,263	0	0	23,891
Right of use assets	8,999	327	21,505	2,696	0	33,527
Other financial assets	91	0	0	88,551	0	88,642
Inventories	35,078	3,100	589	275	0	39,042
Lease receivables	0	0	0	2,695	0	2,695
Net trade receivables	57,161	2,158	7,017	19,051	0	85,387
Other assets	0	0	0	0	459,293	459,293
						2,634,514
Interest-bearing liabilities	632,486	47,153	259,041	280,843	0	1,219,523
Other financial liabilities	0	0	18	3,236	0	3,254
Other liabilities	268,432	53,167	152,241	0	298,223	772,063
						1,994,840
Equity						639,674
						2,634,514
Investments over the period in PP&E	32,630	564	17,440	14	0	50,648
Investments over the period in intangible assets	6,186	12	329	0	0	6,527

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment — In thousands of €

Gross book value	Land	Buildings	Gas transmission*	Gas storage *	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
At 31-12-2020	**48,416**	**161,231**	**3,462,837**	**386,670**	**1,457,308**	**43,511**	**62,777**	**6,719**	**5,629,469**
Investments	1,060	51	14,882	22	3,025	0	7,232	24,376	50,648
Grants received	0	0	0	0	-513	0	0	0	-513
Disposals and retirements	-75	-189	-8,697	0	-18	0	-11,857	0	-20,836
Internal transfers	0	0	2,300	0	0	0	0	-2,300	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
At 31-12-2021	**49,401**	**161,093**	**3,471,322**	**386,692**	**1,459,802**	**43,511**	**58,152**	**28,795**	**5,658,768**
Investments	186	166	26,325	312	1,880	0	8,450	68,206	105,525
Grants received	0	0	0	0	0	0	0	0	0
Disposals and retirements	-2	0	-6,725	-5	-290	0	-8,240	0	-15,262
Internal transfers	0	0	15,204	121	0	0	0	-15,325	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	-0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
At 31-12-2022	**49,585**	**161,259**	**3,506,126**	**387,120**	**1,461,392**	**43,511**	**58,362**	**81,676**	**5,749,031**

**subject to the Gas Act*

Movements in property, plant and equipment

In thousands of €

Depreciation and impairment losses	Land	Buildings	Gas transmission*	Gas storage*	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
As at 31-12-2020	**0**	**-98,618**	**-2,289,869**	**-251,390**	**-889,570**	**-43,259**	**-45,554**	**0**	**-3,618,260**
Depreciation	0	-4,014	-96,005	-9,357	-43,218	-7	-5,657	0	-158,258
Disposals and retirements	0	175	8,233	0	2	0	11,377	0	19,787
Internal transfers	0	0	0	0	0	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
As at 31-12-2021	**0**	**-102,457**	**-2,377,641**	**-260,747**	**-932,786**	**-43,266**	**-39,834**	**0**	**-3,756,731**
Depreciation	0	-3,988	-89,701	-8,137	-43,208	0	-5,881	0	-150,915
Disposals and retirements	0	0	5,888	1	8	0	8,093	0	13,990
Internal transfers	0	0	0	0	0	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
As at 31-12-2022	**0**	**-106,445**	**-2,461,454**	**-268,883**	**-975,986**	**-43,266**	**-37,622**	**0**	**-3,893,656**
Net book values as at 31-12-2022	**49,585**	**54,814**	**1,044,672**	**118,237**	**485,406**	**245**	**20,740**	**81,676**	**1,855,375**
Net book values as at 31-12-2021	**49,401**	**58,636**	**1,093,681**	**125,945**	**527,016**	**245**	**18,318**	**28,795**	**1,902,037**

**subject to the Gas Act*

Movements in property, plant and equipment	Land	Buildings	Gas transmission*	Gas storage*	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
Net book values as at 31-12-2022, of which:	**49,585**	**54,814**	**1,044,672**	**118,237**	**485,406**	**245**	**20,740**	**81,676**	**1,855,375**
At cost	49,585	54,814	1,044,672	118,237	485,406	245	20,740	81,676	1,855,375
At revaluation	0	0	0	0	0	0	0	0	0
Supplementary information	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net book value of assets temporarily retired from active use	**110**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**110**

In thousands of €

**subject to the Gas Act*

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge) facilities.

In 2022, Fluxys Belgium group made property, plant and equipment investments in infrastructure of €102,527 thousand. Furthermore, Fluxys Belgium group made €2,996 thousand IT investments in the network infrastructure as well as in the computers and devices inventory.

€67,736 thousand was allocated to LNG infrastructure projects (mainly for the construction of 3 new Open Rack Vaporizers and 3 new truck loading bays in the Zeebrugge LNG Terminal) and €33,817 thousand to project linked to transmission activity.

In 2022 no costs for loans were activated on construction investments.

The depreciation charge for the period amounts to €150,915 thousand and reflects the rhythm at which the group expects to consume the economic benefits linked to those property, plant and equipment.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 6 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs. Given the specific nature of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date, the group does not hold property, plant and equipment assets which have been pledged as security against liabilities.

At the end of the financial year, the group has identified no signal or event that would lead any item of property, plant and equipment to be impaired.

This assessment takes into account the regulatory framework in which the Group operates and of the present energy transition in which the Group plays an active role. This refers, for example, to the conversion of our low-calorific gas network to high-calorific gas, the transport of molecules other than natural gas, and the efforts required to combat climate change. All the investments and regulated assets of the Group ensue in a right to a regulated authorised rate of return for their lifespan (see also accounting principles in Note 2.6).

Note 5.2. Intangible assets

Movements in the book value of intangible assets			In thousands of €	
Gross book value	**Software**	**'Client portfolios' assets**	**CO_2 Emission rights**	**Total**
As at 31-12-2020	**22,457**	**52,800**	**0**	**75,257**
Investments	6,528	0	0	6,528
Disposals and retirements	-6,176	0	0	-6,176
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2021	**22,809**	**52,800**	**0**	**75,609**
Investments	11,365	0	0	11,365
Disposals and retirements	-3,627	0	0	-3,627
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2022	**30,547**	**52,800**	**0**	**83,347**

Movements in the book value of intangible assets				In thousands of €
Depreciation and impairment losses	**Software**	**'Client portfolios' assets**	**CO_2 Emission rights**	**Total**
As at 31-12-2020	**-13,603**	**-33,447**	**0**	**-47,050**
Depreciation and impairment losses	-4,394	-6,450	0	-10,844
Disposals and retirements	6,176	0	0	6,176
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2021	**-11,821**	**-39,897**	**0**	**-51,718**
Depreciation and impairment losses	-5,934	-6,451	0	-12,385
Disposals and retirements	3,619	0	0	3,619
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2022	**-14,136**	**-46,348**	**0**	**-60,484**

Movements in the book value of intangible assets				In thousands of €
	Software	'Client portfolios' assets	CO_2 Emission rights	Total
Net book values as at 31-12-2022	**16,411**	**6,453**	**0**	**22,864**
Net book values as at 31-12-2021	**10,988**	**12,903**	**0**	**23,891**

Intangible assets include the net book value of software, the portfolio of 'Hub' clients and CO_2 emission rights.

The software included in intangible assets is investment software developed or purchased by the group. This software is depreciated over 5 years on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

In 2015, Fluxys Belgium acquired all of Huberator's business activities for €52.8 million. This intangible asset will be fully depreciated in 2023 (on a straight-line basis).

Certain gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Belgium group was given free emission rights for 2022 amounting to 20,752 tonnes of CO_2 for the compression, storage and terminalling activity sites. In accordance with the accounting policies stated in Note 2, the unused emission rights have been recognised at nil value in intangible assets.

The group emphasises that no indications existed at the balance sheet date that any item of property, plant and equipment may have been impaired.

Note 5.3. Right of use assets

The right of use assets are mainly linked to concession rights for land on which gas transmission and terminalling facilities (Zeebrugge) have been built.

These contracts don't have significant termination or extension options. The rent is not variable, except for some contracts that have a clause for yearly indexation. The impact thereof is not material.

Right of use assets				In thousands of €
	Land & Buildings	Facilities	Cars	Total
As at 31-12-2020	**29,426**	**3,487**	**3,554**	**36,467**
Additional rights	0	0	1,968	1,968
Depreciation and impairment losses	-2,405	-763	-1,723	-4,891
Disposals	0	0	-17	-17
Other changes	0	0	0	0
As at 31-12-2021	**27,021**	**2,724**	**3,782**	**33,527**
Additional rights	0	0	1,351	1,351
Depreciation and impairment losses	-2,405	-763	-1,583	-4,751
Disposals	0	0	-107	-107
Other changes	0	0	0	0
As at 31-12-2022	**24,616**	**1,961**	**3,443**	**30,020**

Note 5.4. Other financial assets

Other financial assets			In thousands of €
	Notes	31-12-2022	31-12-2021
Shares at cost		24	24
Investment securities at fair value through profit or loss	5.4.1	0	0
Investment securities at amortised cost	5.4.1	53,481	26,289
Other investments at cost	5.4.1	54,019	59,009
Financial instruments at fair value through profit or loss		3,576	3,254
Other financial assets at cost		71	66
Total		**111,171**	**88,642**

5.4.1. These items include cash investments with a maturity longer than one year. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2023 and 2032.

The increase observed in the table above represents the new investments made with maturities of more than one year by Flux Re using the investment funds that matured in 2022.

The assets held by Flux Re are significantly higher than the minimum capital requirements under Solvency II (€16.3 million).

Note 5.5. Other non-current assets

Other non-current assets				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Plan asset surpluses 'IAS 19 Employee benefits'	5.14	26,461	15,123	11,338
Total		**26,461**	**15,123**	**11,338**

The value of plan assets in the provision for employee benefits increased in 2022 because of a rise in interest rates.

Note 5.6. Inventories

Book value of inventories			In thousands of €
	31-12-2022	31-12-2021	Change
Supplies	**24,803**	**20,250**	**4,553**
Gross book value	28,678	27,019	1,659
Impairment losses	-3,875	-6,769	2,894
Goods held for resale (gas)	**36,981**	**18,517**	**18,464**
Gross book value	54,695	18,517	36,178
Impairment losses	-17,714	0	-17,714
Work in progress	**872**	**275**	**597**
Gross book value	872	275	597
Impairment losses	0	0	0
Total	**62,656**	**39,042**	**23,614**

Inventories of materials connected to the transmission network are at their normal levels.

The considerable increase in the gross book value of goods held for resale can primarily be explained by the strong increase in gas prices during the financial year, partially compensated by impairment losses at the end of the financial year following lower gas prices as at 31 December 2022.

Impact of movements on net profit/loss			In thousands of €
	31-12-2022	31-12-2021	Change
Inventories – purchased or used	38,433	12,663	25,770
Impairment losses	-14,819	1	-14,820
Total	**23,614**	**12,664**	**10,950**

The movements of work in progress are included in other operating income in the income statement. The other movements of inventories are included in purchase of gas related to balancing of operations and operational needs.

Note 5.7. Trade and other receivables

Trade and other receivables				In thousands of €
	Note	31-12-2022	31-12-2021	Change
Gross trade receivables		153,377	86,974	66,403
Impairment losses		-1,572	-1,587	15
Net trade receivables	5.7.1	151,805	85,387	66,418
Other receivables		12,494	5,059	7,435
Total		**164,299**	**90,446**	**73,853**

The increase in trade receivables is in line with the increase in sales and services to external customers.

5.7.1 Fluxys Belgium group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers (payment within one month), a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position. The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys Belgium group.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables according to ageing			In thousands of €
	31-12-2022	31-12-2021	Change
Receivables not past due	150,829	84,891	65,938
Receivables < 3 months	885	405	480
Receivables 3 - 6 months	0	0	0
Receivables > 6 months	0	0	0
Receivables in litigation or doubtful	91	91	0
Total	**151,805**	**85,387**	**66,418**

Disputed or doubtful receivables mainly concern grid users. Those deemed irrecoverable have been subject to impairment losses of 100%.

Note 5.8. Short-term investments, cash and cash equivalents

Investments relate to investments in the form of bonds, commercial paper and bank deposits over more than three months and maximum one year.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, deposits made with Fluxys (cash pooling), term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents			In thousands of €
	31-12-2022	31-12-2021	Change
Short-term investments	**26,113**	**45,740**	**-19,627**
Cash and cash equivalents	**1,070,708**	**366,931**	**703,777**
Cash equivalents and cash pooling	1,025,335	320,254	705,081
Short-term deposits	8,108	2,849	5,259
Bank balances	37,246	43,815	-6,569
Cash in hand	19	13	6
Total	**1,096,821**	**412,671**	**684,150**

In 2022, the average rate of return on short-term investments, cash and cash equivalents was 0.45%. The credit losses expected and accounted for in investments, cash and cash equivalents are not material for the Fluxys Belgium group.

The increase in cash equivalents is primarily due to the increase in sales following major gas flows to Germany and the Netherlands.

Note 5.9. Other current assets

Other current assets				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Accrued income		1,213	733	480
Prepaid expenses		13,033	13,360	-327
Other current assets	5.9.1	2,940	1,680	1,260
Total		**17,186**	**15,773**	**1,413**

Other current assets mainly comprise prepaid expenses amounting to €13,033 thousand (insurance, fees, rent, etc.) as well as various items of accrued income.

5.9.1 Other current assets include the short-term share of the plan asset surpluses compared with the actuarial liability relating to the group's pension liabilities (see Notes 5.5 and 5.14).

Note 5.10. Equity

On 31-12-2022, equity amounted to €643,617 thousand. The €3,943 thousand increase since the previous year comes essentially from the comprehensive income for the period (€100,907 thousand),which is largely offset by the dividends paid in 2022 (€96,964 thousand).

Note on parent entity shareholding	Ordinary shares	Preference shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	70.263.501	0	70.263.501
2. Number of shares issued			
3. Number of ordinary shares cancelled or reduced (-)			
4. Number of preference shares cancelled or reduced (-)			
5. Other increase (decrease)			
6. Number of shares, closing balance	70.263.501	0	70.263.501
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	0
3. Interim dividends during the financial year			

The share capital of Fluxys Belgium SA is represented by 70,263,501 shares with no face value, divided into two categories, in addition to the specific share.

Shares in category B are and remain registered. They are held by long-term shareholders.

Category D shares are registered or dematerialised and are mainly held by the general public.

The Belgian State owns one specific registered share, namely share no. 1, which does not belong to any of the above categories and shall be referred to hereinafter as the 'specific share'. In accordance with the Fluxys Belgium articles of association, this 'specific share' carries specific rights. These specific rights remain attached to this share in addition to the common rights attached to the ordinary shares of Fluxys Belgium (former "Distrigas"), as long as this share is owned by the Belgian State, as established in Articles 3 to 5 of the Royal Decree of 16 June 1994. These specific rights are exercised by the Federal Minister responsible for energy. In addition to these specific rights this 'specific share' also entitles to receive 100 times the dividend or any other distribution by the entity to its shareholders, than the ones attached to the category B or D shares.

Note 5.11. Interest-bearing liabilities

Non-current interest-bearing liabilities				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Leases	5.11.3	25,878	29,260	-3,382
Bonds	5.11.1	696,985	696,558	427
Other borrowings	5.11.2	392,909	436,273	-43,364
Total		**1,115,772**	**1,162,091**	**-46,319**
Of which debts guaranteed by the public authorities or by sureties		0	0	0

Current interest-bearing liabilities				In thousands of €
	Notes	31-12-2022	31-12-2021	Change
Leases	5.11.3	2,477	2,804	-327
Bonds	5.11.1	2,523	2,523	0
Other borrowings	5.11.2	51,269	52,105	-836
Total		**56,269**	**57,432**	**-1,163**
Of which debts guaranteed by the public authorities or by sureties		0	0	0

5.11.1. In November 2014 and October 2017, Fluxys Belgium issued bonds for a total of €700,000 thousand. These bonds offer a gross annual coupon of 1.75% and 3.25% respectively. They will mature between 2027 and 2034.

5.11.2. Other borrowings include:

- A 25-year loan of €400,000 thousand at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network, the balance of which was €226,000 thousand as at 31-12-2022.
- A loan of €257,000 thousand at a fixed rate of 3.20% with Fluxys to cover needs relating to investments necessary for the transshipment services at the Zeebrugge LNG Terminal. The balance still due as at 31-12-2022 is €210,273 thousand.
- Short-term loans and accrued interest amounting to €7,905 thousand.

5.11.3. Lease liabilities are accounted for in line with IFRS 16 and are limited to the contractual obligations, even if the Group expects certain contracts to be extended in the future, but this option isn't stated in the current contract.

Changes in liabilities based on financing activities							
	31.12.2021	Cash flow	Other movements				31.12.2022
			New lease contracts	Reclassification between non-current and current	Variation in accrued interests payable		
Non-current interest-bearing liabilities	**1,162,091**	**0**	**1,351**	**-48,097**	**0**	**427**	**1,115,772**
Leases	29,260	0	1,351	-4,733	0	0	25,878
Bonds	696,558	0	0	0	0	427	696,985
Other borrowings	436,273	0	0	-43,364	0	0	392,909
Current interest-bearing liabilities	**57,432**	**-48,455**	**0**	**48,097**	**-805**	**0**	**56,269**
Leases	2,804	-5,060	0	4,733	0	0	2,477
Bonds	2,523	0	0	0	0	0	2,523
Other borrowings	52,105	-43,395	0	43,364	-805	0	51,269
Total	**1,219,523**	**-48,455**	**1,351**	**0**	**-805**	**427**	**1,172,041**

Cash flows relating to interest-bearing liabilities are included in points IV.1.6, IV.2.3 and IV.2.5 of the consolidated statement of cash flows.

The change in accrued interests payable and the amortisation of issuance costs (in total -€321 thousand) relates to the difference between:

- the interests paid, including leases (see point IV.3.1 of the consolidated statement of cash flows: -€35,274 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (see Note 4.4: €40,183 thousand) minus the interest on regulatory liabilities of €5,230 thousand = €34,953 thousand.

Maturity of interest-bearing liabilities at 31-12-2022, non-discounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	3,336	16,033	14,711	34,080
Bonds	19,316	364,769	439,990	824,075
Other borrowings	66,752	219,478	242,561	528,791
Total	**89,404**	**600,280**	**697,262**	**1,386,946**

Maturity of interest-bearing liabilities at 31-12-2021, non-discounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	3,747	17,155	17,829	38,732
Bonds	19,316	67,216	753,909	840,441
Other borrowings	69,183	225,858	295,028	590,069
Total	**92,246**	**310,229**	**1,066,766**	**1,469,242**

Note 5.12. Regulatory liabilities

Regulatory liabilities				In thousands of €
	Note	31.12.2022	31.12.2021	Difference
Other financing – long term		612,582	83,505	529,077
Other financing – short term		149,863	15,425	134,438
Total of other financing (A)	**5.12.1**	**762,445**	**98,930**	**663,515**
Other liabilities – long term		134,227	314,372	-180,145
Other liabilities – short term		38,622	60,538	-21,916
Total of other liabilities (B)	**5.12.2**	**172,849**	**374,910**	**-202,061**
Total of regulatory liabilities (A+B = C)		**935,294**	**473,840**	**461,454**
Presentation in balance sheet:				0
Non-current regulatory liabilities		746,809	397,877	348,932
Current regulatory liabilities		188,485	75,963	112,522
Total of regulatory liabilities (C)		**935,294**	**473,840**	**461,454**

5.12.1 **Other financing** corresponds to the specific allocations of regulatory liabilities at the group's disposal firstly to finance specific investments, notably in the second jetty at Zeebrugge and secondly, the cost associated with the conversion of part of the gas transmission network. These amounts bear interest at a 10-year OLO rate for one part and the remainder at the average 1-year Euribor rate. Auction premiums of € 668.6 million were realised in 2022; this amount was recorded under 'Other financing – long-term' for € 523.7 million and under 'Other financing – short-term' for € 144.9 million. This presentation is justified by the different regulatory treatment applied to auction premiums in accordance with the European network code.

5.12.2 The other regulatory liabilities included in '**other liabilities**' include the positive differences between the regulated tariffs invoiced and the regulated tariffs acquired. These amounts bear interest at the average Euribor 1-year rate.

The regulatory liabilities are reconciled with the segment reporting and the statement of cash flows as follows:

Movements of the regulatory liabilities			In thousands of €
Long term + short term	**Other financing(A)**	**Other liabilities (B)**	**Total**
Balance as at 01.01.2022	**98,929**	**374,911**	**473,840**
Use	-5,002	-408,333	-413,335
Additions	668,519	201,041	869,560
Interest	1,512	3,718	5,230
Transfer	-1,512	1,512	0
Balance as at 31.12.2022	**762,445**	**172,849**	**935,294**

The sum of use and additions amounts to €456,225 thousand and is in line with the sum of the changes in regulatory liabilities in note 4 (segment information - net change in revenue).

This net increase in regulatory liabilities also corresponds with the change in regulatory liabilities included in item 1.2.6. of the cash flow table.

The €5,230 thousand interest charge on regulatory liabilities was accounted for in the finance costs.

Note 5.13. Provisions

5.13.1 Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2021	**64,718**
Additions	10,822
Use	-14,764
Release	0
Unwinding of the discount	2,375
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-121
Expected return on plan assets	-1,734
Actuarial gains/losses recognised in equity	-22,905
Reclassification to the assets	12,598
Provisions at 31-12-2022, of which:	**50,988**
Non-current provisions	47,444
Current provisions	3,543

The provisions for employee benefits (see Note 5.14) are down €13,730 thousand. This fall can primarily be explained by a combination of an increase in the discount rates partially compensated by a negative return on plan assets in 2022. In addition to the reduction in provisions, there is also an increase in the surplus from plan assets (see Note 5.14).

5.13.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	Environment and site restoration	Total other provisions
Provisions at 31-12-2021	**5,630**	**1,685**	**7,315**
Additions	20	0	20
Use	-3,069	-2	-3,071
Release	0	0	0
Unwinding of the discount	0	-137	-137
Provisions at 31-12-2022, of which:	**2,581**	**1,546**	**4,127**
Non-current provisions	2,581	1,546	4,127
Current provisions	0	0	0

5.13.3 Movements in the income statement and maturity of provisions

Movements in the income statement are detailed as follows:

Impact 2022			In thousands of €
	Additions	Use and reversals	Total
Operating profit (loss)	10,842	-17,835	-6,993
Financial profit (loss)	2,238	-1,855	383
Total	**13,080**	**-19,690**	**-6,610**

Maturity of provisions at 31-12-2022				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	0	2,581	2,581
Environment and site restoration	0	1,546	0	1,546
Subtotal	**0**	**1,685**	**2,442**	**4,127**
Employee benefits	3,543	14,172	33,273	50,988
Total	**3,543**	**15,857**	**35,715**	**55,115**

Maturity of provisions at 31-12-2021				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	3,069	2,561	0	5,630
Environment and site restoration	0	1,685	0	1,685
Subtotal	**3,069**	**4,246**	**0**	**7,315**
Employee benefits	4,201	16,804	43,713	64,718
Total	**7,270**	**21,050**	**43,713**	**72,033**

Provisions for litigation and claims

In 2022, a provision was used to cover the amount of a litigation with third-parties (see also Notes 4.2.6. and 7.1).

The other provisions have been established to cover likely litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

The estimation for these provisions is based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of safety, clean-up and restoration of sites subject to closure.

These provisions are accrued in accordance with the Belgian regional environmental legislation and the Belgian Gas Act. These works require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 5.14. Provisions for employee benefits

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

Defined benefit pension plans

These agreements cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999 allowing affiliates to benefit from a capital calculated based on a formula that takes account of their final annual salary and the number of years of service when they retire. These are called 'defined benefit pension plans'.

Obligations under these defined benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

Employees and employers contribute to these pension plans. The employer's contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

Description of the main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used are those published by the IABE (Institute of Actuaries in Belgium).

At the end of 2022, the defined benefit pension plans have surplus plan assets of €29,401 thousand (2021: €16,803 thousand) compared with the actuarial liability on estimated liabilities of the group. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' (note 5.5) and 'Other current assets' (note 5.9.1).

The financing policy was amended in 2018 to ensure that surpluses are recovered over the duration of the pension plans. In addition, transfers between different pension plans are possible.

Defined contribution pension plans with guaranteed minimum return

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees. Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

The assets of the pension funds are allocated among the various categories of the following risks:

- *Low risk:* bonds in the euro zone and/or high-quality bonds.
- *Medium risk:* risk diversification between bonds, convertible bonds, real-estate and equity instruments.
- *High risk:* equity instruments, real estate, etc.
- *Dynamic Asset Allocation:* rapid adjustment of the portfolio structure in case of specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution plans. These minimum returns vary based on the market rates.

For the minimum returns guaranteed by the employer, the following elements apply:

- For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date.
- For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum guaranteed return has been set at 1.75%.
- The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.11).

For certain defined contribution plans, the contributions increase depending on the seniority in the Group (referred to as 'backloaded'). For these plans, the contributions are distributed uniformly over time.

Description of the main risks

Defined contribution plans expose the employer to the risk of a minimum return on pension fund assets that do not offer a sufficient guaranteed return.

Other long-term employee benefits

Fluxys Belgium group also has early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority bonuses). Not all of these benefits are funded.

Funding status of the employee benefits

In thousands of €	Pensions *		Other **	
	2022	2021	2022	2021
Present value of funded obligations	-194,397	-221,035	-32,840	-47,941
Fair value of plan assets	205,651	221,062	0	0
Funding status of plans	**11,254**	**27**	**-32,840**	**-47,941**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**11,254**	**27**	**-32,840**	**-47,941**
Of which assets	29,401	16,803	0	0
Of which liabilities	-18,147	-16,777	-32,840	-47,941

* Pensions also include non-prefinanced early-retirement obligations. They also include, since 2018, contributions paid to cover pension schemes with a profile that takes into account seniority.

** The item ‘Other’ includes seniority bonuses paid over the course of the career as well as other post-employment benefits (reimbursement of medical expenses and price subsidies (discount on energy costs)).

Movements in the present value of obligations

In thousands of €	Pensions *		Other **	
	2022	2021	2022	2021
At the start of the period	**-221,035**	**-234,450**	**-47,941**	**-51,384**
Service costs	-9,239	-9,310	-1,289	-1,305
Early retirement costs	-1,030	-362	0	0
Financial loss (-) / profit (+)	-1,879	-529	-496	-223
Participant's contributions	-807	-796	0	0
Change in demographic assumptions	-777	-969	-605	-581
Change in financial assumptions	44,415	11,942	16,144	4,922
Change from experience adjustments	-12,505	35	-398	-1,233
Past service costs	0	-1,671	0	0
Benefits paid	8,460	15,075	1,745	1,863
Reclassifications	0	0	0	0
Other	0	0	0	0
At the end of the period	**-194,397**	**-221,035**	**-32,840**	**-47,941**

The past service cost is related to the change in plan.

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2022	2021	2022	2021
At the start of the period	**221,062**	**214,386**	**0**	**0**
Interest income	1,733	476	0	0
Return on plan assets (excluding net interest income)	-28,296	13,141	0	0
Employer's contributions	13,756	5,904	1,745	1,863
Participants' contributions	807	796	0	0
Benefits paid	-8,460	-15,075	-1,745	-1,863
Change in financial assumptions	5,049	1,434	0	0
Other	0	0	0	0
At the end of the period	**205,651**	**221,062**	**0**	**0**
Actual return on plan assets	**-26,563**	**13,617**	**0**	**0**

The return on pension plan assets in 2022 is considerably lower than in 2021 following difficult conditions on the financial markets in 2022.

Costs recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2022	2021	2022	2021
Cost				
Service costs	-9,240	-9,310	-1,289	-1,305
Early retirement costs	-1,030	-362	0	0
Past service costs	0	-1,671	0	0
Actuarial gains/(losses) on other long-term benefits	121	188	0	0
Net interest on net liabilities/(assets)				
Interest expense on obligations	-1,879	-529	-496	-223
Interest income on plan assets	1,734	476	0	0
Costs recognised in profit or loss	**-10,294**	**-11,208**	**-1,785**	**-1,528**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other**	
	2022	2021	2022	2021
Change in demographic assumptions	-777	-969	-605	-581
Change in financial assumptions	49,343	13,188	16,144	4,922
Change from experience adjustments	-12,505	35	-398	-1,233
Effect of the asset ceiling	0	0	0	0
Return on plan assets (excluding net interest income)	-28,296	13,141	0	0
Actuarial losses (gains) recognised in other comprehensive income	**7,765**	**25,395**	**15,141**	**3,108**

Allocation of obligation by type of participant to the plan

In thousands of €	2022	2021
Active plan participants	-186,116	-220,051
Non-active participants with deferred benefits	-21,413	-20,620
Retirees and beneficiaries	-19,708	-28,305
Total	**-227,237**	**-268,976**

Allocation of obligation by type of benefit

In thousands of €	2022	2021
Retirement and death benefits	-194,397	-221,035
Other post-employment benefits (medical expenses and price subsidies)	-24,065	-37,815
Seniority bonuses	-8,775	-10,126
Total	**-227,237**	**-268,976**

Main actuarial assumptions used

	2022	2021
Discount rate between 10 to 12 years	3.73%	0.61%
Discount rate between 13 to 19 years	3.75%	1.07%
Discount rate over 19 years	3.73%	1.07%
Expected average salary increase	2.04%	2.05%
Expected inflation	1.99%	1.75%
Expected increase in health expenses	2.99%	2.75%
Expected increase of price subsidies	1.99%	1.75%
Average assumed retirement age	63(BAR) / 65(CAD)	63(BAR) / 65(CAD)
Mortality tables	IABE prospective	IABE prospective
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	20
- Female	24	24
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

The discount rate of the plans depends on their estimated average duration.

The fair value of plan assets is distributed based on the following major categories

	2022	2021
Listed investments	**92.83%**	**79.76%**
Shares - eurozone	13.91%	15.56%
Shares - outside eurozone	14.86%	19.85%
Government bonds - eurozone	0.62%	2.38%
Other bonds - eurozone	28.68%	27.71%
Other bonds - outside eurozone	34.76%	14.25%
Non-listed investments	**7.17%**	**20.24%**
Insurance contracts	0.00%	0.00%
Real estate	1.46%	2.80%
Cash and cash equivalents	4.47%	3.18%
Other	1.25%	14.27%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**205.651**	**221,062**

Sensitivity analysis

Impact on obligations	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.25%)	6,159
Average salary increase - Excluding inflation (0.1%)	-2,056
Increase in inflation rate (0.25%)	-5,016
Increase in healthcare benefits (0.01%)	-44
Increase in price subsidies (0.5%)	-1,465
Increase in life expectancy of retirees (1 year)	-971

Average weighted duration of obligations

	2022	2021
Average weighted duration of defined benefit obligations	9	9
Average weighted duration of other post-employment obligations	19	20

Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for 2022 (for all pension and other obligations, listed above)	13,352

The contributions to be paid are function of the payroll of the population concerned.

Note 5.15. Deferred tax assets and liabilities

Recognised deferred tax liabilities			In thousands of €
	31-12-2022	31-12-2021	Difference
Valuation of assets	105,227	116,605	-11,378
Accrued income	237	388	-151
Fair value of financial instruments	2,252	126	2,126
Provisions for employee benefits or provisions not accepted under IFRS	35,832	30,369	5,463
Other normative differences	0	0	0
Total	**143,548**	**147,488**	**-3,940**

Deferred tax assets and liabilities are offset within each taxable entity. They are all fully recognised.

The main source of deferred tax is the difference between the book value and the tax base of property, plant and equipment. This difference arises firstly from the recognition in the opening balance sheet of property, plant and equipment at their fair value corresponding to their deemed cost and, secondly, from the recognition at fair value of the assets and liabilities arising from the SEGEO and Distrigas & C° business combinations in 2008.

Provisions accounted for in accordance with IAS 19 (Employee benefits) and provisions recognised under local GAAP but not recognised under IFRS are another major source of deferred tax.

Movement for the period	In thousands of €
	Deferred tax
As at 31-12-2021	**147,488**
Deferred tax expenses – Profit & loss account	-9,666
Deferred tax expenses – other comprehensive income	5,726
As at 31-12-2022	**143,548**

Note 5.16. Trade and other payables

Trade and other liabilities			In thousands of €
	31-12-2022	31-12-2021	Change
Trade payables	60,357	36,095	24,262
Payroll and related items	39,517	32,915	6,602
Other payables	344,659	4,297	340,362
Total	**444,533**	**73,307**	**371,226**

The significant increase in other payables is related to the recognition of the exceptional solidarity contribution of €300 million.

Note 6. Financial instruments

Principles for managing financial risks

In the course of conducting its activities, the Fluxys Belgium group is exposed to credit and counterparty risks, liquidity and interest rate risks and market risks, all of which affect its assets and liabilities.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

The group may only use financial instruments for hedging, and not for speculative or trading purposes. All transactions are intended to meet the group's identified financial risks: no transaction may be entered into for the sole purpose of earning a speculative gain.

Cash management policy

The Fluxys Belgium group's cash is managed as part of a general policy and cash surpluses are invested with Fluxys SA under cash pooling agreements. By way of reminder, Fluxys SA centralises the management of the Fluxys group's cash funds and financing.

The objective of this policy is to optimise the group's cash positions. These transactions are entered into at market terms and conditions.

The group's financial policy stipulates that cash surpluses be maintained at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

At 31-12-2022, current and non-current investments, cash and cash equivalents amounted to €1,204,321 thousand compared to €497,969 thousand at the end of 2021.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score (rating). The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that three clients contribute respectively 18%, 12% and 11% of the operating revenue. The breakdown per segment of these latter is €224 million in transmission, €7 million in storage and €83 million in terminalling.

Interest rate risk

The group's debt mainly consists of fixed interest rate loans maturing between 2023 and 2034, the balance of which (including lease obligations) as at 31-12-2022 represents €1,172,041 thousand compared to €1,219,523 thousand at the end of 2021.

In addition, the group's interest-bearing liabilities include other financing and liabilities to be used within the regulatory framework. As explained in Note 5.11, part of these bear interest at a 10-year OLO rate and the remainder at the average Euribor 1-year rate. The group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative for the risk inherent in these financial instruments. Consequently, the Fluxys Belgium group's exposure to interest rate risk is very limited.

Liquidity Risk

Liquidity risk management is one of Fluxys Belgium group's main objectives. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The Fluxys Belgium group can call upon Fluxys SA in case of liquidity needs, under the cash pooling arrangements. By way of reminder, Fluxys centralises the management of the Fluxys group's cash funds and financing and has credit lines.

The maturity of interest-bearing liabilities is reported in Note 5.12.

Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents.

The following table gives an overview of financial instruments at 31 December 2022:

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2022	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets at amortised cost	A	107,595	97,804	1 & 2
Other financial assets at fair value through profit or loss	B	3,576	3,576	2
Lease receivables	A	0	0	2
Other receivables	A	15,144	15,144	2
II. Current assets				
Lease receivables	A	2,094	2,094	2
Trade and other receivables	A	164,299	164,299	2
Cash investments	A	26,113	26,397	2
Cash and cash equivalents	A	1,070,708	1,070,600	2
Total financial instruments – assets		**1,389,529**	**1,379,914**	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,115,772	1,036,002	2
Other financial liabilities	B	3,575	3,575	2
II. Current liabilities				
Interest-bearing liabilities	A	56,269	56,269	2
Trade and other payables	A	444,533	444,533	2
Total financial instruments - liabilities		**1,620,149**	**1,540,379**	

The categories correspond to the following financial instruments:

A. Financial assets or financial liabilities at amortised cost.

B. Assets or liabilities at fair value through profit or loss.

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2021	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets at amortised cost	A	85,388	85,242	1 & 2
Other financial assets at fair value through profit or loss	B	3,254	3,254	2
Other financial assets at fair value Lease receivables	A	2,094	2,094	2
Other receivables	A	9,144	9,144	2
II. Current assets				
Lease receivables	A	601	601	2
Trade and other receivables	A	90,446	90,446	2
Cash investments	A	45,740	45,740	2
Cash and cash equivalents	A	366,931	366,931	2
Total financial instruments – assets		**603,598**	**603,452**	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,162,091	1,221,689	2
Other financial liabilities	B	3,254	3,254	2
II. Current liabilities				
Interest-bearing liabilities	A	57,438	57,438	2
Trade and other payables	A	73,307	73,307	2
Total financial instruments - liabilities		**1,296,084**	**1,355,682**	

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

For the fair value measurement of Level 1, only quoted prices are used (without modification) for identical assets and liabilities in active markets. They mainly include bonds.

For the fair value measurement of Level 2, observable prices other than the quoted prices of Level 1 are used. The prices are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are the following:

- The items ‘Interest-bearing liabilities’ include the fixed-rate bonds issued by Fluxys Belgium, whose fair value is determined based on active market rates, usually provided by financial institutions.
- The fair value of other financial assets and liabilities categorised under level 2 is largely identical to their book value:
  - because they have a short-term maturity (such as trade receivables and payables),
  - except for depreciated assets following the increase in interest rates

Note 7. Contingent assets and liabilities – rights and liabilities of the group

Note 7.1. Litigation

Ghislenghien

As announced in 2011, Fluxys Belgium has undertaken, in agreement with insurers and other responsible parties, to proceed with the final compensation of private victims of the accident at Ghislenghien in 2004. All the victims who have presented themselves to date and who were entitled to compensation have been compensated.

Compensation claim relating to the 'Open Rack Vaporiser' investment

A compensation claim for additional works was introduced by a supplier in the scope of the 'Open Rack Vaporiser' investment made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate is available at this stage. No provision has therefore been recognised as at 31-12-2022.

Other proceedings

Other legal proceedings related to the operation of our facilities are in progress, but their expected impact is immaterial and/or such proceedings are being put on hold

Note 7.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business, the Fluxys Belgium group holds gas belonging to its customers at its storage sites in Loenhout, in the pipelines and in the tanks at the LNG terminal in Zeebrugge.

Note 7.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. At 31 December 2022, the guarantees received amounted to €191,434 thousand. The expected credit losses on guarantees received are not very material for the Fluxys Belgium group.

Note 7.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees in favour of the owners of assets located in Belgium and leased by the group amounted to €10 thousand as at 31-12-2022.

Other guarantees amounted to €183 thousand as at 31-12-2022.

Note 7.5. Commitments with regard to the Interconnector Zeebrugge Terminal (IZT)

The IZT lease contract includes a purchase option for the lessee that can be exercised on 1 October 2023 for an amount of €1,643 thousand.

As part of this transaction, surface rights have been attributed.

Note 7.6. Commitments under terminalling service contracts

The Capacity Subscription Agreements (CSA) entered into with the users of the Zeebrugge LNG terminal provide for 110 mooring windows (slots) per contract until 2023 and 88 docking windows per contract until 2027.

During the binding window of an Open Season which was held at the end of 2020 for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year (or c. 10.5 GWh/h) capacity on offer had been subscribed. On this basis, Fluxys LNG has taken the final investment decision to build the additional infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from early 2024, a total additional capacity of 4.7 million tonnes per year will already be offered,
- as from early 2026, the full additional capacity of 6 million tonnes per year will be offered.

In 2019, in addition to the aforementioned contracts, a new long-term contract was entered into with Qatar Petroleum, subsidiary of Qatar Terminal Limited (QTL), for the remaining unloading slots until 2039 with extension option until 2044.

In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium. This contract has entered into effect upon the commissioning of the 5th storage tank in the Zeebrugge LNG terminal at the end of 2019.

Note 7.7. Other commitments

Other commitments have been made and received by the Fluxys Belgium group, but their potential impact is immaterial.

Note 8. Related parties

Fluxys Belgium and its subsidiaries are controlled by Fluxys, which is itself controlled by Publigas.

The consolidated financial statements include transactions performed by Fluxys Belgium and its subsidiaries in the normal course of their activities with unconsolidated related companies or associates. These transactions take place under market conditions and mainly involve transactions realised with Fluxys SA and Fluxys Europe (administrative services, IT and housing services and the management of cash funds and financing), Interconnector (UK) (inspection and repair services), IZT (IZT lease and facilities operation and maintenance services), Dunkerque LNG (IT development and other services), Gaz-Opale (terminalling services), Balansys (balancing operator), Fluxys TENP, FluxSwiss and Flux Re (reinsurance).

Other related parties in the following tables concern other entities of the Fluxys group, in which Fluxys Belgium does not hold a stake.

Significant transactions with related parties as at 31.12.2022	Parent company	Joint arrange-ments	Other related parties	Total (in thousands of €)
I. Assets with related parties	**1,885,715**	**15,000**	**2,966**	**1,903,681**
1. Other financial assets	**0**	**15,000**	**0**	**15,000**
Loans	0	15,000	0	15,000
2. Financial lease receivables (current and non-current)	**0**	**0**	**2,094**	**2,094**
3. Trade and other receivables	**860,381**	**0**	**871**	**861,252**
Clients	860,381	0	871	861,252
4. Cash and cash equivalents	**1,025,334**	**0**	**0**	**1,025,334**
5. Other current assets	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**186,900**	**0**	**636**	**187,529**
1. Interest-bearing liabilities (current and non-current)	**186,812**	**0**	**0**	**186,812**
Other borrowings	186,812	0	0	186,812
2. Trade and other payables	**79**	**0**	**8**	**79**
Suppliers	0	0	0	0
Other payables	79	0	8	79
3. Other current liabilities	**9**	**0**	**629**	**638**
III. Transactions with related parties	**-4,605**	**1,888**	**21,334**	**18,617**
1. Services rendered and goods delivered	**4,207**	**1,888**	**21,513**	**27,608**
2. Services received (-)	**-1,806**	**0**	**-179**	**-1,985**
3. Net financial income	**-7,007**	**0**	**0**	**-7,007**
4. Directors's and senior executives' remuneration			**2,536**	**2,536**
Of which short-term benefits			2,149	2,149
Of which post-employment benefits			387	387

Significant transactions with related parties as at 31.12.2021				(in thousands of €)
	Parent company	Joint arrange-ments	Other related parties	Total
I. Assets with related parties	**320.254**	**9.000**	**5.311**	**334.565**
1. Other financial assets	**0**	**9.000**	**0**	**9.000**
Loans	0	9.000	0	9.000
2. Financial lease receivables (current and non-current)	**0**	**0**	**2.695**	**2.695**
3. Trade and other receivables	**0**	**0**	**2.602**	**2.602**
Clients	0	0	2.602	2.602
4. Cash and cash equivalents	**320.254**	**0**	**0**	**320.254**
5. Other current assets	**0**	**0**	**14**	**14**
II. Liabilities with related parties	**239.644**	**0**	**693**	**240.332**
1. Interest-bearing liabilities (current and non-current)	**239.391**	**0**	**0**	**239.391**
Other borrowings	239.391	0	0	239.391
2. Trade and other payables	**246**	**0**	**96**	**338**
Suppliers	193	0	91	284
Other payables	53	0	4	53
3. Other current liabilities	**7**	**0**	**597**	**604**
III. Transactions with related parties				
1. Services rendered and goods delivered	**2.451**	**1.220**	**20.057**	**23.728**
2. Services received (-)	**-2.172**	**0**	**-94**	**-2.266**
3. Net financial income	**-7.765**	**0**	**0**	**-7.765**
4. Directors's and senior executives' remuneration			**2.443**	**2.443**
Of which short-term benefits			2.078	2.078
Of which post-employment benefits			365	365

Note 9. Directors' and senior executives' remuneration

Pursuant to Article 10 of the Articles of Association, the Board of Directors of Fluxys Belgium SA comprises at least three and no more than 24 non-executive directors. Furthermore, the 'special share' grants to the Minister the right to appoint two representatives of the federal government in the Board of Directors. Currently, two representatives of the federal government attend the meetings of the Board of Directors and the Strategic Committee.

The ordinary general meeting has decided to set the remuneration of the directors and government representatives to a maximum of €360,000 (value 01-01-2007), to be allocated by the Board of Directors amongst its members, and to grant an attendance fee of €250 per meeting of the Board of Directors and advisory committees.

Pursuant to Article 15 of the Articles of Association of Fluxys Belgium, the Board of Directors is authorised to pay a special remuneration to directors who carry out special duties for the entity. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Belgium group has not granted any loans to directors. In addition, the directors have not entered into unusual or abnormal transactions with the group. No shares or share options have been granted to the directors.

For further information, the reader should refer to the Corporate Governance Declaration in the directors' report and to Note 8 'Related parties' for the breakdown of remuneration by category.

Note 10. Events after the balance sheet date

Based on the information available as of today, it is very difficult to estimate the economic impact of the war in Ukraine. Based on the current situation, the essential nature of the company's activities and its regulatory framework, we do not foresee any significant impact on the consolidated results of the Fluxys Belgium group in 2023.

Statutory accounts of Fluxys Belgium SA according to Belgian GAAP

Given the significance of the equity as well as the revenue of the parent entity in the consolidated financial statements, the publication of the detailed version of the annual accounts and the notes to the accounts in this brochure would, in the majority of cases, be redundant given the explanations found in the consolidated accounts.

Pursuant to Article 3:17 of the Companies Code, the decision was made to present only an abridged version of the Fluxys Belgium SA statutory annual accounts.

The statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys Belgium SA.

The statutory accounts of Fluxys Belgium SA and the audit opinion have been filed with the National Bank of Belgium. They are available on the Fluxys Belgium website (www.fluxys.com/belgium) and can also be obtained free of charge upon request at the following address:

Fluxys Belgium SA

Communication Department

Avenue des Arts 31, 1040 Brussels

Balance sheet

Assets	In thousands of €	
	31-12-2022	31-12-2021
Formation expenses	**1,265**	**1,423**
Fixed assets	**1,432,702**	**1,502,877**
Intangible assets	22,019	22,628
Property, plant and equipment	1,325,694	1,395,264
Financial fixed assets	84,989	84,985
Current assets	**1,114,083**	**443,107**
Amounts receivable after more than one year	15,144	9,144
Stock and contracts in progress	61,445	38,453
Amounts receivable within one year	156,913	82,058
Cash investments	0	0
Cash at bank and in hand	867,339	300,265
Deferred charges and accrued income	13,242	13,187
Total	**2,548,050**	**1,947,407**

Equity and liabilities	In thousands of €	
	31-12-2022	31-12-2021
Equity	**456,783**	**475,163**
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	258,498	287,049
Reserves	10,927	11,041
Accumulated profits (losses)	93,084	79,252
Capital subsidies	33,964	37,511
Provisions and deferred taxes	**15,361**	**16,872**
Provisions for liabilities and charges	3,177	3,468
Deferred tax	12,184	13,404
Amounts payable	**2,075,906**	**1,455,372**
Amounts payable after more than one year	921,383	942,106
Amounts payable within one year	560,408	203,391
Accrued charges and deferred income	594,115	309,875
Total	**2,548,050**	**1,947,407**

Income statement

Income statement	In thousands of €	
	31-12-2022	31-12-2021
Operating income	951,458	491,057
Operating charges	864,397	415,933
Operating profit	**87,061**	**75,124**
Financial income	50,418	46,661
Finance costs	30,233	28,062
Net financial income	**20,185**	**18,599**
Earnings before taxes	**107,246**	**93,723**
Transfer from deferred taxes	**1,220**	**1,259**
Income tax expenses	**-24,546**	**-23,417**
Net profit/loss for the period	**83,920**	**71,565**
Transfer to untaxed reserves	**114**	**114**
Profit for the period available for appropriation	**84,034**	**71,679**

Profit/loss appropriation

Appropriation account		In thousands of €
	31-12-2022	31-12-2021
Profit to be appropriated	**163,286**	**138,449**
Profit for the period available for appropriation	84,034	71,679
Profit carried forward from the previous period	79,252	66,770
Transfer from equity	**28,167**	**37,767**
From reserves	28,167	37,767
Transfer to equity	**0**	**0**
To the legal reserve	0	0
To the other reserves	0	0
Result to be carried forward	**93,084**	**79,252**
Profit to be carried forward	93,084	79,252
Profit to be distributed	**98,369**	**96,964**
Dividends	98,369	96,964
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, could be set at:	€ 0,980	€ 0.966

In 2022, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2022 is €1.40 per share (€0.980 net). It will be payable from 17 May 2023.

Capital at the end of the period

Capital at the end of the period	
	31-12-2022
Subscribed capital	
At the end of the previous period	60,272
At the end of the period	60,272
Capital represented by	
Registered shares	62,351,736
Dematerialised shares	7,911,765

Structure of shareholders				
Declarant	Date of declaration	Type	Number of voting rights declared	%
Fluxys	13-12-2017	B/D	63,237,240	90,00

The Belgian State holds one specific share.

Income taxes

Income taxes	In thousands of €
	31-12-2022
Breakdown of heading 670/3	
Income taxes on the result of the current period	**24,318**
Taxes and withholding taxes due or paid	24,320
Excess of income tax prepayments	-2
Estimated additional taxes	0
Income taxes on previous periods	**228**
Additional taxes due or paid	228
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**107,246**
Permanent differences:	**-9,975**
Definitively taxed income	-43,678
Non-deductible expenses and hidden reserves	5,300
Notional interest	0
Taxable reserves	32,675
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	114
Transfer from deferred taxes	1,220
Deductible innovation revenue	-5,400
Provisions non déductibles	0
Hidden reserves	-206
Total	**97,271**

Workforce

ONSS N°: 030012851238
Joint Commission N°: 326

Headcount

A. Employees recorded in the personnel register

1a. During the current period	Total	Men	Women
Average number of employees			
Full time	743.9	642.5	101.4
Part-time	121.1	68.8	52.3
Total in full-time equivalents (FTE)	836.0	695.0	141.0
Number of hours actually worked			
Full time	1,115,586	964,683	150,903
Part-time	137,922	77,155	60,767
Total	1,253,508	1,041,838	211,670
Employee expenses			
Full time	105,634,555	93,574,622	12,059,933
Part-time	16,238,345	10,017,343	6,221,002
Total	121,872,900	103,591,965	18,280,935
Advantages in addition to wages	1,905,640	1,619,794	285,846

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	835.3	688.2	147.1
Number of hours actually worked	1,274,610	1,047,607	227,003
Employee expenses	109,313,981	92,578,011	16,735,970
Advantages in addition to wages	2,095,665	1,774,819	320,846

2. At the closing of the period			
	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	**767**	**123**	**861.0**
b. By nature of the employment contract			
Contract for an indefinite period	752	123	846.0
Contract for a definite period	15	0	15.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. According to gender and study level			
Men	663	71	717.5
Primary education	0	0	0.0
Secondary education	267	39	298.0
Higher non-university education	169	11	177.2
University education	227	21	242.3
Women	104	52	143.5
Primary education	0	0	0.0
Secondary education	17	11	25.3
Higher non-university education	41	27	61.8
University education	46	14	56.4
d. By professional category			
Management	290	31	313.1
Employees	477	92	547.9
Workers	0	0	0.0
Other	0	0	0.0

*full-time equivalent

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Personnel placed at disposal of the entity
Average number of persons employed	6.7	0
Number of hours actually worked	13,222	0
Costs for the enterprise	488,028	0

Table of movements in personnel during the period

	Full time	Part time	Total FTE*
Entries			
a. Employees recorded in the personnel register	**85**	**1**	**85.8**
b. By nature of the employment contract			
Contract for an indefinite period	72	1	72.8
Contract for a definite period	13	0	13.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	**60**	**5**	**62.8**
b. By nature of the employment contract			
Contract for an indefinite period	46	4	48.2
Contract for a definite period	14	1	14.6
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By reason of termination of contract			
Retirement	13	2	14.0
Early retirement	0	0	0.0
Dismissal	8	1	8.8
Other reason	39	2	40.0
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

*full-time equivalent

Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	715	162
Number of actual training hours	20,922	2,920
Net costs for the enterprise	3,461,285	483,320
Of which gross costs directly linked to training	3,461,285	483,320
Of which fees paid and payments to collective funds	0	0
Of which subsidies and other financial advantages received (to deduct)	0	0
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	580	132
Number of actual training hours	7,304	1,623
Net costs for the enterprise	619,999	124,700
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0	0
Number of actual training hours	0	0
Net costs for the enterprise	0	0

Statutory auditor's report and declaration by responsible persons

Statutory auditor's report to the General Meeting of Fluxys Belgium NV for the financial year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of Fluxys Belgium NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 10 May 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2024. We performed the audit of the Consolidated Financial Statements of the Group during 4 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys Belgium NV, that comprise of the consolidated balance sheet on

31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 3.406,6 million and of which the consolidated income statement shows a profit for the year of € 83,7 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Calculation of the net profit under the regulatory framework

Description

As described in chapter 'Legal and regulatory framework' of the annual report and note 5.12 of the Consolidated Financial Statements, a regulated tariff mechanism is applied to the transportation of gas (gas flows within Belgium and border-to-border flows), the storage of gas and for LNG terminalling activities. For these activities, the net result is determined by applying calculation methods imposed by the Belgian regulator, the Commission for Electricity and Gas Regulation (the "CREG") (together the "Tariff Mechanism").

The Tariff Mechanism is based on calculation methods that are complex and that require the use of parameters (the Beta of the regulated activity of the Group, return on equity, ...), and of accounting data of the regulated activities (the Regulated Asset Base, the regulated equity, capital expenditures ("CAPEX") and subsidies received). In addition, for extension investments on LNG installations performed since 2004, the Tariff Mechanism provides in a specific calculation method whereby the return is determined following an IRR formula (Internal Rate of Return) as determined by the CREG.

The Tariff Mechanism makes a distinction between manageable and non-manageable costs. Deviations from the estimated value of non-manageable costs are fully allocated to the regulatory assets or liabilities (future tariffs). The manageable costs are costs over which the Group has control, and whereby deviations are distributed between the shareholders of the Group and future tariffs.

Therefore, the calculation methods of the Group's net result are complex and require judgements from management, more particularly with respect to the use of correct accounting data and parameters as imposed by the regulator. The use of incorrect accounting data, and deviations in assumptions, can have a material impact on the Group's net result.

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and implementation of key internal controls relating to the calculation of the net result, including those related to (i) the completeness and accuracy of the underlying data used in the calculation and (ii) management review controls;
- Evaluating the adequate and consistent classification of operating costs by nature (manageable and non-manageable) as described in the Tariff Mechanism;
- Performing independent recalculations of the net results for the respective regulated activities based on underlying internal documentation and externally available information, and taking into account the formulas as described in the Tariff Mechanism;
- Evaluating communication with the CREG, including assessment of the accounting implications of communications and decisions taken by the CREG;
- Assessing the adequacy of the disclosures (chapter 'Legal and regulatory framework' of the annual report and note 5.12 in the Consolidated Financial Statements).

Capitalisation and useful life of property, plant and equipment

Description

Property, plant and equipment amounts to 54% of the consolidated balance sheet of the Group, with a total capital expenditure ('CAPEX') of € 105,5 million in 2022 and a net book value of € 1.855,4 million as at 31 December 2022. Property, plant and equipment form the most important basis for the Regulated Asset Base ("RAB"). Depreciations are classified as non-manageable operating cost and thus have an important impact on the tariffs. The economical useful life, as accepted by the regulator CREG, impacts the depreciations.

As a result of the importance of property, plant and equipment on the total balance sheet and on the regulated result, and given its relevance to the users of the Consolidated Financial Statements, this topic is considered a key audit matter.

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and the implementation of key internal controls, including management assessment over the appropriate authorization of the investment, the compliance of the investment with the capitalization criteria in the accounting policies, and the correct classification of expenditures either as CAPEX or as operating expenses ('OPEX').
- Performing substantive analytical procedures on CAPEX and OPEX by comparing current year figures with the budgeted figures as approved by the regulator at the level of asset classes and projects;
- Testing a selection of additions to property, plant and equipment, assessing whether the expenditure meets the criteria for capitalization under IFRS as adopted by the European Union and under the Group's accounting policies, recalculation of depreciation charges, analyzing whether the investments are allocated to the correct activity, and reconciling the net book value of property, plant and equipment to the RAB;
- Evaluation, based on communication with the regulator, whether there have been changes in the useful life of assets during the period which should be included in the accounts.
- Assessing the adequacy of the disclosures in notes 2.6 and 5.1 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Chapter 'Legal and regulatory framework' (page 38)
- Financial situation: consolidated key financial data (page 52)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the annual report. The Company has prepared the Group's non-financial information based on the reporting guidelines of the Global Reporting Initiative standards ("GRI"). However, in accordance with article 3:80 § 1, 5° of the Code of companies and associations, we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI framework.

As requested by the Company, we have issued a separate limited assurance report on a selection of environmental and social Key Performance Indicators ("KPI's") in accordance with the International Standard on Assurance Engagements ISAE 3000. We do not express any assurance on the KPI's not covered by our separate limited assurance report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of Fluxys Belgium NV per 31 December 2022 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 30 March 2023

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Wim Van Gasse *

Partner

*Acting on behalf of a BV/SRL

23WVG0071

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2022

We hereby attest that to our knowledge:

- Fluxys Belgium' financial statements, drawn up in accordance with the applicable accounting standards, give a true and fair view of the company's assets, liabilities, financial position and profit or loss as well as those of the companies included in the consolidation scope;
- the annual report gives a true and fair view of the development and performance of the business and of the position of the company itself and of the companies included in the consolidation scope, together with a description of the principal risks and uncertainties that they face.

Brussels, 29 March 2023

Christian Leclercq	Pascal De Buck
Member of the Executive Board	Managing Director
Chief Financial Officer	Chief Executive Officer

Glossary

Pertinence of published financial ratios (see 'Financial situation: key statistics, p. 48)

The Fluxys Belgium group continually evaluates its financial solidity, in particular using the following financial ratios:

- **Solvency:** The ratio between net financial debt and the sum of equity and net financial debt indicates the solidity of the Fluxys group's financial structure.
- **Interest coverage:** The ratio between the FFO, before interest expenses, and interest expenses represents the group's capacity to cover its interest expenses thanks to its operating activities.
- **Net financial debt/extended RAB:** This ratio expresses the share of the extended RAB financed by external debt.
- **FFO/Net financial debt:** This ratio is used to determine the group's capacity to pay off its debts based on cash generated by its operating activities.
- **RCF/Net financial debt:** This ratio is used to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

Definition of indicators

Other property, plant and equipment investments outside the RAB

Average combined investments in property, plant and equipment linked to the extensions to the Zeebrugge LNG terminal and in unregulated activities.

Net finance costs

Interest charges less financial income from lease contracts, interest on investments and cash equivalents and other interest received, excluding interest on regulatory assets and liabilities.

Interest expenses

Interest expenses on debts (including interest charges on leasing debts), less interest on regulatory liabilities.

EBIT

Earnings Before Interests and Taxes or operating profit/loss from continuing operations plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBIT is used to monitor the operational performance of the group over time.

EBITDA

Earnings Before Interests, Taxes, Depreciation and Amortisation or operating profit/loss from continuing operations, before depreciation, amortisation, impairment and provisions, plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBITDA is used to monitor the operational performance of the group over time, without considering non-cash expenses.

Net financial debt

Interest-bearing liabilities (including leases), less regulatory liabilities, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the other 25% is considered as reserve for operational needs and therefore not available for investments). This indicator gives an idea about the amount of interest bearing debt that would remain if all available cash would be used to reimburse loans. In order to reflect reality more accurately, the exceptional solidarity contribution of €300 million has been removed from the cash position when calculating net financial debt. Indeed, this debt was recognised on 31 December whereas it was paid in January 2023, which has a significant influence on the calculation.

FFO

Funds from Operations or profit/loss from continuing operations, excluding changes in regulatory assets and liabilities, before depreciation, amortisation, impairment and provisions, to which dividends received from associates and joint ventures and unconsolidated entities are added, and from which net financial expenses and current tax are deducted. This ratio indicates the cash generated by operational activities and thus the capacity of the group to reimburse its debts and to invest but also to pay dividends.

RAB

Average Regulatory Asset Base, or average value of the regulated asset base for the year. The RAB is a regulatory concept which contains the assets on which a regulatory return is granted, as regulated by the CREG.

Extended RAB

Total of the RAB and other property, plant and equipment investments outside the RAB.

RCF

Retained Cash-Flow or FFO, less dividends paid. This ratio indicates the cash generated by operational activities, but after payment of the dividends. It thus shows the remaining net capacity of the group to reimburse its debts and to invest.

WACC

Weighted Average Cost of Capital, which reflects the authorised return on RAB under the regulation.

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
Operating profit/loss	147,305	137,821	
Depreciations	168,051	173,993	
Provisions	-6,993	7,070	
Impairment losses	14,804	21	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBITDA in thousands of €	**323,167**	**318,905**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
Operating profit/loss	147,305	137,821	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBIT in thousands of €	**147,305**	**137,821**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
Financial income from lease contracts	56	60	
Interest income on investments, cash and cash equivalents	3,970	927	
Other interest income	83	30	
Borrowing interest costs	-39,292	-37,338	
Borrowing interest cost on leasing	-890	-983	
Interest on regulatory assets and liabilities	5,230	1,779	
Net financial expenses in thousands of €	**-30,843**	**-35,525**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
Borrowing interest costs	-39,292	-37,338	
Borrowing interest costs on leasing	-890	-983	
Interest on regulatory liabilities	5,230	1,779	
Interest expenses in thousands of €	**-34,952**	**-36,542**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
Operating profit/loss	147,305	137,821	
Operating revenue - Movements in regulatory assets and liabilities	456,225	-36,095	
Depreciations	168,051	173,993	
Provisions	-6,993	7,070	
Impairment losses	14,804	21	
Inflows related to associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
Net financial expenses	-30,843	-35,525	
Current tax	-35,730	-37,137	
FFO in thousands of €	**712,819**	**210,148**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2022	31.12.2021	Notes
FFO	712,819	210,148	
Dividends paid	-96,964	-96,262	E – consolidated statement of cash flows
RCF in thousands of	**615,855**	**113,886**	

Fluxys Belgium consolidated balance sheet in thousands of €	31.12.2022	31.12.2021
Non-current interest-bearing liabilities	1,115,772	1,162,091
Current interest-bearing liabilities	56,269	57,432
Other financing (current)	0	0*
Other financing (non-current)	0	0*
Other liabilities (current)	0	0*
Other liabilities (non-current)	0	0*
Cash investments (75%)	-19,585	-34,305
Cash and cash equivalents (75%)	-578,031	-275,198
Other financial assets (75%)	-80,625	-63,974
Net financial debt in thousands of €	**493,800**	**846,046**

*From 2021, the regulatory liabilities are presented as a separate line item on the balance sheet (including in the comparative figures). See note 1f of the annual report for further explanations.

Fluxys Belgium consolidated balance sheet in millions of €	31.12.2022	31.12.2021
Transmission	2,059,1	2,047.5
Storage	228,0	228.8
LNG terminalling	305,7	303.0
RAB in millions of €	**2,592,8**	**2,579.4**
Other tangible investments outside RAB	417,7	410.4
Extended RAB in millions of €	**3,010,6**	**2,989.7**

In Belgium, the Regulated Asset Base (RAB) is determined based on the average book value of the fixed assets for the period, plus essentially the accounting amortisations accumulated on the revaluation surpluses. The calculation is in line with the tariff methodology published by the CREG.

Welfare contribution in thousands of €	31.12.2022	31.12.2021	Notes
Dividends paid	96,264	96,262	D. Consolidated statement of changes in equity
Financial income	-4,589	-1,142	4.3
Financial expenses	40,805	38,375	4.4
Goods & consumables	5,582	3,422	4.2.1
Services & miscellaneous goods	465,521	146,348	4.2.2
Employee benefits	132,931	112,549	4.2.3
Taxes and duties paid	35,066	36,938	4.5.1
Lease agreements	5,641	5,874	4.2.5 & 4.4
Welfare contribution in thousands of €	**777,221**	**438,626**	

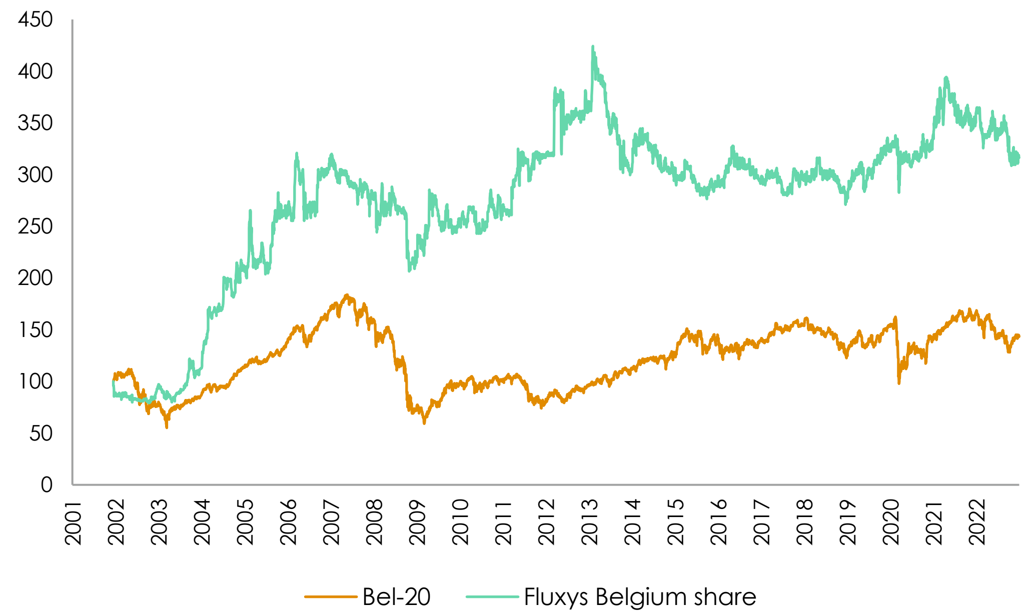
Shareholder's guide

Shareholder's calendar

09.05.2023	General Meeting
17.05.2023	Payment of dividend
28.09.2023	Press release from the Board of Directors on the half-yearly results in accordance with IFRS

Payment of dividend

The gross dividend per share amounts to €1.40 for the 2022 financial year (€0.980 net), compared to €1.38 (€0.966 net) for 2021. The recurring dividend is primarily determined on the basis of equity invested, the financial structure, the risk-free interest rates.



Evolution of Fluxys Belgium share price – BEL 20
(Share price 13-12-2001 = base 100%)

Questions about accounting data
Filip De Boeck
+32 2 282 79 89 – filip.deboeck@fluxys.com

Press contacts
+32 471 95 00 – press@fluxys.com

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Fluxys Belgium
Avenue des Arts 31 – 1040 Brussels
+32 2 282 72 11 – www.fluxys.com/belgium
VAT BE 0402.954.628 – RPM Bruxelles
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https://be.linkedin.com/company/fluxys
@FluxysBelgiumFR
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