ELIA GROUP SA/NV
Incorporated with limited liability (naamloze vennootschap/société anonyme) in the Kingdom of Belgium Enterprise number 0476.388.378- RPR Brussels
EUR500,000,000 Fixed Rate Reset Undated Subordinated Securities
Issue price: 99.921 per cent.

Elia Group SA/NV (the "**Issuer**") which is incorporated with limited liability *(naamloze vennootschap/société anonyme)* in the Kingdom of Belgium with its registered office at Keizerslaan 20, 1000 Brussels, Belgium, is offering EUR500,000,000 Fixed Rate Reset Undated Subordinated Securities (the "**Securities**"). The Securities will be issued in the principal amount of EUR100,000 each.

Interest will accrue on the Securities from (and including) 15 March 2023 (the "**Issue Date**") to (but excluding) 15 June 2028 (the "**First Reset Date**") at a rate of 5.850 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in the terms and conditions of the Securities (the "**Conditions**")). Interest on the Securities will (subject to the option of the Issuer to defer payments, as provided below) be payable annually in arrear on 15 June in each year from (and including) 15 June 2023. There will be a short first Interest Period. See Condition 3.

Payments of interest on the Securities may, at the option of the Issuer, be deferred in whole or in part, as set out in Condition 4(a). Any such deferred interest shall itself bear interest. Arrears of Interest may be paid, in whole or in part, at any time at the option of the Issuer (upon notice to the holders of the Securities (the "**Holders**")), and must be paid, in whole but not in part, in the circumstances provided in Condition 4(b)(ii). See Condition 4.

Unless redeemed, repaid or repurchased and cancelled by the Issuer in accordance with the Conditions, the Securities shall continue to bear interest in perpetuity. The Issuer will have the right to redeem the Securities in whole, but not in part, on (a) any date from (and including) 15 March 2028 (the "**First Call Date**") to (and including) the First Reset Date or (b) any Interest Payment Date thereafter at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date. The Issuer will also have the right to redeem the Securities in whole, but not in part, at any time other than on a Par Call Date (as defined in the Conditions), at the Make-Whole Redemption Amount. The Issuer may also redeem the Securities upon the occurrence of a Special Event (as defined in the Conditions) and may in certain circumstances vary the terms of, or substitute, the Securities, all as set out in the Conditions. See Conditions 5, 6 and 7.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "*Securities Act*") or with any securities regulatory authority of any state or 'other jurisdiction of the United States. The Securities are being offered and sold outside the United States in accordance with Regulation S under the Securities Act ("*Regulation* S"), and may not be offered and sold or delivered within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Application has been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. This Information Memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019. References in this Information Memorandum to the Securities being **listed** (and all related references) shall mean that the Securities have been admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF market is neither a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") nor a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of United Kingdom (**UK**) domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") ("**UK MiFIR**").

MiFID II product governance / Professional investors and eligible counterparties only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional

clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and eligible counterparties only target market - Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation/ PROHIBITION OF SALES TO EEA RETAIL INVESTORS -The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (II) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation/ PROHIBITION OF SALES TO UK RETAIL INVESTORS -The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In addition, the Securities are not intended to be, and should not be, advertised, offered, sold or resold, transferred, delivered or otherwise made available to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*) dated 28 February 2013, as amended from time to time (the "**Belgian Code of Economic Law**").

The Issuer has been rated BBB+ with negative outlook by S&P Global Ratings Europe Limited ("**S&P**"). The Securities have been rated BBB- by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. S&P is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. S&P is neither established in the UK nor registered under the CRA Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). However, S&P Global Ratings UK Limited, which is established in the UK and registered under the UK CRA Regulation, has endorsed the global sale ratings assigned by its non-UK affiliates, including S&P.

The Securities will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Code des Sociétés et des Associations*/*Wetboek van Vennootschappen en Verenigingen*) (the "**Belgian Companies and Associations Code**") and cannot be physically delivered. The Securities will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB System**"). The Securities may be held only by, and transferred only to, Eligible Investors (referred to in Article

4 of the Belgian Royal Decree of 26 May 1994) holding their Securities in an exempt securities account ("**X Account**") that has been opened with a financial institution that is a direct or indirect participant in the NBB System. Access to the NBB System is available through those of its NBB System participants whose membership extends to securities such as the Securities. NBB System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**"), Euroclear France SA ("**Euroclear France**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Euronext Securities Milan (formerly Monte Titoli S.p.A.) ("**Euronext Securities Milan**"), Euronext Securities Porto (formerly Interbolsa, S.A., relayed link via Euroclear France) ("**Euronext Securities Porto**") and LuxCSD S.A. ("**LuxCSD**"). Accordingly, the Securities will be eligible to clear through, and therefore accepted by, Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD and investors may hold their Securities within securities accounts in Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD and through other financial intermediaries which in turn hold the Securities through Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD or other participants in the NBB System.

The Securities and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, English law (except for Conditions 1, 2 and 13 and any non-contractual obligations arising therefrom or in connection therewith, which shall be governed by the laws of the Kingdom of Belgium).

An investment in Securities involves certain risks. Before making any investment decision, prospective investors are invited to read the Information Memorandum in its entirety and in particular the factors described under the heading "**Risk Factors**" **on page 8 of the Information Memorandum.**

Global-Coordinator and Structuring Advisor

Citigroup

Joint Bookrunners

BNP PARIBAS **Citigroup**

NatWest Markets

The date of this Information Memorandum is 13 March 2023.

IMPORTANT INFORMATION

This Information Memorandum has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Securities which, according to the particular nature of the Issuer and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and shall be read and construed on the basis that such documents are incorporated and form part of this Information Memorandum.

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BNP Paribas, Citigroup Global Markets Limited or NatWest Markets N.V. as joint bookrunners (the "**Joint Bookrunners**") as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Securities. No Joint Bookrunner accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Securities or their distribution.

No person is or has been authorised by the Issuer or any Joint Bookrunner to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners.

Neither this Information Memorandum nor any other information supplied in connection with the offering of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Information Memorandum or any other information supplied in connection with the offering of the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the offering of the Securities constitutes an offer or invitation, by or on behalf of the Issuer or any of the Joint Bookrunners, to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of the Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Securities or to advise any investor in the Securities of any information coming to their attention. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Securities.

The Securities have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Securities and on the distribution of this Information Memorandum, see "*Subscription and Sale*" below.

None of the Issuer, the Joint Bookrunners and any of their respective representatives is making any representation to any offeree or purchaser of the Securities regarding the legality of an investment in the Securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in this Information Memorandum as legal, tax, business or financial advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Securities.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS INFORMATION MEMORANDUM AND OFFERS OF SECURITIES GENERALLY

This Information Memorandum has been approved for the purposes of the admission to trading of the Securities on the Euro MTF market of the Luxembourg Stock Exchange and the listing on the Official List of the Luxembourg Stock Exchange and does not constitute an offer to sell or the solicitation of an offer to buy the Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of the Securities may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this Information Memorandum may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of the Securities or the distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Securities in the United States, the UK and the EEA; see "*Subscription and Sale*".

STABILISATION

In connection with the issue of the Securities, Citigroup Global Markets Limited as stabilisation manager (the "*Stabilisation Manager*") (or persons acting on behalf of the Stabilisation Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

PRESENTATION OF INFORMATION AND INTERPRETATION

The language of this Information Memorandum is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Information Memorandum.

All references in this Information Memorandum to **euro, EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Capitalised terms used in this Information Memorandum but not otherwise defined in any particular section of this Information Memorandum will have the meanings attributed to them in the Conditions.

In this Information Memorandum, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

SUITABILITY OF INVESTMENT

The Securities are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Information Memorandum or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Securities and be familiar with the behaviour of any relevant financial markets; and

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prospective investors should consult their tax advisers as to the tax consequences of the purchase, ownership and disposition of the Securities.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

The Securities may only be held by, and may only be transferred to, Eligible Investors (as defined in the Conditions) holding their Securities in an exempt account that has been opened with a financial institution that is a direct or indirect participant in the NBB System.

CONTENTS

RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Information Memorandum. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The business of the Issuer, its financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Securities. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Securities. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Securities are set out, in the section "Description of the Issuer", amongst other places. The order of presentation of the risk factors in this Information Memorandum is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Securities.

*Any reference to the "**Group**" should be construed as a reference to the Issuer and its subsidiaries. Words and expressions defined in the "Terms and Conditions of the Securities" below or elsewhere in this Information Memorandum shall have the same meanings in this section.*

Risks related to the regulatory environment in which the Group operates

The Group is subject to an extensive set of regulations and its income is in large part dependent on the applicable tariff methodology in its core markets, which is subject to potential changes and periodic revisions

As operator of the electricity transmission system, the Group is subject to an extensive set of European, federal and regional legislation and regulations and supervision, including in relation to the transmission tariffs which apply to the use of the transmission system. Such legislation and regulation, as well as the interpretation thereof by competent bodies, is subject to changes and evolution over time, in part to give effect to a changing environment and societal expectations. Any unplanned or adverse changes in the regulatory framework or diverting interpretations in regulatory, legal or policy mechanisms (including in relation to the tariffs, incentives, renewable energy targets and operating rules) could conflict with the Group's existing and envisioned strategy and have a significant financial and organisational impact on the Group.

Approximately 94 per cent. of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. These are determined by the tariff methodology which is set by regulators, typically for periods of four years in Belgium and five years in Germany. In addition, some parameters for the determination of the regulatory return of the regulated subsidiaries of the Issuer are subject to specific uncertainties which may negatively impact the Group's profit and financial position.

Tariff-setting regulations - Belgium

The vast majority of revenues (approximately 98.0 per cent. in 2022) and profits (approximately 99 per cent. in 2021) of Elia Transmission Belgium SA/NV ("**ETB**") are generated by the network tariffs set pursuant to the legislation in force and to the tariff methodology established by the Commission for Electricity and Gas Regulation (*Commissie voor de Regulering van de Elektriciteit en het Gas/Commission de Régulation de l'Électricité et du Gaz*) (the "**CREG**"), which in turn is based on tariff guidelines set out in the law of 29 April 1999 "*relative à l'organisation du marché de l'électricité" / "betreffende de organisatie van de elektriciteitsmarkt*" (the "**Electricity Law**"). The current tariff methodology will apply until the end of 2023. Future changes to the Belgian federal regulatory

framework may have a negative impact on the Issuer's profitability and activities (see "*Description of the Issuer – The Belgian regulatory framework*").

The new tariff methodology applicable to the next four-year period from 2024 (2024-2027) was adopted by the CREG on 30 June 2022. The new methodology is based on largely the same drivers as those stipulated in the tariff methodology for the period 2020-2023, subject to certain changes (see "*Description of the Issuer – Tariffs methodology applicable for the period 2024-2027*"). Some of the parameters and elements of the methodology may be subject to specific uncertainties and interpretation issues that could have a positive or negative impact on the Group's financial position. The CREG is expected to approve the tariffs (based on a proposal by ETB) for the next regulatory period (2024-2027) before the end of the year 2023. A tariff methodology that allows for a lower remuneration would have a negative impact on the Group's financial position. The remuneration is based on a number of parameters and incentives which could each have a positive or negative impact. Nevertheless, a decrease of the return on equity as a result of the new regulatory framework could, in turn, negatively impact the profitability and the financial position of the Group. Moreover, if ETB would no longer be able to meet the equity/debt target ratio of 40/60 due to a lack of support of the major shareholder (being the Issuer) resulting from undersupply by the investors in the equity capital market, the profitability of the Issuer as well as its credit rating profile could be impacted (see "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*"). Based on the parameters as currently described in the methodology for the period from 2024 to 2027, the average regulatory return on equity for that period is expected to be around 5.7 per cent., depending in part on the actual results and performance in relation to the various incentives and assuming a predefined regulatory gearing equity/debt target ratio of 40/60 (see "*Description of the Issuer – Tariffs methodology applicable for the tariff period 2024-2027*").

Tariff-setting regulations – Germany

Almost the entire profit of 50Hertz Transmission GmbH ("50Hertz") as a German Transmission System Operator ("**TSO**") (99 per cent.) and revenues (99 per cent.) is generated from regulated activities via network user charges and revenue from offshore activities which are subject to regulation by the German national regulatory authority, the Federal Network Agency (*Bundesnetzagentur* – "**BNetzA**"). The two main sources of profit from regulated activities are the network user charges for access to and usage of the 50Hertz transmission system based on an annual revenue cap (onshore) and the revenues for the recovery of costs incurred by 50Hertz due to the obligation to connect offshore windfarms (so-called '*Offshore-Netzumlage' or 'revenue from offshore regulation*') (the "**Offshore Grid Surcharge**").

The decisions made and the actions taken by the BNetzA in relation thereto may have a negative impact on 50Hertz and thus the Issuer (see "*Description of the Issuer – Tariff setting in Germany*"). These tariffs and offshore revenues are subject to several regulations and can have a direct impact on the profitability of the German activities of the Issuer and hence on the Issuer's own financial performance. Changes to the regulatory parameters (e.g. allowed return on equity, individual efficiency and general productivity factor) could impact the profitability of the German regulated activities. For example, the regulatory return on equity has been reduced from 6.91 per cent. (pre-tax) to 5.07 per cent. (pre-tax) for assets commissioned after 2006, as from the next regulatory period 2024-2028. This will result in a decrease of approximately 2 per cent. in total return on equity for the period 2024-2028, which will be partially mitigated by a continuous focus on operational efficiency and the transitional arrangement to the capital cost adjustment ("Kapitalkostenabgleich" or "**KKA**") model. A decrease of the return on equity as a result of the new regulatory framework could also negatively impact the profitability and the financial position of the Group. In case 50Hertz would deviate from the predefined target equity/debt ratio (i.e., the regulatory gearing) due to a lack of support of the major shareholder resulting from undersupply by the investors in the equity capital market, the profitability of the Issuer as well as its credit rating profile could be impacted. See section "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial*

position". Finally, it is expected that BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality requirements will increase. Although impact on 50Hertz resulting from these upcoming changes in the German legislation cannot be assessed yet as the timing and details of the changes to the legal framework are not known yet, there is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz's financial result for the onshore or offshore business, respectively.

Tariff-setting regulations – Nemo Link

A specific regulatory framework is applicable to the Nemo Link interconnector from its date of operation which occurred on 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the minimum and maximum return levels (below and above which revenue flows from and to the national operators ETB and National Grid) ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime (see "*Description of the Issuer – Regulatory framework for interconnector Nemo Link*").

While this cap and floor regime gives a high level of certainty about future return levels, some incidents, such as but not limited to a long-term unavailability (below 80 per cent. availability) of the interconnector, would result in Nemo Link not being entitled to the cap and floor regime in that period. Nemo Link is taking mitigating actions to prevent such incidents and/or to reduce their impact and duration, but these uncertainties cannot be fully excluded.

The TSO permits and certifications which are necessary for the Group's operations may be revoked or modified

The operation of the regulated activities of the Group depends on licenses, authorizations, exemptions and dispensations. Approximately 94 per cent. of the Group's revenues is generated by the tariffs which apply to the electricity networks it operates. Such licenses, authorizations, exemptions and dispensations may be withdrawn or amended or additional conditions may be imposed on the regulated activities of the Group. Any such withdrawal or amendment or the imposition of any additional conditions could affect the revenue, profits and financial position of the Group.

Given the specificity of the asset and the fact that no procedure or rules are spelled out in applicable regulations in case of a revocation or modification of the TSO license, it is very difficult to predict or describe all possible scenarios. Accordingly, while considered very unlikely, in case of a final revocation or non-renewal of any of its licenses, ad hoc arrangements would have to be entered into in relation to the relevant electricity network assets owned by the Group in order to enable another party which would be appointed in lieu to operate such assets, and the relevant TSO would no longer be entitled to the regulated income in relation thereto. This would, however, raise a number of very complex issues in relation to further maintenance, personnel and future investments. To avoid such complexities, a more plausible scenario in the unlikely event that any license or permit would be revoked or not renewed is that the authorities would impose additional or new requirements or that this would delay the Group's contemplated investment plan.

<u>Belgium</u>

To date, ETB is the only entity which meets the relevant conditions to be appointed as TSO. To execute its activities of TSO, ETB has four licenses (see "*Description of the Issuer – Introduction*"). Any of these can be revoked earlier if ETB would fail to maintain the human, technical and financial resources to guarantee the continuous and reliable operation of the grid in accordance with applicable legislation or the unbundling obligations described in Article 9 of the Electricity Law and the regional legislation.

ETB was confirmed as the Belgian TSO with effect from 31 December 2019 by different public entities (the federal and Walloon governments for a period of 20 years, the Brussels' government for a period of 20 years, and the Flemish regulator for a (remaining) period of 4 years which needs to be renewed (then for 12 years) in 2023 (see "Description of the Issuer – Introduction")).

Five years prior to the expiry of the appointment, ETB can request a renewal, provided that it still complies with the criteria set out above.

In the event of bankruptcy, winding-up, merger or demerger of ETB, its appointment will be terminated. In addition, the appointment can be revoked by the Belgian federal government following the advice of the CREG and consultation with ETB under certain circumstances, including:

1. a significant change in shareholding without prior certification, which could jeopardise the independent network operation;

2. serious breach of ETB's obligations under the Electricity Law or its implementing decrees; or

3. where ETB is no longer certified as a fully ownership unbundled system operator.

The early termination or non-renewal of the appointment of the ETB as the single Belgian TSO would have a material adverse effect on the Issuer's activities, profits and financial situation. Moreover, an event of default would arise under ETB's bank and bond financings if ETB were to cease to be appointed as TSO (see section "*Description of the Issuer - Financing arrangements of the Group"*).

Germany

50Hertz is permitted to operate as a TSO in Germany and while this authorization is not limited in time, it can be revoked by the Energy Authority of the State of Berlin (*Senatsverwaltung für Wirtschaft, Technologie und Forschung (Energiewirtschaft/Energieaufsicht*)) if 50Hertz, inter alia, does not have the personnel, technical and financial means to guarantee the continuous and reliable operation of the network in accordance with the applicable legislation. Such revocation of the permit would have a material adverse impact on 50Hertz.

The unbundling regime in the German Energy Industry Act (*Energiewirtschaftsgesetz* — "**EnWG**") provides for different models (Ownership Unbundling, Independent Transmission Operator, Independent System Operator). In a certification process, BNetzA assesses if the unbundling provisions are met by the respective TSO. The certification as ownership unbundled TSO has been granted to 50Hertz by the BNetzA by decision of 9 November 2012 after having notified its draft decision to the European Commission. The certification can be revoked if 50Hertz does not meet the unbundling provisions anymore. The BNetzA could also impose a fine. However, after the revocation of the certification 50Hertz would still be able to operate the network. Nevertheless, the revocation could have a negative impact on 50Hertz's reputation and thereby affect its business results and operations, affecting the profitability and financial position of the Issuer.

Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital

As part of their role as TSO, ETB and 50Hertz fulfil a role of trusteeship. This encompasses the administration and coordination of certain national or regional levy systems on behalf of relevant authorities, mostly in relation to the financial support for the development of renewable energy.

Belgium

In Belgium, this is often referred to as public service obligations which are imposed on ETB by the different governments in connection with its role as TSO. These obligations are mainly related to the support of security of supply and to provide financial support for the development of renewable energy. The former includes the strategic reserve and the capacity remuneration mechanism ("**CRM**"), which has been introduced to guarantee the country's security of supply from November 2025 onwards, under which ETB has been entrusted with certain tasks (see "*Description of the Issuer – The Belgian regulatory framework*"). The latter includes an obligation for the TSO in Belgium to purchase green and combined heat power ("**CHP**") certificates at a guaranteed minimum price as a financial support instrument for the producers of renewable energy in Belgium. For some produced offshore energy, the scheme also includes a mechanism of prepayments before attribution of green certificates.

From 2022, the costs, including the prepayments, incurred for the performance of the federal public service obligations by ETB, including the purchase of offshore green certificates, the cost of the strategic reserve and the CRM and the federal surcharge, are fully passed on to the federal government, which finances this cost mainly via excise taxes (subject to the approval of the cost by the CREG). There is a semi-annual review mechanism in place to cover potential gaps between expenses incurred in connection therewith and the amounts recovered from the federal government. In addition, ETB may be required to purchase and pre-finance large amounts of green and CHP certificates in the Walloon region under two schemes that have been introduced by the Walloon government to alleviate the likelihood of an increase of the tariffs to be paid by customers in the Walloon region.

To the extent that there would be a timing difference between the incurrence and the recovery of such costs from the relevant authorities, such costs must be pre-financed by the TSO and, consequently, may temporarily impact the cash flow of ETB.

Germany

50Hertz is responsible, as trustee, for managing cash-flows resulting from the German renewable energy law ("**EEG**"). This relates, amongst others, to the electricity generated from renewable installations in the 50Hertz control zone under the feed-in-tariff regime which is sold by 50Hertz at the day-ahead and intra-day market of nominated electricity market operators. The costs related to meeting the EEG obligations, including those associated with the management and financing of such obligations, are treated as pass-through costs. In cases of difference between actual costs and actual revenues in a given year, the net costs resulting therefrom are recovered by Governmental grant payments in the following year. As such, the EEG mechanism has no impact on the profitability of 50Hertz. The EEG balance is also neutral from a credit rating perspective. Nevertheless, it may temporarily negatively impact 50Hertz's cashflow position.

The further development of the offshore infrastructure may present specific challenges and the specific liability regime applicable to offshore connections may have an impact on the Group's profitability

The further development of the offshore infrastructure is a material part of the Group's strategy and the European energy transition. While the Group is well positioned in relation to the further development of the offshore infrastructure given its existing track record and experience, there are a number of inherent risks related thereto. Next to the innovative and untested nature of some of the proposed solutions, the planning, construction and operation of grid connections of offshore wind farms trigger a number of uncertainties (including, for example, weather and soil conditions) and technical challenges. There are also only a small number of potential suppliers for the main components of such grid connections.

In addition, specific regulatory liability regimes apply to the offshore connections.

In Belgium, the TSO is in charge of the connection of offshore windfarms to its Modular Offshore Grid ("**MOG**") pursuant to current laws and regulations (see "*Description of the Issuer – Key projects of ETB*"). Any interruption of such connection that is attributable to the TSO's gross negligence or wilful misconduct ("*faute lourde ou faute intentionnelle" / "zware fout of opzettelijke fout*") may subject the Issuer to damages claims (which are capped to the net profit ETB could generate specifically on the MOG assets in the specific year the incident occurred). Any such claim for damages could negatively impact the Issuer's activities, profits and financial situation. The implementation of an additional regulatory framework is currently under discussion for the connection to the transmission system of future offshore renewable generation capacity (MOG II).

In Germany, 50Hertz is obliged to connect, without undue delay, all renewable energy facilities in its control area pursuant to current laws and regulations. Any delay in such connections may subject 50Hertz to compensation payments to the offshore windfarm operators. In particular, 50Hertz's obligation to connect offshore wind farms results from specific provisions in the EnWG, while obligations to connect all other types of renewable energy facilities result from the EEG. Despite careful preparation and analyses, technical problems are often only discovered in the implementation and operational stage and have then to be solved immediately. Delays and changes in the planning and construction stages (as well as later, unplanned changes in the operational stage) are therefore possible. Liabilities arising from this may not be covered by the Offshore Liability Surcharge nor (fully) covered by insurances taken out, and may therefore have an impact on the profit of 50Hertz.

In accordance with Section 17e EnWG, 50Hertz is basically liable for financial damages regardless of its culpability if the cable connection is disrupted for more than 10 consecutive days or more than 18 non-consecutive days per calendar year or delayed by more than 10 days after the completion date that has to be published by the TSO after having ordered the assets required for the grid connection. This date becomes binding 30 months prior to it being reached. After the respective waiting period, the operator can demand a 90 per cent. compensation payment from 50Hertz. Should 50Hertz have caused the disruption or delay intentionally, the offshore wind farm operator can apply for compensation as of the first day and 50Hertz has to bear the compensation costs fully. Otherwise, it can pass-through at least part of the costs via the Offshore Liability Surcharge. If 50Hertz can prove not to have acted negligently, all costs can be passed through. If, however, 50Hertz has contributed negligently to disruptions or delays, according to Section 17f EnWG, it can pass only part of the cost of compensation to the end customer. In case of damage caused negligently but not grossly negligently, the own retention of 50Hertz is limited to €17.5 million per damage event. In case of gross negligence, a maximum own retention of €110 million per year (cap) will have to be borne by 50Hertz. Therefore, in case of costs not being allowed to pass on to the aforementioned Surcharge, the offshore regime might negatively impact the profitability of 50Hertz and, consequently, impact the profitability of the Issuer.

Risks related to the activities of the Group and the continuity of supply

Failure by the Group to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences

In order to enable the TSO to maintain the frequency and voltage on its network, which is key to ensure the reliability and continuity of supply, the production of electrical energy should in principle be equal to the demand at any time. Maintaining a constant balance between supply and demand is the core task of a systems operator. The two TSOs of the group (ETB and 50Hertz) use to that effect balancing energy to balance unplanned fluctuations in the production of electricity or the energy load, also taking into account exports to and imports from neighbouring countries.

However, new challenges are being created for the operation of the grid management as a result of the decentralisation of energy production through the growth in the number of renewable energy units connected to distribution systems across Europe as well as the connection of large offshore wind farms to the system. Together with the new opportunities that are being offered to customers to optimise their

electricity management by selling their surplus energy and reducing their consumption (demand-response), this results in an increased volatility of energy flows on the network and, accordingly, a greater risk of mismatch between supply and demand at any given point in time.

If the TSOs would fail to keep the balance between energy offer and energy demand, the network frequency may be adversely impacted. Accordingly, if there is a risk of shortage of energy supply so that the energy demand may exceed the available supply at any point in time and therefore create an imbalance on the network, the relevant TSO would have to take action in order to reduce the electricity consumption on the grid by means of "load shedding" or "curtailment", that is by switching off the supply to certain (groups of) customers. Corrective actions such as load shedding at national or international level or the curtailment of production means may then be required in such circumstances. This would lead to an adverse impact on the Group's image and reputation, adversely impact the gross domestic product of the countries or regions concerned and may lead to a detailed investigation from the TSO's regulators.

The Group's reputation may be damaged in various circumstances, including in case of a shortage of energy supply or as a result of a slower than expected energy transition

As operator of two TSOs, the Group carries out an important role in society and is perceived by society and its key stakeholders as an enabler of the energy transition. While it has an important role to play in the decarbonisation of society and in the continuity of energy supply, a number of important elements which are required to realise such ambition are outside of its control.

The federal authorities in both Belgium and Germany must ensure that there is enough capacity and supply of energy available in their countries in order to avoid the risk of an electricity shortage and problems of supply. The TSOs of the Group (ETB and 50Hertz), for their part, provide them with useful technical information. The methodology used to assess the adequacy situation as well as the reliability standard are defined at European level (by ACER). See "*Description of the Issuer - Regulatory framework in Europe*".

It is the authorities' responsibility to integrate geopolitical aspects and other relevant considerations and risks in the final decision-making in order to ensure adequacy of supply. Similarly, the authorities are responsible to determine the energy policy of a country, including the mix of energy and incentives available to market participants. The current geopolitical instability, as well as the recent sharp increases in energy prices and the ongoing debate in Belgium in relation to the CRM and possible extension of the nuclear capacity, has resulted in an increased uncertainty in relation to the future adequacy of energy supply (see "*Description of the Issuer*"). A decrease in the supply of gas and or hard coal, as occurred in the European Union, can adversely impact the adequacy of the electricity markets if, as a result, the generation system is not able to meet the demand. In case of a sudden shortage of gas, the resulting disruption of gas may lead to exposure of the European gas - and subsequently the electricity markets that could have consequences in terms of ensuring security of supply. Due to the tense situation on the gas market in Germany, the German government has declared the second escalation stage in the gas emergency plan *('Notfallplan')*. Depending on the circumstances, corrective measures may need to be taken (e.g. rotating blackouts) by the TSOs, with potentially an adverse reputational impact. Should all preventive measures fail to avoid an adequacy issue, then the TSOs may need to activate measures like load shedding at national or international level.

In the event of transmission fluctuations, disruptions, system breakdowns/blackouts of the grid, or non-implementation of emergency measures as prescribed by law, the TSOs of the Group may be held liable for damages by its customers and/or third parties or incur additional costs. See "*Failure by the Group to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences*". In order to mitigate this risk, the European Council has

decided on some emergency measures and is as well considering long-term market design changes. In this respect, the TSOs are executing the tasks assigned to them by the national authorities.

In similar vein, circumstances may arise which could lead to a slower energy transition or decarbonisation than mandated by competent authorities. The Energy Transition ("*Energiewende*") is a societal project intensively discussed in Germany far beyond sole expert circles. 50Hertz being recognized by politicians, NGOs, industry and associations as one key facilitator of this transition (via the transformation of system control methods, the development of its grid assets and the evolution of market processes). Its reputation could be heavily impacted by its perceived inability to meet the expectation to "make Energiewende happen". Similar expectations and challenges exist in Belgium. More generally, in case the Group's reputation would be heavily impacted, this would have a negative impact on the trust authorities and civil society have in the Group thanks to the track record it has built over the years.

The Group's future profit will in part depend on its ability to realise its contemplated projects and organic growth (capex contributing to the RAB) which, in turn, depends on its ability to obtain the necessary permits without incurring significant costs and/or delays

As set out in more detail in section "*Description of the Issuer – Strategy*", the Group has an ambitious capex plan for the coming years. This results, amongst others, from the changing European energy market and largescale deployment of renewable-based generation technologies, which require the further development of the grid infrastructure. Electricity grids are recognised as key enablers for the energy transition. The development of such on- and offshore infrastructure and interconnectors with neighbouring countries, as well as the deployment of other elements of the investment and capital expenditure plan, is contingent on securing permits and approvals from relevant authorities. The need to obtain such approvals and permits within certain timeframes represents an important challenge for the timely implementation of the various projects. These approvals and permits can be challenged before the competent courts causing potentially further delays.

Since the remuneration of the Group is in part based on its ability to realise its projects (as the current remuneration in both Belgium and Germany is calculated on the average Regulated Asset Base "**RAB**")) (see "*Description of the Issuer – Regulatory framework*"), the Group's future profits will in part depend on its ability to maintain and grow its asset base (after amortizations and depreciations). To that effect, it will need to realise its contemplated organic growth (including its envisaged capital expenditure) and realise its various projects. In case the Group would not be able to realise or not timely realise its various projects and investment programme, this could have a negative impact on the Group's future profits.

Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Group's results of operation

The Group is evolving towards the use of more IT driven tools and invests significantly more in digitalisation to manage the complexity of its system operations. A failure of the ICT systems and processes used by the Group or a breach of the security measures may result in losses for customers and reduced revenues for the Group and its affiliates.

This is particularly relevant given the drive towards digitalisation, the adoption of new technologies and the selection of innovation projects which focus on "real first" initiatives, such as the long distance drone flights and the use of robots in converter stations. This, in turn, increases the potential risk of failure or human mistakes, the impact of potential ICT failures as well as the operational risk and the risk of having stranded assets.

The Group also collects and stores sensitive data, which includes own business data as well as that of its suppliers and business partners. The Group is subject to several privacy and data protection rules

and regulations, including since May 2018 the General Data Protection Regulation (Regulation (EU) 2016/679 of 27 April 2016 – GDPR) regarding personal data as well as the NIS Directive (Directive (EU) 2016/1148 of 6 July 2016 concerning measures for a high common level of security and network and information systems across the Union).

Despite all of the precautions taken, important system hardware and software failures, failure of compliance processes, computer viruses, malware, cyber-attacks, accidents or security breaches could still occur. Such risks could increase in the context of the current geopolitical instability. Any such events could impair the ability of the Group or any of its subsidiaries to provide all or part of its services and may generally result in a breach of its legal or contractual obligations. This could, in turn, result in legal claims or proceedings, contractual liability, liability under any other data protection laws, criminal, civil or administrative sanctions, as well as a disruption in the operations and damage to the reputation of the Group, and could adversely affect the business and results of the Group.

Due to the specific nature of their activities, both TSOs are considered as "operators of essential services" and managers of so-called "critical infrastructure". Accordingly, the impact of any failure, attack, or malware is considered to be higher as a disruption in the activities could have a severe effect on society and has the potential to impact other network operators in Europe. In addition, both TSOs are subject to European, national and sector specific regulations, such as the European Program for Critical Infrastructure Protection (EPCIP Directive), the EU network and Information Security Directive (NIS Directive) as well as upcoming regulation such as the Directive on the resilience of critical infrastructure (CER Directive) and the Network Code on Cybersecurity which impose a heightened burden on the TSOs to identify, assess and manage potential physical security and cybersecurity risks.

Contingency events and business continuity disruptions, including as a result of acts of terrorism or sabotage, may adversely affect the Group's results of operation

The transmission systems operated by the Group are very reliable (see "*Description of the Issuer – Key strengths*"). Nonetheless, unforeseen events, such as unfavourable weather conditions, may occur and alter the smooth operation of one or more infrastructure components. In most cases, these lead to a so-called single contingency event, and have no impact on the end customers' power supply because of the meshed structure of the grids operated by the Group (and the fact that electricity can often reach end customers via a number of different connections in the system). However, it cannot be excluded that in more exceptional cases, an incident in the electricity system would lead to multiple contingency events that could result in a local or widespread electricity outage with liability claims, based upon contractual liability or as stipulated in the regional legislation (see "*Description of the Issuer - The Belgian regulatory framework*") and litigation, which, in turn, could negatively impact the financial position and results of the Group.

Contingency events and business continuity disruption may be caused by a number of events outside of unfavourable weather conditions. These may include human errors, negligence, accidents, the risk of electrocution, malicious attacks, cyber-attacks, terrorism, equipment failures, failure of the information and communication technology (ICT), unscheduled foreign electricity flow, failure to maintain the network parameters within the limits defined in the grid codes or lack of sufficient generation capacity. Offshore equipment deserves particular attention in this context as there is less track record with the applied technologies and curative actions are more complex. The occurrence of any of these circumstances would be considered as an emergency situation which would allow the TSO to take any emergency measures deemed appropriate. This would include measures such as disconnecting some or all electricity exports, requesting electricity-generating companies to increase or decrease their electricity production or requesting from the competent Minister a reduction in the electricity consumption in affected areas.

Furthermore, the TSO's electricity network, assets and operations (and those of its relevant affiliates) are widely spread geographically and are potentially exposed to acts of terrorism or sabotage. Such

events could negatively affect such networks, assets or operations and may cause network failures, black-outs or system breakdowns. Network failures or system breakdowns could, in turn, have a material adverse effect on the TSO's financial condition and operational results, particularly if the destruction caused by acts of terrorism or sabotage is of major importance and are not sufficiently insured and/or the financial impact could not be fully recovered via tariff mechanism. Parts of the TSO's networks have been classified as 'critical infrastructure' by the competent national authorities, as a result of which they have to comply with certain security regulations.

Any such acts or events or harm to the health safety of its staff or any third party could expose the Group to potential liabilities and affect the financial performance of the Group as well as its reputation. This could also result in damages or claims above the insured threshold. Moreover, adequate insurance for all those risks may not be available at reasonable conditions or may not be available at all. If they were to materialise and would not be fully covered by the regulatory mechanism, these exceptional costs would have to be borne by the relevant TSO and could, in turn, affect the overall profitability of the Group. See also "*The Issuer may not have adequate insurance coverage*".

The probability of the occurrence of one or more of the above-mentioned events may increase if the competent authorities do not approve the necessary operational procedures, investments or full time equivalent (FTE) resources proposed by ETB and Elia Asset NV/SA, operating as a single economic entity ("**Elia**"), and 50Hertz Transmission GmbH ("**50Hertz Transmission**"), as these companies would then lack the necessary means and resources to avoid and protect the electricity network against such above-mentioned events.

The Group is subject to certain physical and transitional climate risks and may not be able to meet relevant expectations in relation to the decarbonisation goals it has set

One of the Group's core strategies is to adapt its infrastructure and on- and offshore network in order to play its role in the electrification of society, the increased connection and supply of renewable energy sources ("**RES**"), including the further development of offshore infrastructure and new digital technologies and services, so as to be at the forefront of the energy transition and the decarbonisation of society. This includes a number of ambitious innovative projects and sizeable investment programmes, which involve a number of risks as further described in the risk factors in this section.

The physical climate risks to which the Group is subject fall into two categories: chronic and acute ones. Based on the best climate scenario information available today, a vulnerability assessment of the Group's activities took place, in line with the technical screening criteria of the EU Taxonomy Climate Delegated Act (Commission Regulation (EU) 2021/2139, as amended). This assessment highlighted the possible harmful effect of heatwave, cold wave/winter incident, storm, flooding, drought and wildfire. All these phenomena belong to acute physical risks which could lead to less favourable operating conditions for the Group's assets or even damage them. Such circumstances may trigger risk factors for contingency events and business continuity disruption. Given the critical nature of the Group's infrastructure and the fact that its assets are spread over a wide territory (in particular its overhead line infrastructure), the Group's assets are regarded as facing a heightened vulnerability to physical climate risk, as is the case with other system operators and operators of utilities.

The transitional climate risks to which the Group is subject relate to the transition to a lower carbon economy, which implies extensive policy, legal, technology and market changes. Even though facilitating the decarbonisation lies at the heart of the Group's business strategy and important efforts are being made to contribute thereto (through, amongst others, its ActNow programme, see "*The Description of the Issuer – Strategy*"), a number of factors are outside of the Group's control. For example, the Group depends on the energy producers for the carbon-intensity of the energy that is being produced and transported on its network. The carbon-intensity of the transported energy has an important impact on the amount of greenhouse gas emissions caused by grid losses on the Group's network, which is one of the main sources of greenhouse gas emissions resulting from the Group's

operations. Furthermore, the introduction of stringent regulation related to greenhouse gas emissions such as SF6 may lead to increased maintenance costs, difficulty to find alternative technologies or write-offs of assets which are not fully amortized. The impacts of new regulatory requirements are expected to be covered by the respective tariff methodologies in place for both TSOs. However, given the fast-evolving technological and regulatory requirements and environment, as well as the uncertainties in relation to the interpretation of some of the new ESG rules and regulations (including, for example under the EU Taxonomy Delegated Acts and the proposed Corporate Sustainability Reporting Directive), no assurances can be given that the Group will be able to meet all such requirements or expectations or requirements of investors, shareholders, other stakeholders or pressure groups.

The Group is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its anticipated investment programme or result in additional costs

The operations and assets of the Group are subject to regional, national and international regulations dealing with environmental matters, city planning and zoning, building and environmental permits and rights of way. Such regulations are often complex and subject to frequent changes (resulting in a potentially stricter regulatory framework or enforcement policy). Compliance with existing or new environmental, soil sanitation, city planning and zoning regulations, and more recently laws relating to the protection of natural habitat and wildlife, may impose significant additional costs on the Group and delay the projects which it pursues. Such costs include expenses relating to the implementation of preventive or remedial measures or the adoption of additional preventive or remedial measures to comply with future changes in laws or regulations.

While the Group has recognised provisions in connection with such obligations in its financial statements, the provisions made by the Group may not be sufficient to cover all costs that are potentially required to be made in order to comply with these obligations, including if the assumptions underlying these provisions prove to be incorrect or if the Group would face additional, currently undiscovered, contamination.

In recent years, there has also been an increased concern in relation to the impact of electric and magnetic fields ("**EMF**") which emanate from underground and overhead electrical cables and are inherent to the Group's operations. Accordingly, it cannot be excluded that the legal environment in this respect may become more restrictive in the future. This may result in the Group incurring additional costs in managing environmental and public health risks or city planning constraints, as well as an increased risk of potential liability claims or administrative proceedings initiated by affected persons, or may have an impact on the way and the timing in which investment projects can be realised. Due to the increased actions from pressure groups and local residents, authorities may become more reluctant to deliver the necessary permits in the future.

Furthermore, to the extent any of the costs associated therewith cannot be covered or recovered through the applicable tariff methodologies, these could adversely affect the financial results of the Group.

The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner

The two TSOs of the Group rely on a limited number of key suppliers to provide them with the necessary material and equipment and to realise their investment projects. Given the complexity of the infrastructure works, the increasing demand in the market for such specialised skills, and the factories' full order books, the Group may not be able to find sufficient suppliers or supply capacity in order to realise its projects or realise them within the anticipated budget or in a timely manner.

In addition, the world is currently confronted with supply chain bottlenecks, as well as raw material, energy and staffing scarcity and increases in the prices of raw materials. These elements have resulted in a significant increase in commodity and transportation prices, which have also affected the supply chain of its suppliers and have led to a general increase in the inflation rates (a yearly inflation adjustment of the costs of the two TSOs is foreseen under the current Belgian and German tariff methodology – see "*Description of the Issuer – Regulatory Framework*"). This has recently been compounded with the war in Ukraine and the increased geopolitical instability resulting therefrom, which has, amongst others, an impact on its suppliers' ability to deliver the required number of goods or services in a timely manner and with the adequate level of quality. Furthermore, economic headwinds combined with increased inflation could lead to the insolvency of certain suppliers or partners on which suppliers rely. Even though the Group tries to mitigate the credit risk of its suppliers through appropriate bank guarantees, any such financial difficulty or insolvency at the level of its suppliers or partners on which its supplier rely could further result in delays in the realisation of any project and could adversely impact the future profits of the Group.

The maintenance and construction of an onshore and offshore electricity grid also requires a specific technical expertise. If the Group's contractors would fail to have a sufficiently skilled workforce, this might adversely impact the Group's business, including the safety of its works. In addition, the Group is exposed to the risk of (i) public procurement claims and (ii) the fact that their respective suppliers, when facing financial difficulties, may not be able to comply with their contractual obligations.

Any cancellation of or delay in the completion of its projects as a result thereof could have an adverse effect on the Group's future profits and the realisation of its strategy or contribution to the energy transition or sustainability programme which, in turn, could have a negative effect on the Group's reputation.

A lack of highly qualified staff may result in insufficient expertise and knowhow to meet its strategic objectives

The Group has an ambitious programme to deliver on its commitment to contribute to the decarbonisation of society. The push towards more offshore, digitalisation and a consumer-centric model requires significant investments and changes to the Group's organisation. To be able to achieve these goals, the Group's culture and work force must be fully aligned to the Group's strategy and the Group must succeed in attracting and retaining the necessary specific technical expertise. See also risk factors "*Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Group's results of operation*" and "*The Group depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner*".

Given the specific nature of the expertise and the high demand in the market, it has become increasingly challenging to find these profiles on the hiring market. This is being further compounded by the current war for talent. In addition, the pandemic has highlighted the need to take extra care of the employee's well-being and pay more attention to their personal needs.

If the Group does not manage to have the adequate human resources and expertise available, there is an increased risk of failure to implement its strategy (delay, failure to manage the increasing complexity of network operation, delay in capex realization which supports the energy transition, etc.), bearing in mind the highly specialized and complex nature of its business. Moreover, a loss of highly qualified staff may result in insufficient expertise and knowhow to meet the Group's strategic objectives.

The Issuer may not have adequate insurance coverage

The Group has subscribed to insurance contracts necessary to operate their businesses in line with industry standards. However, there are no assurances that the contracted insurance coverage will prove

to be sufficient in all circumstances. Even though the Group has contracts which seek to limit the Group's exposure in relation to certain risks (see "*Description of the Issuer*"), the Group and in particular ETB and 50Hertz are not (fully) insured against all the risks to which they are exposed. This includes, and is not limited to, risks stemming from material damages to overhead lines, offshore assets, third-party losses, damages, blackout claims, cyber-attacks or losses resulting from human error or defective training. Any damage or claim above the insured threshold may have a negative impact on the profitability of the Group.

Furthermore, for some specific risks (such as blackout claims in excess of insurance coverage and environmental liabilities, terrorism or cyber-attack) adequate insurance may not be available at reasonable conditions or may not be available at all. Should those risks materialise, the regulatory mechanism could cover these costs, but there is a risk that a part of this exceptional costs would have to be borne by the relevant TSO (up to a certain cap), which in turn would affect the overall profitability of the Group.

Financial risks

A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position

The Group, and more specifically its two regulated subsidiaries ETB and 50Hertz, have significant amounts of debt outstanding. The amount of debt is likely to further increase in light of the Group's ambitious capex and investment plans, in particular at the level of the two regulated TSOs but also potentially at the level of the Issuer in the case of further inorganic growth. Accordingly, the ability of the Issuer, ETB and 50Hertz to access global sources of financing to cover their financing needs to fund their plans and refinance their existing indebtedness is a key component of the Group's business and strategic plan. A deterioration in financial markets more generally or a downgrade of the credit rating of any of these entities could negatively impact their ability to access financial markets and would have an adverse effect on the Group's business, financial position and ability to realise its strategic plan.

S&P has issued separate credit ratings for the Issuer, ETB and Eurogrid GmbH, which is the holding above 50Hertz. At the date of this Information Memorandum, the credit rating for the Issuer and Eurogrid GmbH is BBB+ with a negative outlook and for ETB BBB+ with a stable outlook. There are, however, no assurances that the rating of any of these entities will remain the same for any given period or that the rating will not be lowered by the rating agency if, in its judgment, circumstances in the future so warrant.

Given the specific nature of the Group's business and the large recovery of its financing costs through the tariff methodology at the level of its two regulated subsidiaries, ETB and 50Hertz (Eurogrid GmbH), the Group has implemented (including at the request of its regulators) a number of measures. This includes the adoption of a funding and dividend policy applicable to ETB and Eurogrid and differences in the composition of their boards of directors compared to Elia Group. These seek to ring-fence the impact of the Group's business and future investment and strategic plans on the individual ratings of ETB and Eurogrid. Accordingly, since both ETB and Eurogrid are ring-fenced from the Issuer from a ratings perspective up to a certain extent, a downgrade in the credit rating of the Issuer of up to 1-notch should not automatically affect the rating of ETB or a downgrade of up to 2-notch for Eurogrid (as long as the stand-alone credit ratings of such entities support their respective ratings).

The tariff methodology applicable in Belgium provides that if a downgrade were to occur and this would be entirely attributable to activities independent of ETB, being regulated activities outside of Belgium or non-regulated activities, the potential increase of the interest cost on newly issued financial instruments resulting from such downgrade would have to be borne by the shareholders of the TSO, instead of being passed on through the transmission tariffs, affecting in such case the financial result and profitability of the Group. However, if the downgrade were to result from business as usual and this

would be attributable to the transmission activities of the TSO under the regulatory framework, the increased cost would be recoverable through the tariffs.

A downgrade in the credit rating of the Issuer could also result from any effects on its credit metrics in the context of its future inorganic growth (e.g. additional debt raised) (see risk factor "*If the Issuer succeeds in its inorganic growth strategy, this may result in less predictability and higher volatility in its revenues and additional financial debt at the level of the Issuer*").

A decision by a rating agency to downgrade the credit rating of the Issuer, ETB and/or 50Hertz could reduce the Group's funding options and increase its costs of funding and impact its financial position and profitability.

If the Issuer succeeds in its inorganic growth strategy, this may result in less predictability and higher volatility in its revenues and additional financial debt at the level of the Issuer

As part of the Issuer's strategy, it aims to further expand its activities beyond its current perimeter ("inorganic growth") in order to deliver societal value. This growth could be related to activities that are regulated outside of its core markets, Belgium and Germany, or non-regulated. The areas the Issuer is currently exploring for further inorganic growth include, amongst others, offshore development beyond the maritime boundaries of the regulated TSOs (ETB and 50Hertz). In 2022, the Issuer established a new subsidiary WindGrid, which it sees as a logical step in the further expansion of the Group towards an international energy company to capitalise and contribute to the accelerated development of offshore energy.

An increase in exposure towards new activities could, however, reduce the predictability and increase the volatility of the results of the Issuer, cash flow and funding needs. Even though there is no visibility or certainty as to whether the Issuer will be able to realize its ambition to expand through M&A, nor the pace as to which this would occur, if it materialises the proportion of the revenues and profits of the Issuer which are derived from its more stable and predictable regulated business could decrease over time. In addition, the subsidiaries' costs linked to the development or management of such activities will, in light of the regulatory environment and ring-fencing applicable to ETB and 50Hertz, have to be fully borne by the Issuer as the costs thereof may not be covered through any of the regulatory tariff frameworks. The development of these new activities by the Issuer may therefore represent an additional financial risk for the Issuer, which may affect its profitability, financial performance, credit rating (see "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*").

Negative changes in financial markets and the macro-economic environment could affect the Issuer's ability to meet its financing obligations and needs or make these more onerous

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be negatively impacted by the deterioration in the financial markets. In particular, the Issuer is dependent on its ability to access debt and capital markets in order to raise the funds necessary to repay its existing indebtedness and meet its financing needs under its future investments. As part of the Issuer's efforts to mitigate the funding risk, the Issuer aims to diversify its financing sources in debt instruments.

The refinancing risk is managed through developing strong bank relationships with a group of financial institutions, through maintaining a strong and prudent financial position over time and through diversification of funding sources.

The short-term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. In light of the current volatility and inflationary pressures in the market, no assurances can however be given as to the sufficiency of these measures.

Risks associated with the Group's outstanding financial debt

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be impacted negatively by the deterioration in the financial markets and/or the level of the terms of the Group's existing financial debt.

The terms and conditions of its existing financings contain certain financial covenants. Covenants are monitored on an on-going basis in order to ensure compliance. A breach of financial covenants could, however, have an adverse effect on the financial position of the Issuer.

The Issuer's level of debt could:

- make it difficult for the Issuer to comply with its obligations, including interest payments;
- limit its ability to obtain additional financing to operate its business;
- limit its financial flexibility in planning for and reacting to industry changes; and
- place it at a competitive disadvantage as compared to less leveraged companies.

Extra need for further development of in-organic growth and working capital could be financed by the Issuer in the form of bank loans, issuing bonds or other debt instruments.

Furthermore, both ETB and 50Hertz have significant amounts of debt outstanding and will raise further financial indebtedness to finance their contemplated capex programmes and refinance their existing indebtedness. If such outstanding financial indebtedness or any developments in the debt markets were to impact the rating of ETB and/or 50Hertz or constrain their ability to distribute dividends to the Issuer, this would negatively impact the Issuer. See also risk factor entitled "*A downgrade in the Issuer's, ETB's and/or Eurogrid's credit rating could affect their ability to access capital markets and impact their financial position*" and risk factor entitled "*If the Issuer does not generate positive cash flows, merely through the dividends received from its subsidiaries, it will be unable to fulfil its debt obligations*".

If the Issuer does not generate positive cash flows, merely through the dividends received from its subsidiaries, it will be unable to fulfil its debt obligations

The Issuer monitors its cash flow forecasts and the cash available and the unutilised credit facilities to ensure to have sufficient cash available on demand to meet expected expenses and investments including complying with the financial obligations.

The cash flows of the Issuer may be impacted by the uncertainties on the liquidity and solvency of its counterparties. Although the Issuer continuously assesses the liquidity and solvency of its counterparties, there is a risk that the Issuer may face difficulties in meeting its financial obligations if its counterparties do not pay the outstanding amounts owed to the Issuer as and when they fall due. This risk could be further exacerbated by the current inflationary pressures and geopolitical uncertainty. The Issuer limits this risk to the extent possible by monitoring cash flows continually, by making sure that credit facilities are available and by requiring suppliers and/or customers in some contracts to provide an appropriate bank guarantee in favour of the Issuer.

The ability of the Issuer to pay principal and interest on the Securities and on its other debt depends in large part on the ability of its two regulated TSOs to generate profits and upstream dividends and therefore on the regulatory framework and the regulated tariffs applicable to ETB and 50Hertz.

Furthermore, changing conditions in the credit markets and the level of the outstanding debt of the Issuer can make the access to financing more expensive than anticipated and could increase the

Issuer's financial vulnerability. Consequently, the Issuer cannot assure investors that it will have sufficient cash flows to pay the principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Issuer to make scheduled payments on its debt the Issuer may have to reduce or delay further developments of in-organic growth, sell assets, seek additional capital or restructure or refinance its debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable; and
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets.

Risks associated with tax assessments

The statements in relation to taxation set out in this Information Memorandum are based on current law and the practice of the relevant authorities in force or applied at the date of this Information Memorandum. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Information Memorandum and/or the date of purchase of any Securities may change at any time, potentially with retroactive effect (including during any subscription period or the term of such Securities). Any such change may have an adverse effect on a Holder of Securities, including that the liquidity of such Securities may decrease and/or the amounts payable to or receivable by an affected Holder of Securities may be less than otherwise expected by such Holder. Furthermore, although tax rules are applied with accuracy and precision, it is possible that the Issuer's own interpretation of tax laws does not correspond with that of the relevant authorities at the time of potential controls.

Potential purchasers and sellers of the Securities should also be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred, where the investors are resident for tax purposes and/or other jurisdictions. Any such taxes may adversely affect the return of a Holder of Securities on its investment in the Securities.

Tax audits may result in a higher taxable income or in a lower amount of tax losses carry forwards being available to the Issuer.

Factors which are material for the purpose of assessing the market risks associated with the Securities

Risks related to the Securities generally

Set out below is a brief description of certain risks relating to the Securities generally.

The market price of the Securities may be volatile

The market price of the Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Securities, as well as other factors. In addition, the global financial markets could experience significant price and volume fluctuations, which could adversely affect the market price of the Securities without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions,

pandemics, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Securities.

Laws and practices applicable to the Securities may change

The Conditions and any non-contractual obligations arising out of or in connection with the Conditions are based on, and governed by, English law (other than the provisions of Condition 1, Condition 2 and Condition 13 and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of the Kingdom of Belgium) in force on the issue date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law (including any amendments to or changes in application of tax laws or regulations) after the issue date may affect the Securities and/or have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects, and, thereby, on the Issuer's ability to fulfil its obligations under the Securities as well as the market price and value of the Securities.

Modification, Waivers and Substitution

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Holders of the Securities are structurally subordinated to creditors of the Issuer's Subsidiaries

The Issuer may be partially dependent on dividends and other payments from its Subsidiaries to generate the funds necessary to meet its financial obligations (including under the Securities). See above "*If the Issuer does not generate positive cash flows, merely through the dividends received from its subsidiaries, it will be unable to fulfil its debt obligations*". Generally, the claims of creditors of subsidiaries of the Issuer will have priority over claims of the Issuer with respect to the assets and earnings of such subsidiaries. In the event of a bankruptcy, liquidation, winding-up, dissolution, receivership, insolvency, reorganisation, administration or similar proceeding relating to any one or more of the Issuer's subsidiaries, holders of such subsidiaries' indebtedness and the trade creditors of such subsidiaries will generally be entitled to payment of their claim from the assets of such subsidiaries before assets are made available for distribution to the Issuer.

Belgian Withholding Tax

If the Issuer, the NBB, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Securities, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Securities, after withholding for any taxes imposed by tax authorities in the Kingdom of Belgium upon payments made by or on behalf of the Issuer in respect of the Securities, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such Additional Amounts shall be payable in respect of any Securities in the circumstances described in Condition 10.

Relationship with the Issuer

All notices and payments to be delivered to the Holders will be distributed by the Issuer to such Holders in accordance with the Conditions. In the event that a Holder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer therefor.

Reliance on the procedures of the NBB System, Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and/or LuxCSD, as the case may be, for transfer, payment and communication with the Issuer

The Securities will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code and cannot be physically delivered. The Securities will be represented exclusively by book entries in the records of the NBB System.

Access to the NBB System is available through its NBB System participants whose membership extends to securities such as the Securities. NBB System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD.

Transfers of interests in the Securities will be effected between the NBB System participants in accordance with the rules and operating procedures of the NBB System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB System participants through which they hold their Securities.

The Issuer and the Agent will have no responsibility for the proper performance by the NBB System or the NBB System participants of their obligations under their respective rules and operating procedures.

A Holder must rely on the procedures of the NBB System and the relevant participants (which include Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD) to receive payments under the Securities. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Securities within the NBB System.

Securities may be held only by Eligible Investors

The Securities may only be held by, and may only be transferred to, Eligible Investors holding their Securities in an exempt account that has been opened with a financial institution that is a direct or indirect participant in the NBB System.

Holders of Securities have no voting rights

The Securities are non-voting with respect to general meetings of the Issuer. Consequently, the Holders cannot influence, *inter alia*, any decisions by the Issuer to defer payments or to settle optionally outstanding payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

Risks related to the market generally

An active trading market for the Securities may not develop

The Securities may have no established trading market when issued and the Issuer cannot assure investors that an active trading market for the Securities will develop or be maintained. If a market does develop, it may not be liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed

secondary market. A lack of liquidity may have a material adverse effect on the market value of the Securities.

Exchange rate risks and exchange controls exist to the extent payments in respect of the Securities are made in a currency other than the currency in which an investor's activities are denominated

The Issuer will pay principal and interest on the Securities in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than in euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal. Changes in market interest rates may adversely affect the value of the Securities. Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities, since the Securities have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

Credit ratings may not reflect all risks

S&P has assigned a credit rating to the Securities. The rating may not reflect the potential impact of all risks related to the structure and marketing of the Securities and additional factors discussed in this Information Memorandum or any other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by S&P at any time. Any such revision, suspension or withdrawal of such credit rating could adversely affect the value of the Securities.

In addition, S&P or any other Rating Agency may change their methodologies or their application for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities, sometimes called "notching". If a relevant Rating Agency was to change its practices or their application for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Securities.

If, with respect to any Rating Agency, the Issuer has, directly or via publication by such Rating Agency, received confirmation, and notified the Holders in accordance with Condition 15 that it has so received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, (a) all or any of the Securities will no longer be eligible (or if the Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, all or any of the Securities would no longer have been eligible as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed), for the same or a higher amount of "equity credit" attributed to the Securities at the Issue Date (or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time), or (b) the length of time the Securities are assigned a particular level of "equity credit" by that Rating Agency is shortened as compared to the length of time they were

assigned that level of “equity credit” by that Rating Agency under its prevailing methodology on the Issue Date (or if “equity credit” was not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time), the Issuer may redeem the Securities in whole, but not in part, as further described in the Conditions.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Securities changes for the purposes of the CRA Regulation or the UK CRA Regulation, regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Securities may have a different regulatory treatment, which may impact the value of the Securities and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Information Memorandum.

The Securities are complex financial instruments and may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Securities and is familiar with the behaviour of financial markets; and

(e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Potential conflicts of interest

The Issuer may from time to time be engaged in transactions which may affect the market price, liquidity or value of the Securities and which could be deemed to be adverse to the interests of the Holders.

The Issuer, the Joint Bookrunners, the Agent, the Calculation Agent and the Make-Whole Calculation Agent might have conflicts of interests which could have an adverse effect on the interests of the Holders. Potential investors should be aware that the Issuer may have a general business relationship with one or more of the Joint Bookrunners, the Agent, the Calculation Agent and the Make-Whole Calculation Agent and/or may be partaking in specific transactions with one or more of them which may result in conflicts of interests which could have an adverse effect on the interests of the Holders. Potential investors should also be aware that the Joint Bookrunners, the Agent, the Calculation Agent and the Make-Whole Calculation Agent may from time to time hold debt securities, shares and/or other financial instruments of the Issuer and/or the Group.

None of the Joint Bookrunners, the Agent, the Calculation Agent and the Make-Whole Calculation Agent assumes any fiduciary duties or other obligations towards the Holders and, in particular, none of the Joint Bookrunners, the Agent, the Calculation Agent and the Make-Whole Calculation Agent is obliged to make determinations which protect or further the interests of the Holders.

KBC Bank NV will act as the Issuer's paying agent, calculation agent and make-whole calculation agent. In its respective capacities as Agent, Calculation Agent and Make-Whole Calculation Agent, it will act in accordance with the Conditions in good faith and endeavour at all times to make determinations in a commercially reasonable manner.

Each of the Agent, the Calculation Agent and the Make-Whole Calculation Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent, the Calculation Agent and the Make-Whole Calculation Agent shall not be liable for the consequences to any person (including the Holders) of any errors or omissions in (i) any determination made by the Agent, the Calculation Agent or the Make-Whole Calculation Agent in relation to the Securities or interests in the Securities, in each case in the absence of fraud or wilful default. Without prejudice to the generality of the foregoing, none of the Agent, the Calculation Agent and the Make-Whole Calculation Agent shall be liable for the consequences to any person (including the Holders) of any such errors or omissions arising as a result of (i) any information provided to the Agent, the Calculation Agent or the Make-Whole Calculation Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent, the Calculation Agent or the Make-Whole Calculation Agent, as the case may be, on a timely basis.

Risks related to the structure of the Securities

The Securities are deeply subordinated obligations; accordingly, claims in respect of the Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up

The Securities are direct, unsecured and subordinated obligations of the Issuer. In the event of an Issuer Winding-up, the Holders will have a claim ranking junior to claims of unsubordinated creditors of the Issuer, *pari passu* without any preference among themselves and with any present and future claims in respect of obligations of the Issuer in respect of Parity Securities and senior only to any present and future claims against the Issuer in respect of Junior Securities.

Although the Securities may pay a higher rate of interest than securities which are not, or not as deeply, subordinated, there is a real risk that an investor in deeply subordinated securities such as the Securities will lose all or some of its investment should the Issuer become insolvent.

In the event of an Issuer Winding-up, Holders will only be eligible to recover any amounts in respect of their Securities if all claims in respect of more senior-ranking obligations of the Issuer (whether secured or unsecured) have first been paid in full. If, on an Issuer Winding-up, the assets of the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Securities and all other obligations of the Issuer ranking *pari passu* with the Securities, Holders will lose some or substantially all of their investment in the Securities. The Holders therefore face a higher recovery risk than holders of unsubordinated obligations of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Securities.

Furthermore, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities and each Holder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Issuer deteriorates such that an Issuer Winding-up may be anticipated, the market price of the Securities can be expected to fall, and such fall may be significant. A Holder that sells its Securities in such an event may lose some or substantially all of its initial investment in the Securities (whether or not an Issuer Winding-up subsequently occurs).

The Securities are perpetual securities and therefore an investment in the Securities constitutes a financial risk for an indefinite period

The Securities are undated securities in respect of which there is no fixed redemption date. The Issuer is under no obligation to redeem the Securities at any time and Holders have no right to call for redemption of the Securities. Each Holder (i) will only be guaranteed to receive the principal amount in respect of its Securities upon a redemption of the Securities by the Issuer and (ii) may receive up to the principal amount in respect of its Securities upon an Issuer Winding-up (see the Risk Factor titled "*The Securities are deeply subordinated obligations; accordingly, claims in respect of the Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up*" above).

Prospective investors should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period and may not recover their investment at all.

The Issuer may defer interest payments

The Issuer may, in accordance with the Conditions, at any time and in its sole discretion (except on any Interest Payment Date on which the Securities are to be redeemed), elect to defer payment of all or part only of the interest which would otherwise be paid on any Interest Payment Date, and (subject to Condition 4(b)(ii)) the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall, together with any interest that has accrued on such unpaid and deferred interest, constitute Arrears of Interest and may be paid in whole or in part, at any time, at the option of the Issuer and shall be paid, in whole but not in part, on the occurrence of certain mandatory settlement events described in the Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Securities. In addition, as a result of such interest deferral provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Issuer may redeem the Securities early; investors should consider reinvestment risk

The Issuer will have the right to redeem the Securities in whole, but not in part, on any date from, and including, the First Call Date to (and including) the First Reset Date or any Interest Payment Date thereafter, at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption. The Issuer will also have the right to redeem the Securities in whole, but not in part, at any time other than on a Par Call Date, at the Make-Whole Redemption Amount.

The Issuer may also, at its option, redeem the Securities in whole, but not in part, upon the occurrence of a Special Event with respect to the Securities, as further described in the Conditions.

In the case of an Accounting Event, a Rating Agency Methodology Event or a Tax Deductibility Event such redemption will be at (i) 101 per cent. of the principal amount of the Securities, where such redemption occurs before the First Call Date, or (ii) 100 per cent. of the principal amount of the Securities, where such redemption occurs on or after the First Call Date, together in each case with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

In the case of a Gross Up Event or a Substantial Repurchase Event, such redemption will be at 100 per cent. of the principal amount of the Securities, together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

The Issuer might redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

For a description of certain risks which may result in the occurrence of an Accounting Event, see the Risk Factor titled "*The current IFRS accounting classification of financial instruments such as the*

Securities as equity instruments may change, which may result in the occurrence of an Accounting Event" below.

Substitution or variation of the Securities

There is a risk that, after the issue of the Securities, an Accounting Event, a Rating Agency Methodology Event, a Tax Deductibility Event or a Gross Up Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute all, but not some only, of the Securities for, or vary the terms of the Securities so that they become, or remain, Qualifying Securities.

Whilst Qualifying Securities are required to have terms which are not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that the Qualifying Securities will not have a significant adverse impact on the price of, and/or the market for, the Securities, nor that there will not be any adverse tax consequences for any Holders of the Securities arising from such substitution or variation.

For a description of certain risks which may result in the occurrence of an Accounting Event, see the Risk Factor titled "*The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event*" below.

The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). The DP/2018/1 Paper was open for comment until 7 January 2019. The IASB Board met on 21-23 April 2020 to discuss the direction of the project and again on 28 April 2021 to continue its discussions on potential refinements to disclosure proposals explored in the DP/2018/1 Paper, namely, proposals for disclosure of information about terms and conditions, priority on liquidation and potential dilution. These disclosure proposals relate to financial instruments an entity issues and, if finalised, would be incorporated into *IFRS 7 Financial Instruments: Disclosure*. While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities (pursuant to Condition 5(c)) or substitute, or vary the terms of, the Securities in accordance with Condition 6. The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem, substitute or vary the terms of the Securities pursuant to the Conditions.

For a description of the risks related to the early redemption of the Securities or a substitution or variation of the Securities, see the Risk Factors titled "*The Issuer may redeem the Securities early; investors should consider reinvestment risk*" and "*Substitution or variation of the Securities*" above.

Fixed rate securities have a market risk

The Securities will bear interest at a fixed rate, reset by reference to a mid-swap rate plus a margin on the First Reset Date for the Securities and on each fifth anniversary of such First Reset Date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While

the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Potential investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Securities and can lead to losses for the Holders if they sell such Securities.

The Interest Rate will reset on the First Call Date and on each Reset Date thereafter and could affect the market value of an investment in the Securities

The Interest Rate will reset on the First Call Date and on each Reset Date thereafter and could affect the market value of an investment in the Securities. Each Reset Interest Rate could be less than the Initial Interest Rate and/or, as applicable, less than the Interest Rate determined on any previous Reset Date, which could adversely affect the yield and the market value of the Securities.

Reform and Regulation of "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on securities linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/2011 as it forms part of UK domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on the Securities linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

The potential elimination of the EURIBOR benchmark, or changes in the manner of administration of the benchmark, could (as it forms part of the calculation for the Reset Interest Rate) require an adjustment to the terms and conditions, or result in other consequences, in respect of the Securities. Such factors may have the following effects: (i) discourage market participants from continuing to administer or contribute to EURIBOR, (ii) trigger changes in the rules or methodologies used in EURIBOR or (iii) lead to the disappearance of EURIBOR. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Securities.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms, as applicable, in making any investment decision with respect to the Securities.

If a Benchmark Event (as defined in Condition 18) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in Condition 18), as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (each as defined in Condition 18) to be used in place of the relevant Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Reset Interest Rate will result in the Securities performing differently (which may include payment of a lower rate of interest) than they would do if the relevant Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions of the Securities, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Holders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread (as defined in Condition 18) may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the relevant Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Reset Interest Rate. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in the Securities performing differently (which may include payment of a lower rate of interest) than they would if the relevant Original Reference Rate were to continue to apply in its current form.

The Independent Adviser may also not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions. Where the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Reset Period, it will continue to attempt to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Reset Periods, as necessary.

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate (in accordance with Condition 3(i)(ii)) prior to the relevant Reset Interest Determination Date, the Reset Interest Rate applicable to the next succeeding Reset Period shall be determined by reference to the fallback provisions set out in paragraph (b) of the definition of 5 Year EUR Mid-Swap Rate. This will result in the Securities, in effect, becoming fixed rate securities (subject to the operation of relevant step-ups).

Notwithstanding any other provision of Condition 3(i) (*Benchmark Discontinuation*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Securities by any Rating Agency when compared to the "equity credit" assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for "equity credit" from any Rating Agency.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the Securities. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities. Investors should consider these matters when making their investment decision with respect to the Securities.

There are no events of default and Holders have very limited rights in relation to the enforcement of payments on the Securities

The terms of the Securities do not provide for any events of default. Holders may not at any time demand repayment or redemption of their Securities. If a default is made by the Issuer for a period of 21 days or more in relation to the payment of any interest or 14 days or more in the case of any principal or premium in respect of the Securities which is due and payable, the rights of the Holders in respect of the Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Securities in an Issuer Winding-up.

Whilst the claims of the Holders in an Issuer Winding-up are for the principal amount of their Securities together with any Arrears of Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under "*The Securities are deeply subordinated obligations; accordingly, claims in respect of the Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up*". The Holders shall not be entitled to accelerate payments of interest or principal under the Securities in any circumstances outside an Issuer Winding-up. Furthermore, whilst the Holders may institute other proceedings against the Issuer to enforce the terms of the Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders' rights of enforcement in respect of payments under the Securities are very limited.

The Securities are unsecured obligations of the Issuer and do not include limitations on issuing or guaranteeing debt ranking senior to, or pari passu with, the Securities and Belgian insolvency laws may adversely affect recovery by the Holders of amounts payable under the Securities

The Securities are deeply subordinated unsecured obligations of the Issuer. There is no restriction in the Conditions on the amount of debt which the Issuer may issue or guarantee. The Issuer and its Subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with, or senior to, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on an Issuer Winding-up and/or may increase the likelihood of a deferral of interest payments under the Securities. In addition, the application of Belgian insolvency laws may adversely affect a Holder's claim to obtain repayment (partial or in full) of the Securities, for example, as the result of a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Securities.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with:

(i) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2021, together with the audit report thereon;

(ii) the unaudited consolidated interim financial statements of the Issuer for the six month period ended 30 June 2022, together with the limited review report thereon; and

(iii) the press release of the Issuer dated 3 March 2023 entitled "Full-year results: Elia Group accelerates decarbonisation and electrification, in line with Europe's pressing needs" comprising the unaudited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022.

Such documents shall be incorporated in, and form part of, this Information Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum. Any non-incorporated parts of a document referred to in this Information Memorandum are either deemed not relevant for prospective investors in the Securities or the relevant information is included elsewhere in this Information Memorandum. Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

This Information Memorandum and copies of documents incorporated by reference in this Information Memorandum may be obtained free of charge from the registered office of the Issuer at Keizerslaan 20, 1000 Brussels, Belgium. This Information Memorandum and each document incorporated by reference will also be published on the website of the Issuer (www.eliagroup.eu).

The table below sets out the relevant page references for the audited consolidated financial statements as at and for the financial year ended 31 December 2021 as set out in the Issuer's relevant Annual Report.

	Issuer's Annual Report as at and for the year ended 31 December 2021 (Consolidated Financial Statements)
Consolidated Statement of Profit or Loss	Page 62-63
Consolidated Statement of Comprehensive Income	Page 63
Consolidated Statement of Financial Position	Page 64
Consolidated Statement of Changes in Equity	Page 65
Consolidated Statement of Cash Flows	Page 66

	Issuer's Annual Report as at and for the year ended 31 December 2021 (Consolidated Financial Statements)
Notes	Page 67-141
Auditors' Report	Page 142-146

The table below sets out the relevant page references for the unaudited consolidated interim financial statements of the Issuer as at and for the six month period ended 30 June 2022, as set out in the Issuer's 2022 half-year financial report.

	Issuer's 2022 half-year financial report as at and for the six month period ended 30 June 2022 (Consolidated Financial Statements)
Consolidated Statement of Financial Position	Page 16
Consolidated Statement of Profit or Loss	Page 17
Consolidated Statement of Comprehensive Income	Page 18
Consolidated Statement of Changes in Equity	Page 19
Consolidated Statement of Cash Flows	Page 20
Notes	Page 21-34
Auditors' Limited Review Report	Page 35
Alternative Performance Measures	Page 36

FORWARD-LOOKING STATEMENTS

Certain statements included in this Information Memorandum may constitute "forward-looking statements". Forward-looking statements are all statements in this Information Memorandum that do not relate to historical facts and events, and include statements concerning the Issuer's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words "may", "will", "could", "believes", "assumes", "intends", "estimates", "expects", "plans", "seeks", "approximately", "aims", "projects", "anticipates" or similar expressions, or the negative thereof, to generally identify forward- looking statements.

Forward-looking statements are set forth in a number of places in this Information Memorandum, including (without limitation) in the sections "*Risk Factors*" and "*Description of the Issuer*". The Issuer has based these forward-looking statements on the current view with respect to future events and financial performance. These views involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements contained in this Information Memorandum and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements are made only as at the date of this Information Memorandum. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Information Memorandum whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Information Memorandum. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Securities should not place undue reliance on these forward-looking statements.

TERMS AND CONDITIONS OF THE SECURITIES

The EUR500,000,000 Fixed Rate Reset Undated Subordinated Securities (the "**Securities**", which expression shall, unless the context otherwise requires, include any Further Securities issued pursuant to Condition 14 and forming a single series with the Securities, and each, a "**Security**") of Elia Group SA/NV (the "**Issuer**") are issued pursuant to an agency agreement (such agency agreement, as modified and/or amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated on or about 13 March 2023 and entered into between the Issuer and KBC Bank NV as paying agent (the "**Agent**", which expression shall include any successor thereto), as calculation agent (the "**Calculation Agent**", which expression shall include any successor thereto) and as make-whole calculation agent (the "**Make-Whole Calculation Agent**", which expression shall include any successor thereto).

Each capitalised term used herein shall have the meaning ascribed to such term in Condition 18. The statements set out in these terms and conditions of the Securities (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Agency Agreement. The Holders are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified office of the Agent.

1. FORM, DENOMINATION AND TITLE

The Securities will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Code des Sociétés et des Associations*/*Wetboek van Vennootschappen en Verenigingen*) (the "**Belgian Companies and Associations Code**") and cannot be physically delivered. The Securities will be represented exclusively by book entry in the records of the clearing system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**NBB System**"). The Securities can be held by the Holders through (i) participants in the NBB System, including Euroclear Bank SA/NV ("**Euroclear**"), Euroclear France SA ("**Euroclear France**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Euronext Securities Milan (formerly Monte Titoli S.p.A.) ("**Euronext Securities Milan**"), Euronext Securities Porto (formerly Interbolsa, S.A., relayed link via Euroclear France) ("**Euronext Securities Porto**") and LuxCSD S.A. ("**LuxCSD**") and (ii) other financial intermediaries which in turn hold the Securities through Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other participants in the NBB System. The Securities are accepted for clearance through the NBB System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the NBB System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the "**NBB System Regulations**"). Title to the Securities will pass by account transfer. Securities may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB System. The Holders will not be entitled to exchange the Securities into securities in bearer form.

If at any time the Securities are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an "**Alternative Clearing System**").

Holders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of the Belgian Companies and Associations Code) upon submission of an affidavit drawn up by the NBB (or any other participant duly licensed in Belgium as a recognised accountholder for the purposes of Article 7:41 of the Belgian Companies and Associations Code (a "**Recognised Accountholder**")) (or the position held by the financial institution through which such Holder's Securities are held with such Recognised Accountholder, in which case an affidavit drawn up by that financial institution will also be required).

The Securities are issued in the principal amount of EUR100,000 each and may only be settled through the NBB System in principal amounts equal to that denomination or an integral multiple thereof.

In these Conditions, **Holder** means, in respect of any Security, the holder from time to time of such Security as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in this Condition 1 (together, the "**Holders**").

2. STATUS, SUBORDINATION, ISSUER WINDING-UP AND PROHIBITION OF SET-OFF

(a) Status and Subordination

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves.

On an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of, or arising under, the Securities held by them will be subordinated in the manner set out below and claims in respect of the Securities shall, subject to any obligations which are mandatorily preferred by law, at all times rank in the event of an Issuer Winding-up:

(i) junior to the claims in respect of unsubordinated obligations of the Issuer;

(ii) *pari passu* and without any preference among themselves and at least equally and rateably with claims against the Issuer in respect of any Parity Securities; and

(iii) senior only to the claims against the Issuer in respect of Junior Securities.

(b) Amount due on an Issuer Winding-up

Upon the occurrence of an Issuer Winding-up, the Securities shall become immediately due and repayable and, in such Issuer Winding-up, the amount payable in respect of the Securities shall be an amount equal to the principal amount of the Securities, together with Arrears of Interest (if any) and any other unpaid interest which has accrued up to (but excluding) the date of payment of such amounts and the claims for such amounts will be subordinated in the manner described in Condition 2(a) above.

(c) Prohibition of Set-Off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder shall, by virtue of its holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

3. INTEREST

(a) Interest Payment Dates

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 15 March 2023 (the "**Issue Date**") to (but excluding) the date set for final redemption in accordance with the provisions of this Condition 3.

Subject to Condition 4, interest shall be payable on the Securities annually in arrear on 15 June in each year (each an "**Interest Payment Date**"). There will be a short first Interest Period and, subject to Condition 4, the first Interest Payment Date will be 15 June 2023 (the "**First Interest Payment Date**").

(b) Interest Accrual

The Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to these Conditions or the date of substitution or variation thereof pursuant to Condition 6, as the case may be, unless payment of all unpaid amounts in respect of the Securities is not made on the relevant payment date, in which event interest shall continue to accrue at the applicable Interest Rate in respect of the principal amount of, and any other unpaid amounts on, the Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, 15 June 2022) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the "**day-count fraction**"). Where it is necessary to compute an amount of interest in respect of any Security for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

The amount of interest on the Securities calculated for any period shall be equal to the product of the applicable Interest Rate, the principal amount of the Securities and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) Initial Interest Rate

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 5.850 per cent. per annum (the "**Initial Interest Rate**").

The first payment of interest, to be made on the First Interest Payment Date, will be in respect of the short first period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and will amount to EUR7,372,602.74 for the aggregate principal amount of the Securities. The Interest Payment in respect of each Interest Period commencing on or after the First Interest Payment Date and before the First Reset Date will amount to EUR29,250,000.00 for the aggregate principal amount of the Securities. Any such Interest Payment may be deferred in accordance with Condition 4.

(d) **Reset Interest Rates**

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a "**Reset Interest Rate**").

(e) **Determination of Reset Interest Rates and Calculation of Interest Amounts**

The Calculation Agent shall, at or as soon as practicable after 11.00 a.m. (Central European time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 4) be payable in respect of each Interest Period falling in such Reset Period (the "**Interest Amount**").

(f) **Publication of Reset Interest Rates and Interest Amounts**

Unless the Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and each related Interest Amount to be given to the Agent, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) **Calculation Agent**

The Issuer may from time to time replace the Calculation Agent with another reputable independent financial institution of good standing. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution of good standing to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable independent financial institution of good standing which the Issuer shall approve.

(h) **Determinations of Calculation Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Calculation Agent, the Agent and all Holders and (in the absence of wilful default and fraud) no liability to the Holders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Benchmark Discontinuation**

(i) Independent Adviser

Notwithstanding Condition 3(d), if a Benchmark Event occurs in relation to an Original Reference Rate when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition

3(i)(ii)) and, in either case, an Adjustment Spread (if any) (in accordance with Condition 3(i)(iii)) and any Benchmark Amendments (in accordance with Condition 3(i)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 3(i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent, the Calculation Agent or the Holders for any determination made by it pursuant to this Condition 3(i).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate (in accordance with Condition 3(i)(ii)) prior to the relevant Reset Interest Determination Date, the Reset Interest Rate applicable to the next succeeding Reset Period shall be determined by reference to the fallback provisions set out in paragraph (b) of the definition of 5 Year EUR Mid-Swap Rate. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3(i)(iii)) subsequently be used in place of the relevant Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 3(i)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3(i)(iii)) subsequently be used in place of the relevant Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 3(i)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as the case may be) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3(i) and the Independent Adviser determines in its discretion (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof to the Holders in accordance with Condition 3(i)(v), without any requirement for the consent or approval of the Holders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Agent of a certificate signed by two directors of the Issuer pursuant to Condition 3(i)(v), the Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to use its reasonable endeavours to implement any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Agency Agreement) and the Agent shall not be liable to any party for any consequences thereof, provided that the Agent shall not be obliged so to implement if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such variation in accordance with this Condition 3(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(i) will be notified promptly by the Issuer to the Agent, the Calculation Agent and, in accordance with Condition 15, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments (if any).

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer:

(A) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate, (III) where applicable, any Adjustment Spread and (IV) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 3(i); and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Agent shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, the Agent shall not be liable to the Holders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent and the Holders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 3(i)(i), 3(i)(ii), 3(i)(iii) or 3(i)(iv), the relevant Original Reference Rate and the fallback provisions set out in paragraph (b) of the definition of 5 Year EUR Mid-Swap Rate will continue to apply unless and until a Benchmark Event has occurred and the Agent and the Calculation Agent has been notified of the Successor

Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 3(i)(v).

Notwithstanding any other provision of this Condition 3(i) (Benchmark Discontinuation), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Securities by any Rating Agency when compared to the "equity credit" assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for "equity credit" from any Rating Agency.

4. OPTIONAL INTEREST DEFERRAL

(a) Deferral of Interest Payments

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Securities are to be redeemed) by giving notice (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 15 and to the Agent not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment (or part thereof) so deferred (any such deferred interest, "**Deferred Interest**") pursuant to this Condition 4(a) shall, from (and including) the Interest Payment Date on which such Interest Payment (or part thereof) would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, to the extent permitted by applicable law, itself bear interest (any such further interest, an "**Additional Interest Amount**") at the Interest Rate prevailing from time to time (which interest shall compound on each subsequent Interest Payment Date on which such interest remains unpaid) and, for so long as the same remains unpaid, such Deferred Interest, together with the Additional Interest Amount, shall constitute "**Arrears of Interest**".

Subject to the provisions of Condition 4(b)(ii), the deferral of an Interest Payment (or part thereof) in accordance with this Condition 4(a) shall not constitute a default by the Issuer under the Securities or for any other purpose.

(b) Settlement of Arrears of Interest

(i) Optional Settlement

Arrears of Interest may, subject as provided in this Condition 4(b), be paid (in whole or in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 15 and the Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Arrears of Interest (or part thereof).

If amounts in respect of Arrears of Interest are paid in part:

(A) all unpaid amounts of Deferred Interest shall be payable before any of the Additional Interest Amounts;

(B) Deferred Interest accrued for any period shall not be payable until full payment has been made of all Deferred Interest that has accrued during any earlier

period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest to which it relates; and

(C) the amount of Deferred Interest or Additional Interest Amounts payable in respect of any of the Securities in respect of any period shall be *pro rata* to the total amount of all unpaid Deferred Interest or, as the case may be, Additional Interest Amounts accrued on the Securities in respect of that period to the date of payment.

(ii) Mandatory Settlement

The Issuer shall pay any Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

(A) the tenth Business Day following the date on which an Arrears of Interest Payment Event occurs;

(B) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;

(C) the date on which the Securities are redeemed in accordance with Condition 5; and

(D) the date of an Issuer Winding-up.

Notice of any Arrears of Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 15 and to the Agent not less than seven Business Days prior to the date on which the Issuer will pay the relevant Arrears of Interest.

5. REDEMPTION

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 and without prejudice to the provisions of Condition 12) only have the right to repay them in accordance with the following provisions of this Condition 5.

(b) Issuer's Call Option

The Issuer may, by giving not less than 15 nor more than 45 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Securities on (i) any date from (and including) the First Call Date to (and including) the First Reset Date or (ii) on any Interest Payment Date thereafter (each such date referred to under paragraph (i) and (ii) being a "**Par Call Date**") in each case, at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

The Issuer may, by giving not less than 15 nor more than 45 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall, subject to the last paragraph of this Condition 5(b), be irrevocable and shall specify the date fixed for redemption (the "**Make-Whole Redemption Date**")) redeem all (but not some only) of the Securities then outstanding at any time other than on a Par Call Date at the Make-Whole Redemption Amount.

Upon the expiry of the relevant notice, subject to the last paragraph of this Condition 5(b), the Issuer shall redeem the Securities.

A notice of the redemption of the Securities given in accordance with the second paragraph above may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the relevant Make-Whole Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the relevant Make-Whole Redemption Date, or by relevant Make-Whole Redemption Date so delayed. The Issuer shall notify the Agent and, in accordance with Condition 15, the Holders of any delay to the relevant Make-Whole Redemption Date or rescindment of the notice of the redemption of the Securities (as applicable).

(c) **Redemption upon an Accounting Event, a Rating Agency Methodology Event or a Tax Deductibility Event**

If an Accounting Event, a Rating Agency Methodology Event or a Tax Deductibility Event has occurred and is continuing, the Issuer may, by giving not less than 15 nor more than 45 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 7, redeem all, but not some only, of the Securities at any time at an amount equal to:

(i) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date; or

(ii) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,

together, in each case, with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) **Redemption upon a Gross Up Event or a Substantial Repurchase Event**

If a Gross Up Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 15 nor more than 45 days' notice to the Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 7, redeem all, but not some only, of the Securities at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Securities.

6. SUBSTITUTION OR VARIATION

If at any time the Issuer determines that an Accounting Event, a Rating Agency Methodology Event, a Tax Deductibility Event or a Gross Up Event has occurred on or after the Issue Date and is continuing, then the Issuer may, as an alternative to an early redemption of the Securities in accordance with Condition 5 and subject to Condition 7 (without any requirement for the consent or approval of the Holders) and having given not less than 15 nor more than 45 days'

notice to the Agent and, in accordance with Condition 15, to the Holders (which notice shall be irrevocable and shall specify the date fixed for substitution or variation), either:

(a) substitute all, but not some only, of the Securities for Qualifying Securities; or

(b) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities.

Upon the expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 6.

In connection with any substitution or variation in accordance with this Condition 6, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

7. PRECONDITIONS TO REDEMPTION, SUBSTITUTION AND VARIATION

Prior to any redemption of the Securities in accordance with Condition 5 or substitution or variation, as the case may be, of the Securities in accordance with Condition 6, the Issuer shall deliver to the Agent (and, in the case of (c) below, make available to the Holders):

(a) a certificate signed by two directors of the Issuer stating:

(i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Securities is satisfied;

(ii) in the case of a Gross Up Event, that the Issuer is unable to avoid paying Additional Amounts pursuant to, and in accordance with, Condition 10 by taking measures reasonably available to it; and

(iii) in the case of a substitution or variation pursuant to Condition 6, that:

(A) the Issuer has determined that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;

(B) the criteria specified in paragraphs (a) to (i) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities upon issue; and

(C) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event;

(b) in the case of a Gross Up Event or a Tax Deductibility Event, an opinion of independent legal advisers of recognised standing to the effect that such Gross Up Event or such Tax Deductibility Event, as the case may be, has occurred and is continuing;

(c) in the case of a Tax Deductibility Event, a tax ruling from the relevant Belgian tax authorities, issued prior to the relevant Tax Law Change, confirming that the Issuer was entitled to a full deduction in respect of payments relating to the Securities in computing its taxation liabilities for Belgian tax purposes on or after the Issue Date; and

(d) in the case of an Accounting Event, an opinion of an independent accounting firm of recognised standing to the effect that such Accounting Event has occurred and is continuing.

Any redemption of the Securities in accordance with Condition 5 shall be conditional on all Arrears of Interest being paid in full in accordance with the provisions of Condition 4(b)(ii) on or prior to the date of such redemption, together with any accrued and unpaid interest up to (but excluding) the date of such redemption of the Securities.

8. PURCHASES AND CANCELLATION

(a) Purchase

Each of the Issuer and any of its Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price, in accordance with any applicable legislation.

All Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation to the Agent but while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle such holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 13.

(b) Cancellation

All Securities which are redeemed pursuant to Condition 5 or substituted pursuant to Condition 6 and all Securities purchased and surrendered for cancellation pursuant to Condition 8(a) will be cancelled and may not be reissued or resold.

9. PAYMENTS

(a) Method of Payment

Without prejudice to Article 7:41 of the Belgian Companies and Associations Code, all payments of principal, premium and interest in respect of the Securities will be made through the Agent and the NBB System in accordance with the NBB System Regulations. The payment obligations of the Issuer under the Securities will be discharged by payment to the NBB System in respect of each amount so paid.

(b) Payments

Each payment referred to in Condition 9(a) will be made in euro by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(c) Payments subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payments, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction imposed pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto ("**FATCA**

Withholding"). No commission or expenses shall be charged to the Holders in respect of such payments.

(d) **Payments on Business Days**

If any date for payment in respect of the Securities is not a Business Day, the Holders shall not be entitled to payment until the next following Business Day, nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest amount payable under the Securities, the Interest Payment Date shall not be adjusted.

(e) **Interpretation of Principal, Premium and Interest**

References in these Conditions to principal, premium, Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to Condition 10.

10. TAXATION

All payments of principal, premium and interest (including Arrears of Interest) by or on behalf of the Issuer in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay Additional Amounts, except that, with respect to any Security, no Additional Amounts shall be payable:

(a) "**Other connection**": to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Security by reason of such Holder having some connection with the Kingdom of Belgium other than the mere holding of the Security; or

(b) "**Non-Eligible Investor**": to a Holder, who at the time of issue of the Securities, was not an eligible investor within the meaning of Article 4 of the Belgian royal decree of 26 May 1994 on the deduction of withholding tax (an "**Eligible Investor**") or to a Holder who was an Eligible Investor at the time of issue of the Securities but, for reasons within the Holder's control, either ceased to be an Eligible Investor or, at any relevant time on or after the issue of the Securities, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or

(c) "**Conversion into registered Securities**": to a Holder who is liable to such Taxes because such Security held by it was upon its request converted into a registered Security and could no longer be cleared through the NBB System; or

(d) "**Lawful avoidance of withholding**": to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Security is presented for payment.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Securities by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding. Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

11. ENFORCEMENT EVENT

(a) Proceedings

Without prejudice to the Issuer's right to defer the payment of interest under Condition 4(a) and subject to Condition 2, if a default is made by the Issuer for a period of 21 days or more in relation to the payment of any interest or 14 days or more in the case of any principal or premium in respect of the Securities which is due and payable, then the Issuer shall without notice from the Holders be deemed to be in default under the Securities and any Holder may, notwithstanding the provisions of Condition 11(b), by notice in writing given to the Issuer at its registered office with a copy to the Agent at its specified office, institute proceedings for an Issuer Winding-up and/or prove or claim in an Issuer Winding-up for such payments.

(b) Enforcement

Any Holder may, and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Securities but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) Holders' Waiver

For the avoidance of doubt, the Holders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Old Belgian Civil Code to rescind (*ontbinden/résoudre*), or demand in legal proceedings the recission (*ontbinden/résoudre*) of, the Securities and (ii) to the extent applicable, all their rights whatsoever in respect of the Securities pursuant to Article 7:64 of the Belgian Companies and Associations Code (right to rescind (*ontbinden/résoudre*)). Furthermore, to the fullest extent permitted by law, the parties hereby waive their rights under Article 1117 of the Old Belgian Civil Code to nullify, or demand in legal proceedings the nullification of, the Securities on the ground of error (*dwaling/erreur*).

12. PRESCRIPTION

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within 10 years (in the case of principal and premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

13. MEETINGS OF HOLDERS; MODIFICATION AND WAIVER

(a) Meetings of Holders

All meetings of Holders will be held in accordance with the provisions on meetings of Holders set out in Schedule 1 to these Conditions (the "**Holders' Provisions**"). The provisions of this Condition (a) are subject to, and should be read together with, the more detailed provisions contained in the Holders' Provisions (which shall prevail in the event of any inconsistency).

Meetings of Holders may be convened to consider matters in relation to the Securities, including the modification or waiver of the Securities or any of these Conditions. For the avoidance of doubt, any modification or waiver of the Securities or these Conditions shall always be subject to the consent of the Issuer.

A meeting of Holders may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Holders holding at least 20 per cent. of the aggregate principal amount of the outstanding Securities. Any modification or waiver of the Securities or these Conditions

proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution. However, any such proposal to (i) amend the dates of redemption of the Securities or any date for payment of interest or any other amounts due or payable under the Securities, (ii) assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Securities on redemption or the date for any such payment in circumstances not provided for in these Conditions, (iii) assent to a reduction of the principal amount of the Securities, a decrease of the principal amount payable by the Issuer under the Securities or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) amend Condition 2 or effect the exchange, conversion or substitution of the Securities for, or the conversion of the Securities into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Holders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each Holder to individually decide to participate); (v) change the currency of payment of the Securities, (vi) modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution, or (vii) amend this provision, may only be sanctioned by a Special Quorum Resolution.

Resolutions duly passed by a meeting of Holders in accordance with the Holders' Provisions shall be binding on all Holders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Holders' Provisions furthermore provide that, for so long as the Securities are in dematerialised form and settled through the NBB System, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Holders through the relevant clearing systems as provided in the Holders' Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding. To the extent such electronic consent is not being sought, the Holders' Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of Holders of not less than 75 per cent. of the aggregate principal amount of the outstanding Securities shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Holders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 6 in connection with the substitution or variation of the terms of the Securities so that they remain or become Qualifying Securities. In addition, modifications to the Conditions may be made in the circumstances and as otherwise set out in Condition 3(i) without the consent of the Holders.

(b) **Modification and Waiver**

The Agency Agreement and these Conditions may be amended without the consent of the Holders (i) for the purpose of curing any manifest error, (ii) for the purpose of complying with mandatory provisions of law, or (iii) in the case of the Agency Agreement, in any manner which the Issuer and the Agent may deem necessary or desirable, provided that no such change shall be inconsistent with these Conditions nor, in the reasonable opinion of the Issuer, adversely affect the interests of the Holders. In addition, the Issuer shall only permit any waiver or

authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, create and issue further Securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest) so that the same shall be consolidated and form a single series with the Securities ("**Further Securities**").

15. NOTICES

For so long as the Securities are held by or on behalf of the NBB System, notices to the Holders will be valid if delivered to the NBB for communication by it to the participants of the NBB System (for onward delivery to the Holders) in substitution for such publication. Any such notice shall be deemed to have been given to Holders on the calendar day after the date on which the said notice was given to the NBB System.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Securities are for the time being listed.

16. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by, and shall be construed in accordance with, English law, other than the provisions of Condition 1, Condition 2 and Condition 13 and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of the Kingdom of Belgium.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Securities and accordingly any legal action or proceedings arising out of or in connection with the Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and

shall immediately notify the Holders of such appointment in accordance with Condition 15 Nothing shall affect the right to serve process in any manner permitted by law.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

18. DEFINITIONS

In these Conditions:

"**2033 Step-up Date**" means 15 June 2033;

"**2048 Step-up Date**" means 15 June 2048;

"**5 Year EUR Mid-Swap Rate**" means, with respect to a Reset Period:

(a) the mid swap rate for euro swap transactions with a maturity of five years ("**5 Year EUR Mid-Swap**"), as published on Reuters screen ICESWAP2/EURSFIXA (formerly called ISDAFIX2) under Euribor Basis EUR (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in euro) (the "**Mid-Swap Page**"), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period; or

(b) if, on the Reset Interest Determination Date applicable to such Reset Period, no rate is calculated and published on the Mid-Swap Page, the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the bid and offered rates quoted by the Reset Reference Banks at approximately 11.00 a.m. (Central European time) on such Reset Interest Determination Date for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which: (A) has a term of five years commencing on the relevant Reset Date; (B) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (C) has a floating leg (calculated on an Actual/360 day count basis) which is equivalent to six-month EURIBOR; provided that if fewer than two rates are so quoted, the 5 Year EUR Mid-Swap Rate shall be the 5 Year EUR Mid-Swap Rate determined by the Calculation Agent for the previous Reset Period or, in the case of the first Reset Interest Determination Date, 3.390 per cent.

"**Accounting Event**" means that a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or, in each case, the application thereof) after the Issue Date (the earlier of such date that the aforementioned change is officially announced by the board or equivalent body of IFRS or officially adopted or put into practice, the "**Accounting Event Adoption Date**"), the Securities may not or may no longer be recorded as "equity" in full in any of the consolidated financial statements of the Issuer pursuant to the application of IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the consolidated financial statements of the Issuer. An Accounting Event shall be deemed to have occurred on the relevant Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on, and include, the relevant Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional

period between the relevant Accounting Event Adoption Date and the date on which it comes into effect;

"**Additional Amounts**" means, for the purposes of a relevant payment referred to in Condition 10, such additional amounts as shall result in receipt by the Holders of such amounts as would have been received by them had the relevant Taxes not been so imposed, levied, collected, withheld or assessed;

"**Additional Interest Amount**" has the meaning given in Condition 4(a);

"**Adjustment Spread**" means either (A) a spread (which may be positive, negative or zero) or (B) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(b) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

(c) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Agency Agreement**" has the meaning given in the preamble of these Conditions;

"**Agent**" has the meaning given in the preamble of these Conditions;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 3(i)(ii) has replaced the relevant Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same currency as the Securities;

"**Arrears of Interest**" has the meaning given in Condition 4(a);

an "**Arrears of Interest Payment Event**" means any one or more of the following events:

(a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on any Junior Securities;

(b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary, as the case may be, on any Parity Securities;

(c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of any Junior Securities; and/or

(d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Securities (other than a redemption of the Securities in accordance with Condition 5 or a repayment of the Securities in connection with an Issuer Winding-up) or any Parity Securities,

save for:

(i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;

(ii) in the case of (b) above only, any optional partial payment of deferred interest or arrears of interest (howsoever described) on Parity Securities ("**Parity Securities Arrears of Interest**"), provided that any Arrears of Interest on the Securities and all Parity Securities Arrears of Interest on Parity Securities outstanding at such same time are simultaneously paid on a *pro rata* basis;

(iii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of (1) any reduction of the nominal value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary or any associated hedging transaction; and

(iv) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Security or per Parity Security below its par value;

"**Benchmark Amendments**" has the meaning given to it in Condition 3(i)(iv);

"**Benchmark Event**" means:

(a) the relevant Original Reference Rate has ceased to be published as a result of such benchmark ceasing to be calculated or administered; or

(b) a public statement by the administrator of the relevant Original Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Original Reference Rate) it has ceased publishing such Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(c) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that such Original Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that means that such Original Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will

be subject to restrictions or adverse consequences, either generally or in respect of the Securities; or

(e) a public statement by the supervisor of the administrator of the relevant Original Reference Rate (as applicable) that, in the view of such supervisor, such Original Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market; or

(f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party appointed by the Issuer to calculate any payments due to be made to any Holder using the relevant Original Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable);

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

"**Benchmark Rate**" means the annual yield to maturity of the Reference Bond (rounded if necessary, to the nearest third decimal place, with 0.0005 per cent. rounded upwards) displayed on the Reference Screen Rate as determined by the Make-Whole Calculation Agent or, if the Reference Screen Rate is not available, the average of the four quotations given by Reference Dealers to the Make-Whole Calculation Agent on the Business Day immediately preceding the Calculation Date at market close of the mid-market annual yield to maturity of the Reference Bond (rounded if necessary, to the nearest third decimal place, with 0.0005 per cent. rounded upwards). If the Reference Bond is no longer outstanding or the Reference Screen Rate does not quote the yield on the Reference Bond, a Similar Security will be chosen by the Issuer in consultation with an independent investment bank of international standing on the Business Day immediately preceding the Calculation Date and notified to the Make-Whole Calculation Agent. The Benchmark Rate (and the reference of the Similar Security if applicable) will be published by the Issuer in accordance with Condition 15;

"**Business Day**" means a day (i) other than a Saturday or a Sunday on which the NBB System is operating and (ii) on which banks and foreign exchange markets are open for general business in Belgium and (iii) (if a payment in euro is to be made on that day) which is a business day for the TARGET System;

"**Calculation Agent**" has the meaning given in the preamble to these Conditions;

"**Calculation Date**" means the third Business Day prior to the Make-Whole Redemption Date;

"**Clearstream**" has the meaning given in Condition 1;

"**Code**" has the meaning given to it in Condition 9(c);

"**Conditions**" means these terms and conditions of the Securities, as amended from time to time;

"**continuing**" is an event or failure that has not been remedied or waived;

"**Deferral Notice**" has the meaning given in Condition 4(a);

"**Deferred Interest**" has the meaning given in Condition 4(a);

"**Eligible Investor**" has the meaning given in Condition 10;

"**EUR**" and/or "**euro**" means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**EURIBOR**" means the Euro Interbank Offered Rate;

"**Euroclear**" has the meaning given in Condition 1;

"**Euroclear France**" has the meaning given in Condition 1;

"**Euronext Securities Milan**" has the meaning given in Condition 1;

"**Euronext Securities Porto**" has the meaning given in Condition 1;

"**Extraordinary Resolution**" has the meaning given in Schedule 1;

"**FATCA Withholding**" has the meaning given in Condition 9(c);

"**First Call Date**" means 15 March 2028;

"**First Interest Payment Date**" has the meaning given to it in Condition 3(a);

"**First Reset Date**" means 15 June 2028;

"**Further Securities**" has the meaning given to it in Condition 14;

a "**Gross Up Event**" shall be deemed to occur if, as a result of a Tax Law Change, the Issuer is required, on the occasion of the next payment due in respect of the Securities, to pay a more than *de minimis* increase in Additional Amounts than immediately prior to such Tax Law Change being effected;

"**Holder**" and "**Holders**" have the meanings given in the preamble to these Conditions;

"**IFRS**" means International Financial Reporting Standards as adopted by the European Union;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 3(i)(i) and notified in writing to the Agent;

"**Initial Interest Rate**" has the meaning given in Condition 3(c);

"**Interest Amount**" has the meaning given in Condition 3(e);

"**Interest Payment**" means, in respect of the payment of interest on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 3;

"**Interest Payment Date**" has the meaning given in Condition 3(a);

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

"**Issue Date**" has the meaning given in Condition 3(a);

"**Issuer**" has the meaning given in the preamble to these Conditions;

"**Issuer Winding-up**" means the event of (i) a final order being made, or an effective resolution being passed, for the winding-up, liquidation or dissolution of the Issuer (except, in any such case, a solvent winding-up for the purposes of a reorganisation, reconstruction, amalgamation, merger or consolidated of the Issuer on terms approved by an Extraordinary Resolution of Holders) or (ii) the Issuer finally being judicially determined or formally admitted to be insolvent or bankrupt;

"**Junior Securities**" means the ordinary shares of the Issuer;

"**LuxCSD**" has the meaning given in Condition 1;

"**Make-Whole Margin**" means 0.500 per cent;

"**Make-Whole Calculation Agent**" has the meaning given to it in the preamble to these Conditions. Conditions 3(g) and 3(h) shall apply to the Make-Whole Calculation Agent and any determinations made by the Make-Whole Calculation Agent under these Conditions *mutatis mutandis*;

"**Make-Whole Redemption Amount**" means, in respect of each Security, an amount in euro, determined by the Make-Whole Calculation Agent, equal to the sum of:

(a) the greater of (x) the principal amount of such Security and (y) the sum (rounded if necessary, to the nearest cent (half a cent being rounded upwards)) of the present values as at the Make-Whole Redemption Date of the remaining scheduled payments of principal and interest on such Security (excluding any Arrears of Interest thereon and any interest accruing on such Security from (and including) the last Interest Payment Date or, as the case may be, the Issue Date, immediately preceding the Make-Whole Redemption Date to (but excluding) the Make-Whole Redemption Date) up to and discounted from: (A) if the Make-Whole Redemption Date occurs prior to the First Call Date, the First Call Date, or (B) if the Make-Whole Redemption Date occurs after the First Reset Date, the next succeeding Interest Payment Date to the Make-Whole Redemption Date, in each case on the basis of the relevant day count basis at a rate equal to the higher of (X) Make-Whole Redemption Rate and (Y) 0 (zero) per cent; and

(b) any interest accrued and any Arrears of Interest but not paid on such Security from (and including) the last Interest Payment Date or, as the case may be, the Issue Date, immediately preceding the Make-Whole Redemption Date, to (but excluding) the Make-Whole Redemption Date;

"**Make-Whole Redemption Date**" has the meaning given in Condition 5(b);

"**Make-Whole Redemption Rate**" means the sum, as calculated by the Make-Whole Calculation Agent, of the Benchmark Rate and the Make-Whole Margin;

"**Margin**" means:

(a) in respect of the period from (and including) the First Reset Date to (but excluding) the 2033 Step-up Date, 2.506 per cent.;

(b) in respect of the period from (and including) the 2033 Step-up Date to (but excluding) the 2048 Step-up Date, 2.756 per cent.; and

in respect of the period from (and including) the 2048 Step-up Date, 3.506 per cent.;

"**Old Belgian Civil Code**" means the Belgian *oud Burgerlijk Wetboek/ancien Code civil* of 21 March 1804, as amended or replaced from time to time;

"**Original Reference Rate**" means the 5 Year EUR Mid-Swap Rate (or any component part thereof) (provided that if, following one or more Benchmark Events, the 5 Year EUR Mid-Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

"**Par Call Date**" has the meaning given in Condition 5(b);

"**Parity Securities**" or "**Parity Security**" means any subordinated obligations of:

(a) the Issuer which rank, or are expressed to rank, *pari passu* with the Securities (and which shall include, for so long as any of the same remain outstanding, the Issuer's EUR700,000,000 Fixed Rate Reset Undated Subordinated Securities (ISIN: BE0002597756); and

(b) any Subsidiary having the benefit of a guarantee or support agreement from the Issuer which ranks, or is expressed to rank, *pari passu* with the Securities;

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality;

"**Qualifying Securities**" means securities that contain terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that:

(a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary with a guarantee of the Issuer; and

(b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Securities immediately prior to the substitution or variation, as applicable, of the Securities in accordance with Condition 6; and

(c) they shall contain terms which provide for the same or more favourable interest rate from time to time applying to the Securities immediately prior to the substitution or variation, as applicable, of the Securities in accordance with Condition 6 and preserve the same Interest Payment Dates; and

(d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(e) they shall preserve any existing rights under the Securities to any accrued interest, any Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to Holders and not been paid; and

(f) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agency or Rating Agencies as may have been assigned to the Securities (in each case, on a solicited basis) immediately prior to such exchange or variation (if any); and

(g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, an Accounting Event, a Tax Deductibility Event, a Rating Agency Methodology Event or, as the case may be, a Gross Up Event or, in the case of a Rating Agency Methodology Event occurring following any relevant refinancing of the Securities, to avoid any part of the aggregate principal amount of the Securities which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Agency Methodology Event being assigned a level of equity credit (as defined in the definition of "**Rating Agency Methodology Event**") that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); and

(h) they shall be (A) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF market or (B) admitted to trading on any other stock exchange as selected by the Issuer;

"**Quotation Agent**" means the Issuer in consultation with an independent investment bank of international standing;

"**Rating Agency**" means each of S&P and any other rating agency of equivalent international standing requested by the Issuer to provide a corporate credit rating to the Issuer and, in each case, its successors or affiliates;

a "**Rating Agency Methodology Event**" shall be deemed to occur if, with respect to any Rating Agency, the Issuer has, directly or via publication by such Rating Agency, received confirmation, and notified the Holders in accordance with Condition 15 that it has so received confirmation from such Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, (a) all or any of the Securities will no longer be eligible (or if the Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, all or any of the Securities would no longer have been eligible as a result of such amendment, clarification, change in criteria or change in the interpretation had they not been re-financed), for the same or a higher amount of equity credit attributed to the Securities at the Issue Date (or, if equity credit is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which equity credit is assigned by such Rating Agency for the first time) or (b) the length of time the Securities are assigned a particular level of equity credit by such Rating Agency is shortened as compared to the length of time they were assigned that level of equity credit by such Rating Agency under its prevailing methodology on the Issue Date (or if equity credit was not assigned to the Securities by the relevant Rating Agency on the Issue

Date, at the date on which equity credit is assigned by such Rating Agency for the first time). For the purposes of these Conditions, in respect of a Rating Agency, **equity credit** refers to the equity credit (or such other nomenclature that such Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) assigned to the Securities by such Rating Agency;

"**Reference Bond**" means DBR 0.5% 02/15/28 (ISIN: DE0001102440);

"**Reference Dealers**" means four banks selected from time to time by the Quotation Agent, at its sole discretion, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"**Reference Screen Page**" means Bloomberg HP page for the Reference Bond (using the settings "mid YTM" and "Daily") (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond, as determined by the Issuer in consultation with an independent investment bank of international standing;

"**Relevant Date**" means:

(a) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 15; and

(b) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding- up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof;

"**Reset Date**" means the First Reset Date and each fifth anniversary thereof;

"**Reset Interest Determination Date**" means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

"**Reset Interest Rate**" has the meaning given in Condition 3(d);

"**Reset Period**" means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

"**Reset Reference Banks**" means four major banks in the European Interbank market selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer);

"**S&P**" means S&P Global Ratings Europe Limited and any of its successors or affiliates;

"**Securities**" and "**Security**" have the meanings given in the preamble to these Conditions;

"**Similar Security**" means the German government treasury bond(s) selected as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming for this purpose only that the Securities mature: (A) if the Make-Whole Redemption Date occurs prior to the First Call Date, on the First Call Date or (B) if the Make-Whole Redemption Date occurs after the First Reset Date, on the next succeeding Interest Payment Date) that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities;

"**SIX SIS**" has the meaning given in Condition 1;

"**Special Event**" means any of an Accounting Event, a Rating Agency Methodology Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Gross Up Event or any combination of the foregoing;

"**Special Quorum Resolution**" has the meaning given in Schedule 1;

"**Subsidiary**" means an entity from time to time which the Issuer controls and, for this purpose, **control** has the meaning as set out in IFRS 10 – "Consolidated Financial Statements" (or any successor or replacement thereof);

a "**Substantial Repurchase Event**" shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Securities equal to or greater than 75 per cent. of the aggregate principal amount of the Securities initially issued (which shall include, for these purposes, any Further Securities);

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

"**Tax Deductibility Event**" means that, as a result of a Tax Law Change, the Issuer is no longer entitled to claim a full deduction in respect of payments relating to the Securities in computing its taxation liabilities for Belgian tax purposes in circumstances where unsubordinated debt obligations of the Issuer continue to be fully deductible for such purposes;

"**Tax Law Change**" means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Kingdom of Belgium, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action or (c) any amendment to, clarification of, or change in the application,

official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Kingdom of Belgium, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date; and

"**Taxes**" has the meaning given in Condition 10.

The following text in italics does not form part of the Conditions:

The Issuer intends (without thereby assuming any obligation) at any time that the Issuer will redeem or repurchase the Securities only to the extent that the aggregate principal amount of the Securities to be redeemed or repurchased does not exceed such part of the net proceeds received by the Issuer or any Subsidiary prior to the date of such redemption or repurchase from the sale or issuance by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) of securities which are assigned by S&P, at the time of sale or issuance, an aggregate "equity credit" (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the "equity credit" assigned to the Securities to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

(i) *the credit rating or the stand-alone credit profile assigned by S&P to the Issuer is at least the same as or higher than the credit rating or stand-alone credit profile assigned to the Issuer on the date when the Issuer's most recent additional hybrid capital security was issued (excluding refinancings without net new issuance) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

(ii) *in the case of a repurchase or a redemption, such repurchase or redemption is of less than (a) 10 per cent. of the Issuer's outstanding hybrid securities in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid securities in any period of 10 consecutive years provided that such repurchase or redemption has no materially negative effect on the Issuer's credit profile, or*

(iii) *the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*

(iv) *in the case of a repurchase or a redemption, such repurchase or redemption relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its prevailing methodology, or*

(v) *the Securities are redeemed pursuant to an Accounting Event, a Rating Agency Methodology Event, a Tax Deductibility Event or a Gross Up Event, or*

(vi) *such redemption or repurchase occurs on or after the 2048 Step-up Date.*

SCHEDULE 1

PROVISIONS ON MEETINGS OF HOLDERS

Interpretation

1. In this Schedule:

1.1 references to a "**meeting**" are to a meeting of Holders and include, unless the context otherwise requires, any adjournment;

1.2 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Holder;

1.3 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the NBB System in accordance with paragraph 10;

1.4 "**Electronic Consent**" has the meaning set out in paragraph 32.1;

1.5 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Holders duly convened and held in accordance with this Schedule 1 by a majority of at least 75 per cent. of the votes cast or (b) by a Written Resolution or (c) by an Electronic Consent;

1.6 "**NBB System**" has the meaning set out in Condition 1;

1.7 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 5 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;

1.8 "**Recognised Accountholder**" has the meaning set out in Condition 1;

1.9 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the NBB System in accordance with paragraph 9;

1.10 "**Written Resolution**" means a resolution in writing signed by the Holders of not less than 75 per cent. in principal amount of the Securities outstanding; and

1.11 references to persons representing a proportion of the Securities are to Holders, proxies or representatives of such Holders holding or representing in the aggregate at least that proportion in principal amount of the Securities for the time being outstanding.

General

2. All meetings of Holders will be held in accordance with the provisions set out in this Schedule. Where any of the provisions of this Schedule would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Schedule.

Powers of meetings

3. A meeting shall, subject to these Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Holders against the Issuer (other than in accordance with these Conditions or pursuant to applicable law);

3.2 to assent to any modification of this Schedule or the Securities proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any person or persons (whether Holders or not) as an individual or committee or committees to represent the Holders' interests and to confer on them any powers (or discretions which the Holders could themselves exercise by Extraordinary Resolution;

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Securities in circumstances not provided for in these Conditions or under applicable law; and

3.7 to accept any security interests established in favour of the Holders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests,

provided that the special quorum provisions in paragraph 20 shall apply to any Extraordinary Resolution (a "**Special Quorum Resolution**") for the purpose of making a modification to this Schedule or the Securities which would have the effect of (other than in accordance with these Conditions or pursuant to applicable law):

(i) to amend the dates of redemption of the Securities or any date for payment of interest or any other amounts due or payable under the Securities;

(ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Securities on redemption or the date for any such payment in circumstances not provided for in these Conditions;

(iii) to assent to a reduction of the principal amount of the Securities, a decrease of the principal amount payable by the Issuer under the Securities or a modification of the conditions under which any redemption, substitution or variation may be made;

(iv) to amend Condition 2 or effect the exchange, conversion or substitution of the Securities for, or the conversion of the Securities into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Holders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each Holder to individually decide to participate);

(v) to change the currency of payment of the Securities;

(vi) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution; or

(vii) to amend this provision.

4. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 6 in connection with the substitution or variation of the terms of the Securities so that they remain or become Qualifying Securities (as defined in Condition 18). In addition, modifications to the Conditions may be made in the circumstances and as otherwise set out in Condition 3(i) without the consent of the Holders.

Ordinary Resolution

5. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Holders shall have power by Ordinary Resolution:

5.1 to assent to any decision to take any conservatory measures in the general interest of the Holders;

5.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or

5.3 to assent to any other decisions which do not require an Extraordinary Resolution or a Special Quorum Resolution to be passed.

Any modification or waiver of any of these Conditions shall always be subject to the consent of the Issuer.

6. No amendment to this Schedule or the Securities which, in the opinion of the Issuer, relates to any of the matters listed in paragraph 5 above shall be effective unless approved at a meeting of Holders complying in all respect with the requirements of Belgian law, the provisions set out in this Schedule and the articles of association of the Issuer.

Convening a meeting

7. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Holders holding at least 20 per cent. of the aggregate principal amount of the Securities for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.

8. Convening notices for meetings of Holders shall be given to the Holders in accordance with Condition 15 not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Holders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

Arrangements for voting

9. A Voting Certificate shall:

9.1 be issued by a Recognised Accountholder or the NBB System;

9.2 state that on the date thereof (i) the Securities (not being Securities in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised

Accountholder or the NBB System) held to its order or under its control and blocked by it and (ii) that no such Securities will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or the NBB System who issued the same; and

9.3 further state that until the release of the Securities represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Securities represented by such certificate.

10. A Block Voting Instruction shall:

10.1 be issued by a Recognised Accountholder or the NBB System;

10.2 certify that the Securities (not being Securities in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB System) held to its order or under its control and blocked by it and that no such Securities will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or the NBB System to the Issuer, stating that certain of such Securities cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

10.3 certify that each holder of such Securities has instructed such Recognised Accountholder or the NBB System that the vote(s) attributable to the Security or Securities so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

10.4 state the principal amount of the Securities so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

10.5 naming one or more persons (each hereinafter called a "**proxy**") as being authorised and instructed to cast the votes attributable to the Securities so listed in accordance with the instructions referred to in 9.4 above as set out in such document.

11. If a holder of Securities wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Securities for that purpose at least 48 hours before

the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent or such bank or other depositary shall then issue a Block Voting Instruction in respect of the votes attributable to all Securities so blocked.

12. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

13. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Holder.

14. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Securities held to the order or under the control and blocked by a Recognised Accountholder or the NBB System and which have been deposited at the registered office at the Issuer not less than 48 hours before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Securities continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Securities to which such Voting Certificate or Block Voting Instruction relates.

15. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

16. A corporation which holds a Security may, by delivering at least 48 hours before the time fixed for a meeting to a bank or other depositary appointed by the Agent for such purposes a certified copy of a resolution of its directors or other governing body or another certificate evidencing due authorisation (with, in each case, if it is not in English, a translation into English), authorise any person to act as its representative in connection with that meeting.

Chairman

17. The chairman of a meeting shall be such person as the Issuer may nominate, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Holders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Holder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

18. The following may attend and speak at a meeting:

    18.1 Holders and their respective agents, financial and legal advisers;

    18.2 the chairman and the secretary of the meeting (if any);

    18.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers; and

    18.4 any other person approved by the Meeting.

No one else may attend or speak.

Quorum and Adjournment

19. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Holders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

20. One or more Holders or agents present in person shall be a quorum:

20.1 in the cases marked "**No minimum proportion**" in the table below, whatever the proportion of the Securities which they represent; and

20.2 in any other case, only if they represent the proportion of the Securities shown by the table below.

Purpose of meeting	**Any meeting except for a meeting previously adjourned through want of a quorum**	**Meeting previously adjourned through want of a quorum**
	Required proportion	Required proportion
To pass a Special Quorum Resolution	75 per cent.	25 per cent.
To pass any other Extraordinary Resolution	A majority	No minimum proportion
To pass an Ordinary Resolution	A majority	No minimum proportion

21. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph 21 or paragraph 19.

22. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

Voting

23. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Securities.

24. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

25. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

26. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

27. On a show of hands or a poll every person has one vote in respect of each Security so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

28. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Effect and Publication of an Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution

29. An Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution shall be binding on all the Holders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution to Holders within fourteen days but failure to do so shall not invalidate the resolution.

Minutes

30. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

31. The minutes must be published on the website of the Issuer within fifteen days after they have been passed.

Written Resolutions and Electronic Consent

32. For so long as the Securities are in dematerialised form and settled through the NBB System, then in respect of any matters proposed by the Issuer:

32.1 Where the terms of the resolution proposed by the Issuer have been notified to the Holders through the relevant securities settlement system(s) as provided in sub-paragraphs (a) and/or (b) below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding (the "**Required Proportion**") by close of business on the Specified Date (as defined below) ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or

instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

(a) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Holders through the relevant securities settlement system(s). The notice shall specify, in sufficient detail to enable Holders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant securities settlement system(s)) and the time and date (the "**Specified Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant securities settlement system(s).

(b) If, on the Specified Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Holders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Holders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to "**Specified Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 8, unless that meeting is or shall be cancelled or dissolved.

32.2 To the extent an Electronic Consent is not being sought in accordance with paragraph 32.1, if authorised by the Issuer and to the extent permitted by Belgian law, a Written Resolution shall for all purposes be as valid and effective as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution passed at a meeting of Holders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Holders through the relevant securities settlement system(s). Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders. For the purpose of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the securities settlement system(s) with entitlements to the Securities or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the NBB System, Euroclear, Clearstream or any other relevant alternative securities settlement system (the "**relevant securities settlement system**") and, in the case of (b) above, the relevant securities settlement system and the accountholder identified by the relevant securities settlement system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant securities settlement system (including Euroclear's EUCLID or Clearstream's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Securities is clearly identified

together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

33. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent.

CLEARING

The Securities are in dematerialised form in accordance with the Belgian Companies and Associations Code. The Securities will be represented by a book entry in the records of the settlement system operated by the NBB or the NBB System. The Securities have been accepted for clearance through the NBB System under the ISIN number BE6342251038 and Common Code 259860644 with respect to the Securities, and will accordingly be subject to the NBB System Regulations.

The Securities in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the NBB System is available through those of its participants whose membership extends to securities such as the Securities. NBB System participants include certain banks, stockbrokers (*sociétés de bourse/beursvennootschappen*), Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD. Accordingly, the Securities will be eligible to clear through, and therefore accepted by, Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD and investors can hold their Securities within securities accounts in Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other participants in the NBB System.

The Issuer and the Agent will not have any responsibility for the proper performance by the NBB System or its participants of their obligations under their respective rules and operating procedures.

Possession of the Securities will pass by account transfer. Transfers of interests in the Securities will be effected between NBB System participants in accordance with the rules and operating procedures of the NBB System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB System participants through which they hold their Securities.

Payment of principal and interest in respect of the Securities will be made in accordance with the applicable rules and procedures of the Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and any other NBB System participant holding interests in the Securities, and any payment made by the Issuer to the NBB System will constitute good discharge for the Issuer.

USE OF PROCEEDS

The Issuer intends to use the proceeds from the issue of the Securities for its general corporate purposes, including the early redemption of the EUR700 million Fixed Rate Reset Undated Subordinated Securities (ISIN: BE0002597756 / Common Code: 187606985) issued by the Issuer (in respect of which the Issuer has launched a cash tender offer up to EUR500 million in principal concurrently with the issue of the Securities).

DESCRIPTION OF THE ISSUER

1 Introduction

The Issuer, Elia Group SA/NV, (formerly Elia System Operator SA/NV) is a limited liability company ("*société anonyme*" / "*naamloze vennootschap*") and was established under Belgian law by a deed enacted on 20 December 2001, published in the Appendix to the Belgian State Gazette ("*Moniteur belge" / "Belgisch Staatsblad"*) on 3 January 2002, under the reference 20020103-1764. Its registered office is located at 1000 Brussels, Keizerslaan 20 (telephone number: +32 (0)2 546 70 11) and it is registered in the Brussels Register of Legal Entities under the number 0476.388.378. The Issuer's LEI is 549300S1MP1NFDIKT460. The Issuer's shares are listed on Euronext Brussels under the ISIN code BE0003822393. The Issuer's website can be accessed via www.eliagroup.eu.

In 2019, the Group implemented a new corporate structure in order to isolate and ring fence the regulated activities in Belgium from its non-regulated activities and from the regulated activities outside of Belgium. It involved transforming "Elia System Operator SA/NV" ("**ESO**"), the TSO, into a holding company which was renamed "Elia Group SA/NV", and setting up a new subsidiary "Elia Transmission Belgium SA/NV" ("**ETB**") which effectively took over the Belgian regulated activities of ESO, including the indebtedness related to these activities. The reorganization was completed on 31 December 2019. The new structure aims to allow the Group to further pursue its ambitious growth strategy and capture opportunities yielded by the energy transition.

ETB is the TSO for the Belgian extra-high (380kV - 150kV) and high-voltage (70kV – 30kV) electricity networks, and for the offshore grid in the Belgian territorial waters in the North Sea. The electricity transmission networks and related assets are owned by ETB's wholly owned subsidiary (minus one share), Elia Asset NV/SA ("**Elia Asset**"). ETB was appointed as the sole TSO in Belgium by a ministerial decree of 13 January 2020 (published in the Belgian State Gazette of 27 January 2020 and with effect as of 1 January 2020) for a 20-year period. ETB has also been appointed as a local TSO (operating the high voltage grid) in the Flemish Region by a decision of the Flemish Regulator for the Electricity and Gas Markets (Vlaamse Regulator van de Elektriciteits- en Gasmarkt) ("**VREG**") of 24 December 2019 (published in the Belgian State Gazette of 5 February 2020) for the remainder of a 12-year period ending on 31 December 2023, as the local TSO in the Walloon Region for a 20-year period starting on 31 December 2019 (in its capacity as the national TSO) and as the regional TSO in the Brussels-Capital Region by a decree of the Brussels Government of 19 December 2019 (published in the Belgian State Gazette of 14 February 2020) for a 20-year period starting on 31 December 2019. ETB is allowed to ask for the renewal of these appointments for the same duration. As a precondition to the appointment as national TSO, compliance with the unbundling requirements is assessed through a certification procedure run by the CREG. In a decision of 27 September 2019, the CREG confirmed, based on a notification file submitted by ESO, that the new group structure was not of a nature to call into question the core elements of the CREG's previous decision of 6 December 2012 certifying ESO as a fully ownership unbundled TSO, and that it was hence not necessary to proceed to a new certification of its subsidiary ETB. Hence, ETB is a fully ownership unbundled TSO with an obligation to stay in line and comply with the criteria and requirements to obtain and maintain such certification, and is monitored for its compliance on an ongoing basis by the CREG. The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expected that this license will be renewed in due time. It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of ETB and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of ETB (see "*Description of the Issuer – The European legal framework*").

Besides regulated activities in Belgium, the Issuer also owns regulated activities outside of Belgium.

On 27 February 2015, a joint venture Nemo Link was set up between the Issuer and National Grid Interconnector Holdings Limited ("**National Grid**"), a subsidiary company of National Grid Plc, a major UK company which owns and manages gas and electricity infrastructure in the UK and in north-eastern US. Nemo Link is active in the development, construction and operation of an electricity transmission interconnector (1,000MW) linking the electricity networks of Belgium and Great Britain. It consists of subsea and underground cables connected to a converter station and an electricity substation in each country, which allows electricity to flow in either direction between Belgium and the UK. Nemo Link is governed by a regulatory framework determined by OFGEM and the CREG. On 31 January 2019, the Nemo Link interconnector was taken into operation resulting in energy exchanges between the countries. It constitutes a crucial stage in the ongoing integration of the European power grid. It is a European Project of Common Interest ("**PCI**") and constitutes a crucial link in the ongoing integration of the European power grids (part of the Trans-European Networks for Energy – TEN-E).

In 2010, the Group expanded its activities on a broader European level by acquiring 60 per cent. of Eurogrid International SC/CV ("**Eurogrid International**"), the holding company above 50Hertz, one of Germany's four grid operators active in the northeast part of the country, in joint control with Industry Funds Management ("**IFM**"). On 26 April 2018, the Issuer acquired an additional 20 per cent. of Eurogrid International from IFM. The acquisition increased the Issuer's total share in Eurogrid International to 80 per cent.,allowing the Issuer to fully control and consolidate Eurogrid International. On 22 August 2018, the Issuer welcomed the German state-owned bank Kreditanstalt für Wiederaufbau ("**KfW**") as a new shareholder in Eurogrid International. This change in ownership followed the execution of the Issuer's pre-emption right on the remaining 20 per cent. of the shares in Eurogrid International which were sold immediately on the same terms and conditions to KfW. These transactions foster the Belgian-German cooperation regarding critical grid infrastructure. On 18 June 2019, Eurogrid International transferred 20 per cent. of its shares in Eurogrid GmbH to KfW. That same date, the Issuer acquired 20 per cent. of the shares in Eurogrid International, which was converted into an SA/NV. As a result of these transactions, the Issuer currently owns 100 per cent. of the shares in Eurogrid International SA/NV, while the ownership of Eurogrid GmbH is now split between Eurogrid International SA/NV (80 per cent.) and KfW (20 per cent.).

50Hertz is one of the four TSOs in Germany that owns, operates, maintains and develops a 400kV – 150kV transmission network with an installed capacity of around 53,250MW (thereof around 39,600MW renewables, thereof around 21,000MW wind on- and offshore). 50Hertz's grid has a length of around 10,330 km in an area covering the five former Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg and also the grid connections of offshore wind farms in the Baltic Sea. 50Hertz' control area covers approximately 109,000 km² (a third of Germany) with about 18 million inhabitants consuming approximately 20 per cent. of Germany's electricity. Maintenance of the transmission system, substations and switching stations is organized through five regional centers operating in a region characterized by a lot of wind infeed; renewable energy already accounts for some 65 per cent. of the electricity consumption in the 50Hertz-grid region. This share is expected to further increase over the next years following further investments in integrating photovoltaic generation, wind onshore and connecting the offshore wind farms in the Baltic and North Sea. 50Hertz has the youngest asset base among the German TSOs. Its administrative center is situated in Berlin-Mitte. In addition, 50Hertz's network is situated at the crossroads between the Western and North Eastern European electricity markets due to the central location of its network between Denmark, Sweden, Poland, the Czech Republic and Central Western Europe.

Besides the regulated business activities, the Group's non-regulated business activities are allowing it to develop the key competencies it needs to ensure a successful energy transition. They are helping the Group to embrace innovation, develop sustainable energy markets and shape growth opportunities

that increase its societal relevance. Elia Grid International SA/NV ("**EGI**") offers consultancy and engineering services related to energy market development, asset management, system operation, grid development and RES integration. As a wholly owned subsidiary of the Issuer and 50Hertz, EGI is able to harness the expertise of two large European system operators, each with a solid track record in delivering high-quality projects and many decades of experience. Its clients are mainly comprised of TSOs, but EGI also supports regulators, public authorities and private developers.

In September 2020, the Group announced the official launch of re.alto-Energy SRL/BV ("**re.alto**"**)**, its very own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange of energy data through its innovative Application Programming Interface ("**API**") platform, so enabling the energy industry to take a huge digital leap forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society.

The Group's newest legal entity, **WindGrid**, will focus on offshore development outside of its current regulated perimeters. In February 2022, the Board of Directors approved the formation of this new subsidiary, solidifying the group's commitment to accelerating the energy transition in the interest of society both in its home countries and abroad. WindGrid is expected to deliver and unlock further revenue streams for the Group, whilst enabling it to remain at the forefront of offshore wind development and maintain its relevance in the long term.

2 General information in relation to the Issuer

2.1 General

The Issuer qualifies as a listed company ("*société cotée"* / "*genoteerde vennootschap"*) within the meaning of Article 1:11 BCCA. It is a company whose securities are admitted to trading on a regulated market within the meaning of Section 3, 7°, of the Belgian Act of 21 November 2017 on the infrastructures for markets in financial instruments and transposing Directive 2014/65/EU and is therefore subject to the provisions of the BCCA relating to listed companies.

2.2 Corporate object

The Issuer's corporate object, according to Article 3 of its Articles of Association, is:

- the management of electricity networks, whether or not through participations in undertakings that own electricity grids and/or are active in this sector, including related services;
- to this effect, the Issuer may particularly take on the following tasks relating to the electricity network or the electricity networks referred to in the foregoing mentioned above:
    - operation, maintenance and development of secure, reliable and effective networks, including interconnectors from them to other networks in order to guarantee continuity of supplies;
    - improvement, study, renewal and extension of the networks, particularly in the context of a development plan, in order to ensure the long-term capacity of the networks and to meet reasonable demand for the transmission of electricity;
    - management of electrical currents on the networks, having regard to exchanges with other mutually connected networks and, in this context, ensuring coordination of the switching-in of production plants and determining the use of interconnectors on the basis of objective criteria in order to guarantee a durable

balance among the electrical currents resulting from the demand for and the supply of electricity;

- providing secure, reliable and effective electricity networks and, in this connection, ensuring availability and implementation of the necessary support services and particularly emergency services in the event of defects in production units;
- contributing to security of supply via an adequate transmission capacity and network reliability;
- guaranteeing that no discrimination arises among network users or categories of network users, particularly in favour of affiliated undertakings;
- collecting revenues from congestion management;
- granting and managing third-party access to the networks;
- in the context of the foregoing tasks, endeavouring and taking care that market integration and energy efficiency are promoted according to the legislation applicable to the issuer;

The Issuer can, under the conditions stipulated by law, involve one or more subsidiary undertakings under its supervision and control in the performance of certain activities as set out above.

The Issuer may, provided it complies with any conditions laid down in the applicable legislation, both in Belgium and abroad, carry out any transaction that is such as to promote the achievement of its object together with any public service task that might be imposed upon it by the legislator. The Issuer may not engage in any activity relative to the production or sale of electricity other than production in the Belgian supply area within the limits of its power requirements in relation to support services and sales that are necessary for its coordination activity as network administrator.

The Issuer may perform all operations generally of any nature, whether industrial, commercial, financial, relating to moveable or immoveable property, that is directly or indirectly related to its object. It may in particular own goods, moveable or immoveable, of which it performs the management or exercise or acquire all rights with respect to these goods such as are necessary to fulfil its mission.

The Issuer may participate, in any manner, in all other undertakings which are likely to promote the creation of its object; in particular, it may participate, including in the capacity of shareholder, cooperate or enter into any form of cooperation agreement, whether commercially, technically or of any other nature, with any Belgian or foreign person, undertaking or company engaged in similar or related activities, without holding any membership rights, either direct or indirect, in any form whatsoever, in producers, distribution system operators ("**DSOs**"), suppliers and intermediaries, each in respect of electricity and/or natural gas, or in companies affiliated with the said companies, except in the cases provided for by applicable legislation. The terms "producer", "distribution system operator (DSO)", "supplier", "intermediary" and "subsidiary undertaking" have the meanings provided in Article 2 of the Electricity Law.

3 Organisational structure

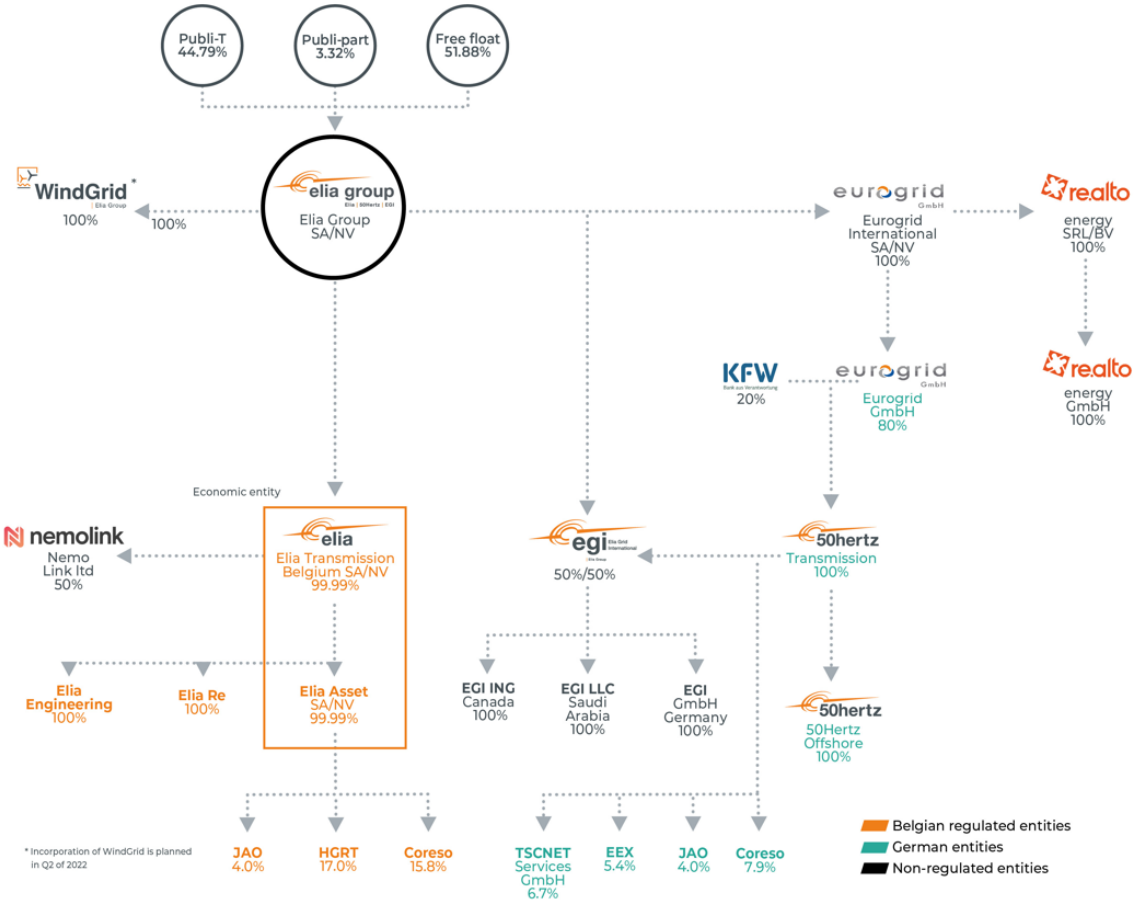
3.1 Structure of the Group

On 31 December 2019, the Group effectively completed its internal reorganization, with the aim to isolate and ring-fence the regulated activities of the Group in Belgium from the non-regulated activities and the regulated activities outside of Belgium. This reorganisation significantly reduced the risk of

cross-subsidy between the Group's activities, allowing the Group to optimize its debt positions in view of the Belgian tariff methodology for the regulatory period 2020-2023.

Following the implementation of the internal reorganisation, former ESO transformed into a holding company listed on the stock exchange, which was renamed "Elia Group SA/NV". This holding company holds stakes in various subsidiaries, including a new subsidiary, ETB (*i.e.* the Belgian TSO), Eurogrid International (*i.e.* comprising the activities of 50Hertz, the German TSO), EGI (*i.e.* the Group's international consultancy branch), re.alto (start-up launched in 2019 dedicated to the exchange of energy data and services) and a new subsidiary WindGrid incorporated in 2022. Its main shareholder is the municipal holding Publi-T SC/CV ("**Publi-T**").

The following diagram depicts, in simplified form, the organisational structure of the Group, as at the date of this Information Memorandum:



The Group includes two regulated transmission system operating companies ("ETB" in Belgium, consisting of ETB and Elia Asset, and "50Hertz" in Germany, consisting of 50Hertz Transmission and 50Hertz Offshore GmbH ("**50Hertz Offshore**")) operating under a regulatory framework. In addition to its activities as TSO, ETB also participates in the Nemo Link joint venture, which operates the first subsea interconnector between Belgium and the UK (collaboration with the British system operator National Grid). With Nemo Link in operation since the beginning of 2019, the Group is subject to a third regulatory framework.

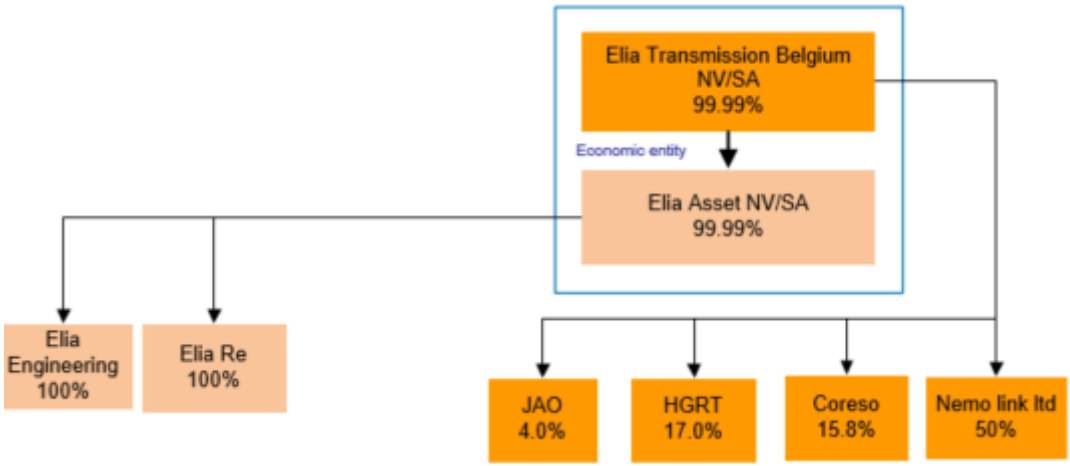
The Group also provides various consulting services to international customers through their joint subsidiary EGI. EGI, lodged in Belgium, was incorporated on 28 March 2014 by the Issuer and 50Hertz.

Since 13 May 2014, the Issuer has directly owned 50.0016 per cent. and 50Hertz owns the remaining 49.9984 per cent. EGI offers supporting services and advice related to the electricity grid in Belgium and abroad and such supporting services and advice are considered to be activities regulated outside of Belgium or non-regulated activities. EGI has branches in Dubai and in Abu Dhabi. EGI has three wholly owned affiliates: Elia Grid International GmbH in Germany, Elia Grid International LLC in Saudi Arabia and Elia Grid International ING in Canada.

The Group's newest legal entity, WindGrid, will focus on offshore development outside of its current regulated perimeters. WindGrid was incorporated on 1 April 2022, solidifying the group's commitment to accelerating the energy transition in the interest of society both in its home countries and abroad. WindGrid will deliver and unlock further revenue streams for the Group, whilst enabling it to remain at the forefront of offshore wind development and maintain its relevance in the long term.

3.2 Group structure of ETB and affiliates

The following diagram depicts, in simplified form, the organisational structure of ETB, including minority participations, as at the date of this Information Memorandum:



The subsidiaries, as indicated above and related to the role of the TSO in Belgium, Elia Asset, Elia Engineering and Elia RE S.A. ("**Elia RE**") are fully controlled by ETB.

3.2.1 Principal subsidiary Elia Asset

To perform some of the tasks legally required to be performed by a TSO, regional and local TSO, ETB acts with its wholly owned (99.99 per cent.) subsidiary, Elia Asset, which owns the extra high-voltage and owns (or has rights to use assets owned by third parties) the high-voltage electricity network. Elia Asset is controlled by ETB, which owns all shares, with the exception of one share held by Publi-T. Together, ETB and Elia Asset constitute a single economic unit (Elia) and has the role of a TSO in Belgium.

3.2.2 Elia Engineering

ETB, mainly through Elia Asset, acquired all shares in Elia Engineering on 26 December 2003. Elia Engineering manages all investment projects and major transformation works involving Elia Asset, as well as the connection of the customers' infrastructure and (electrical) asset-related projects ordered by industrial customers.

3.2.3 Elia RE

Following the events of 11 September 2001 in the USA, ETB's insurance policy covering the overhead network was terminated and the insurance premium relating to ETB's network-related assets coverage was significantly increased. ETB also faced market rates for insurance against industrial risks which it deemed unacceptable. As a response to these developments, ETB created a captive reinsurance company, Elia RE. Elia RE was incorporated in 2002, as a Luxembourg public limited liability company (*société anonyme*), for the purpose of reinsuring all or part of the risks of ETB. Elia RE is held by Elia Asset. Since its incorporation, ETB has entrusted Elia RE with three of its insurance programmes: the overhead network, electrical installations and buildings and civil liability. In practice, ETB enters into an insurance agreement with an insurer, which reinsures a portion of the risks with Elia RE. Therefore, there is no direct transfer of money from ETB or Elia Asset to Elia RE. Elia's insurance premiums, as well as reinsurance premiums paid to Elia RE by insurers, correspond to standard market rates.

3.2.4 Nemo Link

ETB and National Grid signed a joint venture agreement on 27 February 2015 to move ahead with the Nemo Link interconnector between the UK and Belgium. Manufacturing and site construction began in 2016 and the link started commercial operations in the first quarter of 2019. The high-voltage direct current ("**HVDC**") interconnector provides 1,000MW of capacity. The link runs for 140 km between Richborough on the Kent coast and Herdersbrug near Zeebrugge, using both subsea and subsoil cables, and a converter station on both sides to turn direct into alternating current for feeding it into the grid. Electricity flows in both directions between the two countries.
ETB and NGIH both hold 50 per cent. of the shares in Nemo Link Limited, a UK company. This shareholding is accounted for as an "equity method – joint venture" in the financial statements.

3.2.5 HGRT

ETB owns 17 per cent. of the shares in Holding Gestionnaire de réseaus de transport S.A.S., a French company ("**HGRT**"). The other shareholders are RTE (the French TSO), TenneT (the Dutch TSO), Swissgrid (the Swiss TSO), Amprion (a German TSO) and APG (the Austrian TSO). HGRT is the holding company of Central Western Europe ("**CWE**") TSOs, created in 2001, which currently holds a 49 per cent. equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates are the leading exchange for the power spot markets at the heart of Europe. It covers Austria, Belgium, Denmark, Germany, Finland, France, Luxembourg, the Netherlands, Norway, Poland, Sweden, the UK and Switzerland. Striving for a well-functioning European single market for electricity, EPEX SPOT shares its expertise with partners across the continent and beyond. EPEX SPOT is a European company (Societas Europaea) in corporate structure and staff, which is based in Paris with offices or affiliates in Amsterdam, Bern, Brussels, Leipzig, London and Vienna. EPEX SPOT is held by EEX Group, part of Deutsche Börse, and HGRT.

3.2.6 JAO

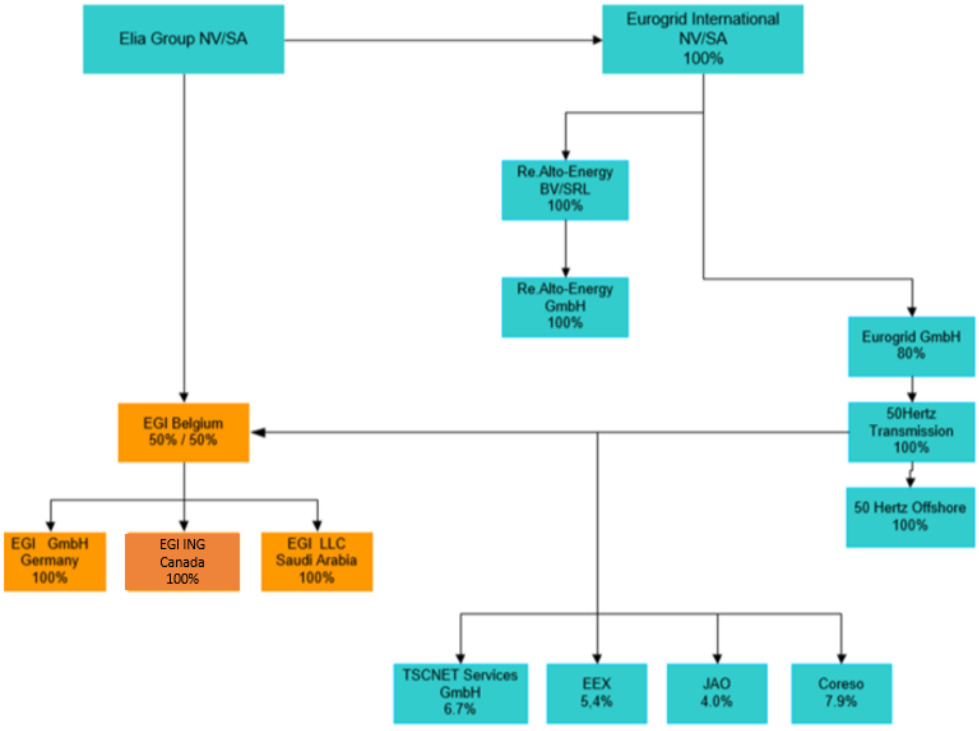
On 1 September 2015, Joint Allocation Office S.A. ("**JAO**") was incorporated. It is a Luxembourg-based service company of 22 TSOs. The company was established following a merger of the regional allocation offices for cross-border electricity transmission capacities, being CAO Central Allocation Office GmbH (in which the Group had a 6.66 per cent. stake) and Capacity Allocation Service Company.eu SA (in which the Group had a 8.33 per cent. stake). JAO mainly performs the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acts as a fall-back for the European Market Coupling. The shareholders of JAO are ETB, 50Hertz Transmission and 20 other TSOs holding each 1/22 of the shares. ETB holds directly 4.0 per cent. of the shares in JAO, including the participation held by 50Hertz Transmission the Group holds a total participation of 7.2 per cent.

3.2.7 Coreso

The establishment of Coreso SA/NV ("**Coreso**") in 2008 by ETB, National Grid and RTE aimed at increasing the operational coordination between TSOs, in order to enhance the operational security of the networks and the reliability of power supplies in Central Western Europe ("**CWE**"). Coreso also contributes to a number of EU objectives, namely the operational safety of the electricity system, the integration of large-scale renewable energy generation (wind energy) and the development of the electricity market in CWE comprising France, Belgium, the Netherlands, Germany and Luxembourg. This geographical area is characterised by major energy exchanges and the co-existence of traditional generation facilities with an increasing share of renewable generation, whose output may fluctuate with changing weather conditions. Optimised management of electricity systems and corresponding network infrastructure, specifically interconnections between power networks are very important in this context. ETB owns directly 15.84 per cent. of the shares in Coreso.

3.3 Group structure of Eurogrid International and affiliates

The following diagram depicts, in simplified form, the shareholder structure and the organisational structure of Eurogrid International and its subsidiaries, including minority participations, as at the date of this Information Memorandum:



3.3.1 Eurogrid International SA/NV

Eurogrid International SA/NV is a holding company that holds 80 per cent. of the shares of Eurogrid GmbH and 100 per cent. of the capital of re.alto. Besides holding these participations, the activities of Eurogrid International SA/NV mainly consist of internal audit services and translations services towards the Issuer and its affiliates. A brief description of the organisational structure of re.alto and Eurogrid GmbH can be found below.

3.3.2 re.alto-Energy SRL/BV

re.alto was founded in August 2019 as a direct subsidiary of Eurogrid International SA/NV. re.alto's aim is to become the main European digital energy marketplace/platform for data and digital services in order to accelerate innovation, the digital transition and the development of energy as a service. re.alto set up a second office (direct subsidiary) in Düsseldorf in 2020 (re.alto-Energy GmbH) in order to be closer to the German market. re.alto is the Groups own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange of energy data through its innovative API platform, so enabling the energy industry to take a huge digital leap forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society.

3.3.3 Eurogrid GmbH

Eurogrid GmbH is a holding company and is owned 80 per cent. by Eurogrid International SA/NV and 20 per cent. by KfW. The shareholder structure changed in 2019 (see "*Description of the Issuer – Introduction*"). Under the mandate, KfW is fully covered by a guarantee provided by the Federal Republic of Germany against any economic risks resulting from its investment in Eurogrid GmbH. KfW's stake in Eurogrid GmbH is held via the holding company Selent, a 100 per cent. subsidiary of KfW. Selent's principal asset is its investment in Eurogrid GmbH. Selent's business purpose is to hold and administer participations in other companies, in particular in Eurogrid GmbH.
Eurogrid GmbH's principal asset is the investment in 50Hertz and its subsidiaries and Eurogrid GmbH is responsible for the structuring of the financing and liquidity needs for its affiliates. The relevant financing and liquidity instruments are provided without any guarantee from either Eurogrid International or the Issuer. A brief description of the organisational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found below.

3.3.4 50Hertz Transmission

The registered share capital of 50Hertz Transmission amounts to €200,000,000 comprising four shares with nominal values of €25,000, €149,975,000, €49,000,000 and €1,000,000, respectively. All four shares have been issued and fully paid up, and are owned by Eurogrid GmbH, which acquired 50Hertz from Vattenfall Europe AG on 19 May 2010. A brief description of the organisational structure of Eurogrid GmbH, 50Hertz and its subsidiaries can be found under "*Organisational Structure – Eurogrid GmbH*" below.
50Hertz Transmission owns 100 per cent. of 50Hertz Offshore and a minority shareholding in JAO (4.0 per cent. ownership), CORESO (7.9 per cent. ownership), EEX (5.4 per cent. ownership), EGI (49.99 per cent. ownership) and TSCNET Services GmbH (6.7 per cent. ownership). Each is described further below.

3.3.5 50Hertz Offshore

50Hertz Offshore was established in 2007 to facilitate the grid connection of the offshore wind farms to the control area of 50Hertz and operate these connections on behalf of 50Hertz as required now under Section 17d of the German Energy Industry Act (Energiewirtschaftsgesetz – "**EnWG**") in accordance with the 2006 Infrastructure Planning Acceleration Act (*Infrastrukturplanungsbeschleunigungsgesetz 2006*).

3.3.6 EGI

EGI is a company founded by 50Hertz Transmission (49.99 per cent.) and the Issuer (50.01 per cent.) in 2014 offering consultancy and engineering services on the international energy market.

3.3.7 TSCNET Services GmbH

TSCNET Services is one of Europe's leading Regional Security Coordinators. The company based in Munich, the Bavarian capital in southern Germany, renders integrated services for power TSOs and their control centres to maintain the operational security of our electricity system – 24 hours a day, seven days a week. The complexity of Europe's densely interconnected power grid is increasing at an enormous rate – more and more renewable energy, new production and transmission technologies and storage processes, and the predicted rise in e-mobility. TSCNET Services develops tailor-made coordination services for operational planning, forecast data merging, congestion assessment and capacity calculation for the control centers of TSOs in continental Europe. 50Hertz holds shares in the issued capital of TSCNET of 6.7 per cent.. Other shareholders are European TSOs, namely Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT TSO (Germany), TenneT TSO (the Netherlands), Transelectrica (Romania) and TransnetBW (Germany).

3.3.8 EEX

European Energy Exchange AG is an energy exchange offering e.g. exchange trading of energy and energy related products as well as registration services. 50Hertz Transmission holds shares in the issued capital of EEX of 5.4 per cent..

3.3.9 JAO

JAO mainly performs the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acts as a fall-back for the European Market Coupling. Currently, 50Hertz Tranmission holds shares in the issued capital of JAO of 4.0 per cent. (see also section "*Group structure of ETB and affiliates"*).

3.3.10 CORESO

CORESO provides supporting services in the framework of security of supply inter alia by common system security calculations and coordination services between the respective customers or in cooperation with similar service providers; 50Hertz Transmission holds shares in the issued capital of CORESO of 7.9 per cent. (see also section "*Group structure of ETB and affiliates"*).

4 Business overview

4.1 Elia Transmission Belgium (ETB)

4.1.1 Role as TSO in Belgium

ETB develops, operates and maintains the national extra-high-voltage electricity transmission system (380kV to 70kV) in Belgium, which is regulated at the federal level. In addition, ETB owns and operates a major part of the local and regional high-voltage electricity transmission systems (70kV to 30kV) in each of the Regions, which are regulated at the regional level (all transmission systems together, the "**grid**"). It provides the physical link between electricity generators, DSOs, suppliers and direct supply customers and manages interconnections with the electricity grids of neighboring countries. It also manages the coordination of the flow of electricity across the grid in Belgium, to enable secure and reliable delivery from electricity generators to end customers.

ETB fully owns (through Elia Asset) the Belgian extra-high-voltage electricity network assets as well as approximately 98 per cent. of the Belgian high voltage electricity network (and has a right to use in relation to the remainder).

The extension of the activities of the TSO to include offshore activities was incorporated in the Electricity Law in 2012. ETB owns, operates, maintains and develops in particular an offshore grid in the Belgian North Sea, called the Modular Offshore Grid ("**MOG**"). ETB assures the management of the system in the Belgian electrical zone and is responsible of the balancing between production injected in the grid and consumption taken off the grid within this zone. In addition to its activities relating to the operation of the network, ETB also aims to improve the functioning of the open electricity market by acting as a market facilitator, in close cooperation with the power market operator(s).

4.1.2 Transmission system operation

Transmission system operation refers to the regulated activity of operating the extra-high-voltage and high-voltage electricity networks and the management of electricity flows on these networks. The operator of such a network is called a TSO. The main users of these networks are the electricity generators, the traders, the DSOs, the commercial suppliers and large (industrial) off-takers (end customers). As such, ETB plays a crucial role in the community by transmitting electricity from generators to distribution systems, which, in turn, deliver it to the consumer. ETB also plays an essential part in the economy, as its grid supplies power directly to major companies connected to the grid and indirectly to all consumers and its operations allows for a reliable electricity system around the clock.

ETB operates its electricity network independently of electricity generators and suppliers. The extra-high-voltage electricity networks, such as the ones operated by ETB, are also used to import and export electricity internationally and for mutual assistance between TSOs according to international standards set by European legislation and by the European Network of TSOs for Electricity ("**ENTSO-E**") operating rules (grid codes). Belgium's extra-high-voltage electricity network is interconnected with the transmission systems of France, Luxembourg, the Netherlands, Germany and the United Kingdom.

4.1.3 Core business of TSO in Belgium

The role of the TSO is comprised of four different areas: grid management, system operation, market facilitation and trusteeship.

Grid management

This activity consists of: (a) ownership; (b) maintenance; and (c) development of the network to enable the transmission of electricity at voltages ranging from 380kV to 30kV. In the upcoming five years (2023-2027), ETB plans to invest approximately €7.2 billion in Belgium.

(a) Ownership

ETB is Belgium's TSO (380kV to 30kV), operating over 8,867 km of lines and underground cables throughout Belgium. The grid, mainly owned (98 per cent.) and operated by ETB, is composed of three categories of voltage levels:

- the 380kV lines that are part of the backbone of the European network. Electricity generated at this voltage flows towards the Belgian regions and is also exported to foreign countries (such as France and the Netherlands);
- the 220kV and 150kV lines and underground cables that are strongly interconnected with the 380kV level and carry electricity in and between the Belgian electricity areas; and
- the high-voltage network, consisting of the 70kV to 30kV lines and underground cables, which carries electricity from the higher-voltage levels to the off-take points used by the DSOs and large industrial customers that are directly connected to ETB's network.

The use of different voltage levels is the result of technical and economical optimisation. Extra-high-voltage is required for the optimal transmission of electricity over long distances with minimal energy loss, while lower voltages are optimal for shorter distances and lower quantities.

(b) Maintenance and replacement capital expenditures

ETB's policy with respect to network maintenance is based on a risk assessment approach that takes into account the meshed structure of its network. A sophisticated asset management strategy has been put in place to closely monitor the functioning of critical infrastructure components. The main objectives are to reach maximum availability and reliability of the network with the highest efficiency so as to minimise the total cost of ownership. To implement this policy, ETB extensively monitors the network and performs routine preventative inspections.

Like most European TSOs, ETB is facing the challenges of an ageing network that was developed in or even before the 1970s. To meet these challenges, ETB has developed a number of risk-based models that are aimed at optimising asset replacement strategies. Investments peaks are levelled out thanks to a balanced maintenance and replacement policy. As working methods evolve, staff need training to help them develop the requisite skills and techniques. In the upcoming years, an increasing part of the capital expenditure plan will be allocated to replacement investments.

(c) Grid development

ETB's network development is based on four investment plans: one federal plan and three regional plans. These investment plans identify the reinforcements to the networks that are required in order to achieve consistent and reliable transmission, to cope with the increase in consumption as well as new power plant requirements (conventional sources or RES), the connection and the integration of RES (onshore and offshore), and the increased import and export capacity with neighboring countries.

The investment plans also take into account environmental and land-use constraints as well as applicable health and safety objectives (see Risk Factor "*The Group is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its anticipated investment programme or result in additional costs*").

System operation

Given the growth in renewable energies and their variable generation, greater flexibility is needed within the electricity system to maintain a constant balance between supply and demand. Digitalization and the latest technologies offer market players new opportunities to optimize their electricity management by selling their surplus energy or temporarily reducing consumption (demand flexibility). By opening the system to new players and technologies, ETB wants to create a more competitive energy market while maintaining security of supply at all times. To achieve this, ETB ensures that every market player has transparent, non-discriminatory access to the grid.

ETB monitors the electricity flows on its network and seeks to balance in real time the total electricity injected into and taken off its network, taking into account the power exchanged with the neighboring countries, through the procurement of the appropriate ancillary services. ETB also purchases electricity on the market to compensate for energy losses in the local transmission networks that are a consequence of the transmission of electricity.

ETB's network is the essential link between the supply of and demand for electricity both within Belgium and in the context of the EU's internal electricity market. To inject electricity into ETB's network,

generation plants located in Belgium must be physically connected and receive access to (i.e. the right to use) the network. ETB's network is operated in such a way as to allow this electricity, as well as the electricity coming from neighboring countries, to flow to the off-take points to which distributors, large corporate customers and foreign networks are connected. Parties accessing ETB's network are charged regulated tariffs based on their peak quarter-hourly demand and energy consumption.

As a system operator, ETB constantly monitors, controls and manages the electricity flows throughout the Belgian extra-high-voltage and high-voltage networks to ensure the reliability, continuity and quality of electricity transmission by maintaining the frequency and voltage within internationally determined limits.

ETB's network is monitored 24 hours a day, seven days a week by three control centers (one national and two regional). These control centers continuously monitor electricity flows, frequency, voltage at each off-take point, load on each network component and the status of each circuit breaker. When a network component is switched off, ETB's personnel takes appropriate measures to reinforce the operational reliability of the network and to safeguard electricity supply to ETB's customers. ETB has the ability to remotely activate or deactivate certain network components.

ETB has adopted other measures designed to maintain reliability for its customers. These measures consist of both operational measures (such as capacity allocation, load flow forecasts and compliance checks) and emergency procedures. Some of these measures have been adopted in cooperation with neighboring TSOs (and approved by their respective regulator) and/or with Coreso, the regional coordination service center, in order to promote coordinated action.

Ancillary services contracts are granted in accordance with public procurement rules. Part of the costs incurred by ETB as a result of the purchase of ancillary services are directly invoiced to the balance responsible parties ("**BRPs**"), while the ancillary services (such as compensation for the electricity losses) are reflected in the network tariffs.

Market facilitation

In addition to its two core activities described above, ETB aims to improve the functionality of the open electricity market by acting as a market facilitator, both in the context of a single European electricity market as well as in the framework of the integration of renewable energy and unlocking value for consumers, in accordance with national and European policies. It does so in close cooperation with the relevant power market operators (ETB is also an indirect shareholder of certain of these market operators). Further to the legislative proposals in the Clean Energy Package, this cooperation will be further formalized and fine-tuned (see "Third Energy Package and Clean Energy Package").

Due to the central location of the Belgian network within continental Europe and the intensive cross-border commercial exchanges following the deregulation of the European electricity market, ETB's network is intensively used by other market participants for cross-border import and export and for the transit of electricity. ETB wants to facilitate further market integration, both at the national and European level by giving new market players and technologies a chance to help them innovate their systems and introduce new market products.

ETB's income from or charges due under the inter-TSO compensation mechanism for EU cross-border trade are passed through to the home market participants by a tariff reduction or increase.

ETB has played an important role for many years in various market integration initiatives, such as: (i) the design and implementation of the Belgian power hub; (ii) the establishment of regional markets, initially CWE (i.e. France, Belgium, the Netherlands, Luxembourg, Austria and Germany) and subsequently the Nordic countries and North West Europe (i.e. Central West Europe, the Nordic

countries and the UK); (iii) the establishment of the CORE capacity calculation region (CWE region together with Central Eastern Europe); (iv) day-ahead price coupling in the North-Western Europe region, stretching from France to Finland, operating under a common day-ahead power price calculation using the Price Coupling of Regions solution, the MRC Region (Multi Regional Price Coupling; (v) the creation of the first regional technical coordination center for CWE, Coreso, in cooperation with RTE and National Grid (the French and UK TSOs); (vi) the creation of a market coupling between the Benelux countries and France; and (vii) the participation in the establishment of the future single day-ahead coupling and single intraday coupling (covering the EU). The Issuer is also a stakeholder in a number of European initiatives aiming to optimize market operation, i.e. HGRT and ENTSO-E.

ETB's initiatives which aim to enhance market facilitation and integration include:

- having an equity interest of 17 per cent. in Holding HGRT, which itself has a 49 per cent. equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates APX and Belpex operate organized short-term electricity markets in Germany, France, the UK, the Netherlands, Belgium, Austria, Switzerland and Luxembourg. The Issuer was a founding shareholder of Belpex SA/NV (see "HGRT");
- being a founding shareholder of Coreso. Coreso is the first regional technical coordination center aiming to improve reliability across the CWE region. Coreso is shared by several TSOs and develops forecast management of electricity transits across this region (see "Coreso"); and
- being a shareholder of JAO, a service company performing the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acting as a fall-back for the European Market Coupling (see "JAO").

Trusteeship

The legal responsibility for processing the regional and national levy systems that promote the integration of RES into the energy system lie with ETB in Belgium and 50Hertz in Germany. ETB and 50Hertz therefore collect these levies as trustees, administrating them and coordinating their distribution.

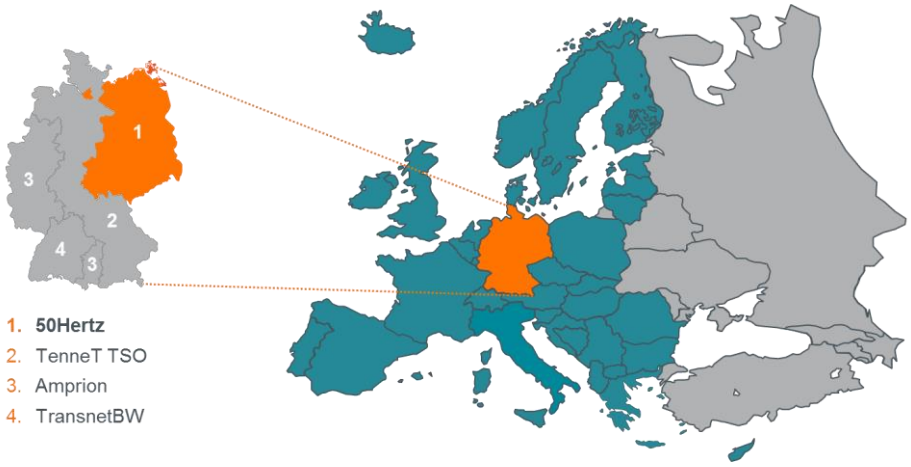
4.2 50Hertz

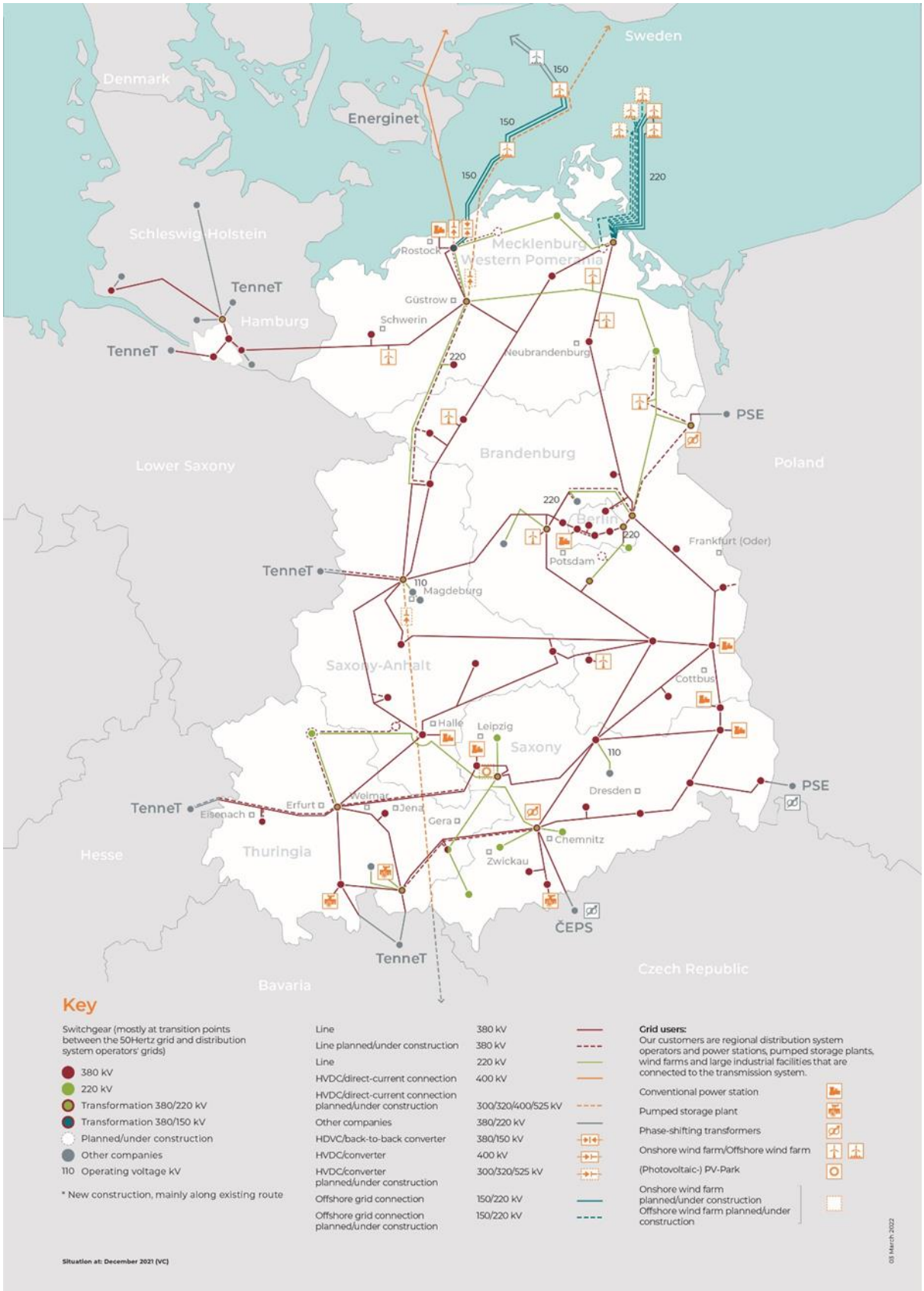
4.2.1 Role as TSO in Germany

50Hertz is one of four TSOs in Germany. 50Hertz has the same core business as ETB, as it owns, operates, maintains and develops a 400kV — 150kV transmission network with an installed capacity of around 65,300 MW (thereof around 42,000 MW renewables, thereof around 21,500 MW wind on- and offshore). The 50Hertz-grid has a length of around 10,500 km in an area covering the five former Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg and also the grid connections of offshore wind farms in the Baltic Sea. 50Hertz's control area covers approximately 109,000 km² (a third of Germany) with about 18 million inhabitants. Maintenance of the transmission system, substations and switching stations is organised through five regional centres operating in a region characterised by a lot of wind; renewable energy already accounts for over 65 per cent. of the electricity consumption in the 50Hertz-grid region. This share will further increase over the next years following further investments in integrating photovoltaic generation, wind onshore and connecting offshore wind farms to its control area in the Baltic Sea and the North Sea. 50Hertz has the youngest asset base among the German TSOs.

Its administrative centre is situated in Berlin-Mitte. In addition, 50Hertz's grid is situated at the crossroads between the Western and North Eastern European electricity markets due to the central location of its network between Scandinavia, Poland, the Czech Republic and Central Western Europe.

50Hertz's location within Europe and Germany is shown below:




Sweden
Denmark
Energinet
150
150
150
220
Schleswig-Holstein
Rostock
Mecklenburg-Western Pomerania
TenneT
Güstrow
Hamburg
Schwerin
TenneT
220
Neubrandenburg
PSE
Brandenburg
Lower Saxony
Poland
220
Berlin
220
Frankfurt (Oder)
Potsdam
TenneT
110
Magdeburg
Saxony-Anhalt
Cottbus
Halle
Leipzig
Saxony
110
Dresden
PSE
TenneT
Erfurt
Weimar
Jena
Eisenach
Gera
Chemnitz
Hesse
Thuringia
Zwickau
ČEPS
TenneT
Czech Republic
Bavaria
Key
Switchgear (mostly at transition points between the 50Hertz grid and distribution system operators' grids)
380 kV
220 kV
Transformation 380/220 kV
Transformation 380/150 kV
Planned/under construction
Other companies
110 Operating voltage kV
* New construction, mainly along existing route
Line 380 kV
Line planned/under construction 380 kV
Line 220 kV
HVDC/direct-current connection 400 kV
HVDC/direct-current connection planned/under construction 300/320/400/525 kV
Other companies 380/220 kV
HDVC/back-to-back converter 380/150 kV
HVDC/converter 400 kV
HVDC/converter planned/under construction 300/320/525 kV
Offshore grid connection 150/220 kV
Offshore grid connection planned/under construction 150/220 kV
Grid users:
Our customers are regional distribution system operators and power stations, pumped storage plants, wind farms and large industrial facilities that are connected to the transmission system.
Conventional power station
Pumped storage plant
Phase-shifting transformers
Onshore wind farm/Offshore wind farm
(Photovoltaic-) PV-Park
Onshore wind farm planned/under construction
Offshore wind farm planned/under construction
Situation at: December 2021 (VC)
03 March 2022

4.2.2 Transmission System Operations

Under the German legal and regulatory framework, 50Hertz performs the following services:

- *Operate a safe, reliable and efficient transmission grid on a non-discriminatory basis:* 50Hertz has to operate, maintain and develop its grid meeting the demands of its customers to the extent this is economically reasonable. In particular, the TSOs have to contribute to security of supply by providing appropriate transmission capacity and system reliability.
- *Provide grid connection and transport electricity through the high voltage grid*: 50Hertz is obligated to provide physical connection to its grid to final customers, level or downstream electricity supply grids and lines, as well as generation facilities (whose statutory priority feed-in might have to be considered in case of congestions) subject to technical and economic conditions that are appropriate, non-discriminatory, and transparent. In addition, and in accordance with regulated third party access ("**TPA**") rules, 50Hertz must also grant TPA to their grid on an economically reasonable, non-discriminatory and transparent basis.
- *Provide preferential grid connection to, and feed-in electricity produced from RES:* With regards to electricity generated from renewable energy facilities, TSOs in Germany are under the obligation to optimize, amplify and expand their grid and, as far as economically reasonable, to ensure the purchase, transmission and distribution of such electricity. Accordingly, 50Hertz is obligated to connect without undue delay all renewable energy facilities in its control area to its transmission grid and any delay in such connections may subject 50Hertz to damages claims. In particular, 50Hertz is obligated to construct connections to all offshore wind farms in its control area under the further prerequisites of the EnWG and to share the costs incurred thereby with the other German TSOs;
- *Provide system service:* 50Hertz has the responsibility to maintain a secure and reliable energy supply system. The development of the German electricity market in recent years has led to a disproportionate share of energy being consumed in the southern and western parts of Germany, whereas the majority of the renewable energy generation is located in the northern and eastern parts of Germany. Taking into account these regional differences in the generation of renewable energy and fluctuating feed-in from renewable energy facilities, 50Hertz is focused on maintaining a system balance between generation and consumption at all times. In order to continuously balance demand and supply of electricity, 50Hertz primarily relies on the use of different types of control power (primary, secondary and tertiary control power). In addition, 50Hertz conducts congestion management measures when required and manages grid losses in its transmission system by procuring energy; and
- *Manage cross-border connections:* 50Hertz operates a number of cross-border interconnections to Poland, Denmark and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under pertinent European legislation and under EnWG.

In addition to the core businesses with respect to system operation and transmission ownership mentioned above, 50Hertz has three further roles in the German electricity market:

- It is responsible as trustee for managing cash-flows resulting from the German Renewable Energy Sources Act ("EEG"). Amongst others, the electricity generated from renewable installations in the 50Hertz control zone under the feed-in-tariff regime is sold by 50Hertz at the day-ahead and intra-day market of nominated electricity market operators.

- It is facilitator for the development of the energy market, especially in the capacity calculation regions ("**CCRs**") Core and Hansa. Amongst others, 50Hertz is active in designing the European and national electricity market in a way that it serves best an efficient and secure system operation.
- When the Electricity Price Brake Act came into force on 1 January 2023, far-reaching new tasks and obligations had to be established in the German energy market to mitigate the extreme increases in electricity prices for households and companies. The transmission system operators (and thus also 50Hertz) form a key position between the electricity supply companies and end consumers to be relieved and the plant operators and distribution system operators, who finance the relief by skimming off any excess revenues. Any differences between the amounts skimmed off and the amounts to be relieved will be compensated by the Economic Stabilization Fund of the Federal Republic of Germany. A public law agreement has been concluded between the Federal Republic of Germany and the transmission system operators to determine the precise details.

4.3 50Hertz Offshore GmbH

50Hertz Offshore was formed to facilitate the connection of offshore wind farms to the 50Hertz control area and to provide for a transparent accounting of the costs and capital employed. 50Hertz Offshore is expected to incur all the capital expenditure and other related costs related to these offshore connections.

In accordance with EnWG, 50Hertz is obliged to construct the grid connections to offshore clusters foreseen in the Network Development Plan (*Netzentwicklungspläne* - "**NEP**") respectively the Site Development Plan, connect wind farms to which the BNetzA has assigned capacity on the grid connection and operate the connection assets after commissioning. Furthermore, according to Section 17f of the EnWG, the German connecting TSOs are obliged to distribute the costs of constructing and operating the grid connections to the offshore wind farms among them according to the electricity supply volume in their respective control areas.

By way of a framework agreement signed in November 2008 between 50Hertz and 50Hertz Offshore, 50Hertz with its last amendment in 2021 has delegated its obligation to construct and operate the grid connections to the offshore clusters and wind farms to 50Hertz Offshore, granting at the same time the right of being reimbursed for all respective costs. For the avoidance of doubt, this delegation did not result in 50Hertz Offshore qualifying as a TSO respectively being itself as a company directly subject to regulation. 50Hertz Offshore currently has no employees and instead relies on services provided by 50Hertz pursuant to service contracts.

Important investment needs of 50Hertz Offshore are primarily triggered by the procurement and installation of sea and land cables and other electrical equipment to connect offshore wind farms. The first commercial offshore wind farm in the Baltic Sea ("Baltic 1") was connected to 50Hertz's transmission grid in 2011. A second grid connection ("Baltic 2") was finalised in 2015; a third offshore cluster connection ("Ostwind 1") was approved by the BNetzA in the offshore network development plan (Offshore-Netzentwicklungsplan – "**O-NEP**") in 2013, with a further approval in 2015. This grid connection consists of three cable systems and was allocated to two wind farms (Wikinger and Arkona). The commissioning of the grid connection was completed in 2019, in line with the foreseen completion dates. During the 2018 capacity auction, three additional offshore wind farms (Arcadis Ost 1, Baltic Eagle and Wikinger Süd[1]) in the Baltic Sea north of Lubmin were awarded. As a result, BNetzA has approved three additional cable systems and associated on- and offshore substations in the Cluster Westlich Adlergrund ("**Ostwind 2**"). 50Hertz Offshore placed orders for these cable systems in 2018. In 2019 agreements with the wind farm owners were concluded in relation to joint platforms. In the 2019

[1] Wikinger Süd belongs to the Wikinger cluster but was awarded separately

grid development plan, the grid connection OST-1-4 was awarded. The site development plan foresees a single cable solution and a platform owned and operated by 50Hertz. The 2021 auction of the associated offshore site was held and awarded. By fall 2022, BNetzA had awarded 50Hertz to erect the grid connection OST-6-1 for the Gennaker wind park under the legal framework for wind farms in the 12 nautical mile zone (§17d (6) EnWG). Preparatory works and tenders for major components are ongoing. Several additional offshore projects are foreseen by 50Hertz Offshore. The size of the offshore investment portfolio may fluctuate considerably over the coming years depending on the contents of the future Site Development Plan (*Flächenentwicklungsplan* – "**FEP**") that shall determine a "balanced distribution of projects between North and Baltic Sea" for the period after 2025.

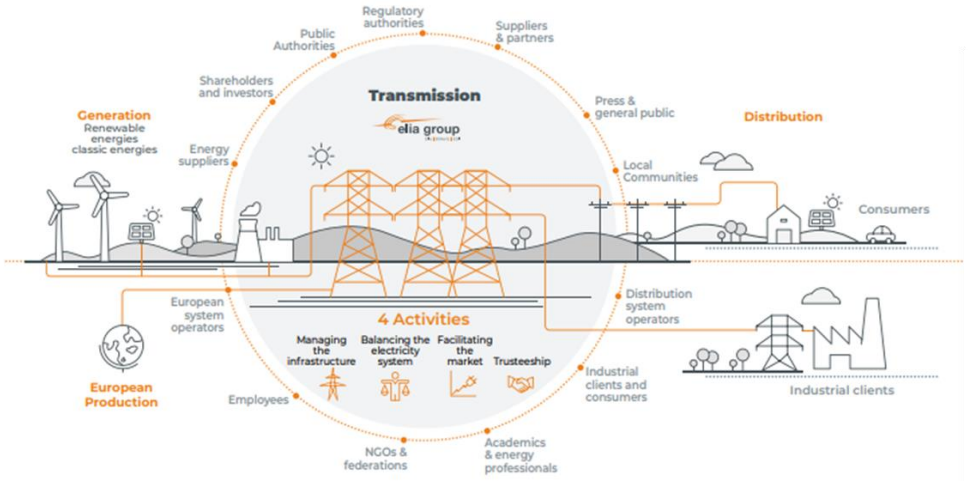
Based on German law, 50Hertz and 50Hertz Offshore may be subject to claims for damages in case of a culpable delay of grid connections or for interruption of their respective operation (see "*Risk Factors – The further development of the offshore infrastructure may present specific challenges and the specific liability regime applicable to offshore connections may have an impact on the Group's profitability*".

4.4 Trends in the Belgian and German electricity market and evolution in the offshore market

The main players in the electricity market are the electricity generators, the TSO and the DSOs, wholesale and retail suppliers, the power market operator, the traders, end customers and regulators.

On the one hand, industrial players are striving to quickly decarbonise, in line with the European Green Deal, Fit for 55 and REpowerEU plan. This includes the chemical, steel, automotive and oil and gas sectors. As these large customers are directly connected to the transmission grid, the Group plays an important role in linking them to RES, enabling innovative processes to be adopted and encouraging sector coupling (and so advancing the production of green steel or gas). In order to support such players and find quick and easy solutions to their decarbonization needs, the Group is committed to undertaking real stakeholder dialogue, for example through the organization of industry roundtables.

On the other hand, households and smaller consumers are slowly transforming into prosumers who want to play an active role in energy markets by producing their own energy (through their home solar panels) and injecting it back into the grid. These, and the owners of flexible appliances such as electric vehicles and heat pumps, will become important providers of flexibility for the grid: they will be able to charge their appliances when there are high amounts of renewable energy available and will be able to inject electricity back into the grid when it needs it. Moreover, consumers are increasingly expecting to interact with the energy system in the same way and with the same level of ease that they are enjoying in other sectors: they are interested in having more control over their household consumption and in tracing the origin of the electricity they use. Digitalization is making this possible.



Throughout the last years, the Group has seen several developments at political, market and technology level making offshore wind a substantial cornerstone of quick decarbonisation and electrification. This boosted a global trend for large-scale energy investment projects for the next years worldwide. European Commission defined a target capacity of some 300 GW offshore wind by 2050 in Europe to realise the Green Deal (the current installed capacity in Europe amounting today to some 18 GW).

However, due to the geographic conditions, some countries (like BE/GE) will remain short in renewables and some countries (such as NO, DK, IRE...) will have huge offshore wind excess potential along their coasts. For this reason, the expansion of offshore wind is increasingly becoming a multilateral and international (cross-border) topic to master the various national energy transition challenges. Consequently, the Group observes in Europe an overall trend to plan offshore grid connections in a more meshed way (incl. hybrid solutions that combine wind infeed with the electricity trade across borders) in order to increase efficiency and security of supply. Furthermore, there are some advanced plans for offshore energy hubs connecting various countries with complementary export/ import needs.

These growth perspectives attract many established players of the energy business as well as new players that are scouting new opportunities. Also industrial consumers are either directly acquiring equity stakes in offshore projects or concluding long-term Power Purchase Agreements ("**PPA**") to ensure future supply of green electricity. Finally, financial investors such as long-term investment funds, insurances or pension funds also show increased interest in offshore infrastructure.

Looking at the connection of offshore wind, projects have to be delivered in the next years along the Belgian North Sea coast and the German Baltic coast. The Belgian Government increased the ambition for offshore wind in its domestic waters to 3.5GW, to be connected to the onshore network via the construction of an artificial island (Belgian Energy Island). Moreover, ETB is currently assessing opportunities to develop interconnectors with Denmark (Triton Link) and UK (Nautilus). In Germany, 50Hertz will deliver further grid connections for the 'Ost-6-1' and 'Ostwind 3' projects. In addition, there is a common initiative with Energinet.dk to build a meshed and hybrid solution around the 'Bornholm Energy Island'. Finally, 50Hertz has become responsible for connecting a 2GW offshore wind cluster of the German North Sea.

In summary, the offshore wind market will be key for the decarbonization of Europe. Against this background, the Group has set-up WindGrid SA/NV to deliver offshore activities outside Belgium and

Germany that complement well the offshore evolution of ETB and 50Hertz in the home markets and that creates additional value via leveraging synergies.

4.5 Other related activities of the Group

4.5.1 Advisory services (EGI)

EGI offers consultancy and engineering services related to energy market development, asset management, system operation, grid development and RES integration. As a wholly owned subsidiary of the Issuer and 50Hertz, EGI is able to harness the expertise of two large European system operators, each with a track record in delivering high-quality projects and many decades of experience. Its clients are mainly comprised of TSOs, but EGI also supports regulators, public authorities and private developers.

4.5.2 Energy as a service (re.alto)

In September 2020, the Group announced the official launch of re.alto, its very own corporate start-up and the first European marketplace dedicated to the exchange of energy data and services. The start-up enables the exchange of energy data through its innovative API platform, so enabling the energy industry to take a huge digital leap forward towards a more widespread adoption of Energy-as-a-Service business models, ultimately hastening the establishment of a low-carbon society. At the UN Climate Change Conference held in Glasgow in November 2021 ("**COP26**"), the Issuer and Octopus Energy (a British company specializing in renewable energy) signed a memorandum of understanding which bolsters their joint commitment to placing consumers at the heart of the energy transition. Both parties will be setting up test projects over the next two years which will involve close working between KrakenFlex (Octopus Energy's real-time software platform) and re.alto, the Group's digital marketplace for energy data and services. In September 2022, Elia Group and re.alto signed a memorandum of understanding with Elli, a subsidiary of Volkswagen Group, to accelerate the integration of electric vehicles into the electricity system.

The partnership aims to make it possible for new energy services to be offered to consumers (such as the ability to charge their electric vehicles and use their heat pumps when there are large amounts of green electricity on the grid) whilst helping to ensure that the grid is kept in balance, so facilitating the transition to a sustainable energy system.

4.5.3 Offshore interconnection beyond its perimeter

The Group is active in the development, construction and operation of offshore transmission assets and has established itself as a capable player in the market throughout the last years. During more than ten years in the offshore wind industry, twelve offshore wind farms have been connected to the grid and are being operated by the Group today. Among them are innovative solutions like the Krieger´s Flak Combined Grid Solution, the world´s first hybrid interconnector, or the Modular Offshore Grid I (MOG I), which connects four offshore wind farms by one plug-at-sea and three shared export cables with 220kV AC. In summary, the Group has a project track record with solid grid planning and engineering skills, leading asset technology and operations know-how and large-scale project management skills. This set of strengths is complemented by a strong expertise in analysing market designs and their regulatory frameworks and shaping grid solutions that maximize value for society. Even though there are still important projects in the pipeline today, the growth perspectives in the Group´s regulated offshore projects in both the Belgian North Sea and the German Baltic Sea are limited, as all major generation sites in the Belgian North Sea and German Baltic Sea will be realized in the early 2030s.

By becoming active outside Belgium and Germany, the Group can use this expertise to continue its mission to support decarbonization in the interest of society, deliver value to other markets and unlock

further revenue streams**.** At the same time, the Group assures to remain at the forefront of offshore wind development towards a more holistic and meshed offshore and to maintain its relevance, also in the long term. However, the international offshore wind market is competitive and projects are usually being assigned in competitive tender processes to the bidder with the lowest price and/or most attractive offer. Consequently, the goal of winning competitive offshore tenders requires characteristics next to excellent engineering skills and a strong track record. Further principles like an entrepreneurial mind-set, speed in decision making and cost emphasis are essential. The entity WindGrid aims to build up and combine all these key capabilities and at the same time leverage from the know-how within the Group. By setting up WindGrid, the Group sends a strong signal towards the market regarding its commitment towards offshore wind development**.**

5 Key strengths

The Group capitalises on a number of inherent strengths, including the following:

- ***Large and highly reliable European TSO Group ideally positioned to drive the European energy transition***

  The Group is a sustainable operator of critical transmission infrastructure in Europe with 19,192 km (as of 2021) of high-voltage connections serving 30 million of end users with electricity and operating multiple interconnections with neighbouring European countries and the UK. The Group not only operates and owns the transmission network as asset manager but also acts as system operator, seeking to balance, in real time, generation and demand on its network. The integration of both activities allows the Group to generate synergies, which in turn increase the efficiency of the network. With a reliability rate of 99.99 per cent. (Belgium) and 99.79 per cent. (Germany) of power supply, the Group is of the opinion that it is a highly reliable operator providing society with a robust power grid and with an excellent track record in ensuring grid safety and stability across critical transmission infrastructure in Europe. Through its subsidiary ETB, it has a factual and legal monopoly for operating the national extra-high and high voltage network both onshore and offshore in Belgium. In Germany, 50Hertz is one of the four TSO's, and has a factual monopoly for owning, operating, maintaining and developing the 220kV - 380kV transmission network in an area covering the five former Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg. Furthermore, 50Hertz also has the legal mandate to construct and operate the grid connections to the offshore clusters and wind farms in the German part of the Baltic Sea and North Sea that are connected to its control area. The Group strives to be a major catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system. By expanding international high-voltage connections and incorporating increasing amounts of renewable energy into its grid, the Group is promoting both the integration of the European energy market and the decarbonization of society. In turn, the decarbonization of society provides challenges and business opportunities, which the Group believes is ideally positioned to capture.

- ***Sustainability and ESG at the heart of the Group's operations***

  Sustainability lies at the heart of the Group's strategy and its ActNow programme, which was developed and published in 2021, sets out its long-term sustainability objectives. These are guided by the United Nation's Sustainable Development Goals, demonstrating that its organisational goals are explicitly linked to global goals, and are implemented through its business. The Group's sustainability objectives are grouped under five different dimensions: Climate Action; Environment and Circular Economy; Diversity, Equity and Inclusion; Health and Safety; and Governance, Ethics and Compliance. The Group operationalises its sustainable

business strategy via those dimensions that give concrete guidance internally to ensure the right implementation focus within its everyday processes and activities. The Group's main priority is to make the energy transition a reality. The Group fully supports the European Green Deal's ambitions to make Europe the first climate neutral continent by 2050. The Group's biggest contributions to sustainability as a company which owns two TSOs lies in the development of the power grid and the enhancement of electricity market design, which in turn enable the integration of rapidly growing amounts of Renewable Energy Sources ("RES") into the system and allow the further electrification of society to occur. These efforts are consolidated in the first objective of Dimension 1: enabling the decarbonization of the power sector. However, as a socially responsible company, its commitment to sustainability reaches far beyond this: from reducing its own carbon footprint to embedding circularity in its core business processes to ensuring equal opportunities for all staff. Without compromising the safety of its workforce and the grid, the Group is making its processes more sustainable and aim to be completely climate neutral by 2040. As a company providing a service for society, the Group has a duty to set an example in this regard.

- ***Diversification across established regulatory regimes resulting in a lower financial risk profile***

  The Group's risk profile is limited by the nature of its activities and the regulated environment in which it operates. The Group is active under three established regulatory regimes with separate regulators and with good visibility on the remuneration parameters within the regulatory cycles. In Belgium, the current regulatory period took effect on 1 January 2020 for a four-year period from 2020 to (and including) 2023 whereby the approved tariffs have been fixed for that four-year period. The next regulatory period will take effect 1 January 2024 for a four-year period from 2024 to (and including) 2027 where the new tariff methodology has been approved by the regulator in June 2022.

  In Germany, the current regulatory period took effect on 1 January 2019 for a five-year period from 2019 to (and including) 2023. The next regulatory period will take effect 1 January 2024 for a five-year period from 2024 to (and including) 2028 for which the regulatory return on equity has already been set by the regulator.

  Nemo Link, in operation since January 2019, also operates under its own regulatory framework providing visibility for 25 years until 2044. The length of regulatory cycles, in combination with diversification across three regulatory regimes, contributes to further lowering the overall risk profile of the Group.

- ***Strategic onshore and offshore infrastructure in Europe***

  The Group is the fifth largest TSO in Europe (in terms of total assets) with a strategic geographical position in the centre of Western Europe. This central position and critical mass represent key strategic advantages for the Group to play a leading role in shaping the European electricity market by developing interconnections and integration of RES. The Group has established strong partnerships with other TSOs for building future offshore energy hubs in both the North Sea and Baltic Sea positioning the Group to be a frontrunner in the development of offshore grids, allowing it to integrate increasing volumes of renewable energy and hence contributing directly to the decarbonization of society. By operating multiple cross-border power lines, the Group promotes a fluid international exchange and helps enhancing the reliability of the power grids and improving the security of supply. The Group also participates in the Nemo Link joint venture, which operates the first subsea interconnector between Belgium and UK. In 2022, the Group decided to set up a new subsidiary, WindGrid, which will act as an international

energy company aiming at accelerating offshore wind development in Europe and other regions. These activities will further facilitate and accelerate the energy transition.

- ***Strong organic growth prospects both in Belgium and Germany***

  Supported by its geographical location in the center of Europe, the Group is determined to succeed in facilitating the energy transition and has therefore established a solid investment plan driving its organic growth. This plan is driven by the increasing need for interconnection between countries, reflected in large transmission network infrastructure projects to integrate the increasing amounts of renewable energy generation (particularly offshore wind), as well as efforts to further renovate, reinforce and digitalize the grid. As a result, in the upcoming five years (2023-2027), the Group plans to invest €15.9 billion, (€7.2 billion to be invested by ETB in Belgium and €8.7 billion by 50Hertz in Germany). The Group has historically demonstrated an exceptional organic growth with a Compound Annual Growth Rate ("**CAGR**") of the Regulated Asset Base ("**RAB**") of 8.0 per cent. between 2017 and 2022, and is set to continue growing its RAB with an expected average yearly growth of approximately 15 per cent. for ETB in Belgium and approximately 13 per cent. for 50Hertz in Germany through the above mentioned sizeable capex programme. In Belgium, the growth is predominantly driven by investments to facilitate the offshore energy (e.g. Princess Elisabeth Island), to replace and reinforce the existing infrastructure to absorb the higher infeed of renewable energy (e.g. Ventilus & Boucle de Hainaut) and the further integration of the European electricity system (e.g. Brabo & Nautilus). In Germany, the ongoing 'Energiewende' supported also by the increased targets for renewable energy production set by the new German government, will further drive future investments by 50Hertz both onshore (e.g. SuedOstLink, SuedOstLink+, Berlin Kabel) and offshore (e.g. Ostwind 2, Ostwind 3 & Ost-6-1).

- ***The Group at the forefront of the energy transition***

  On the path towards decarbonising society, the power system's focus is switching from centralised conventional generation to a more renewable, more decentralised and less controllable power mix. Going forward, it will be necessary to adapt consumption to available generation, rather than adapting generation to consumption, as it is currently the case. More than ever, a consumer-centric market design is needed to facilitate and accelerate the active participation of consumers. This requires putting demand on an equal. To address the needs of changing market, the Group continuously develops series of initiatives to build the energy system of the future. Leveraging its experience with consumer centricity as part of its regulated activities, the Group is exploring and contributing to fostering a range of new opportunities - from sector coupling through to the provision of new digital services with partners like re.alto. Ultimately, the Group is of the opinion that these activities will further hasten the energy transition.

- ***Robust financial track record allowing for foreseeable/predictable returns***

  The Group is exposed to multiple regulatory frameworks relying on a number of elements that contribute to the creation of a solid long-term financial basis for the Group. Firstly, the future investment plans in relation to its regulated business in Belgium and the vast majority of investment projects in Germany have to be approved by the government and the regulators before being rolled out, ensuring their inclusion in the tariffs. The corresponding real capex is included in the RAB from the moment it is spent and is as such remunerated, hereby covering the increasing prices of raw materials. Secondly, the tariff structure allows all costs (to the extent not deemed unreasonable by the regulator) over which ETB and 50Hertz have no direct control ("non-controllable costs" in Belgium and "permanently non-influenceable costs" in Germany) to be recovered through future tariffs. Also, the impact of inflation on the controllable costs is

covered by the regulatory framework in Belgium and Germany. For Belgium, the budget is adjusted annually in line with inflation, while in Germany the onshore base year costs are increased annually in line with inflation (time-lag of 2 years). Furthermore, from a funding perspective, the optimal leverage ratio is set by the regulator for both ETB and 50Hertz and the financial expenses in relation to its regulated business are almost entirely covered by the tariffs. Finally, at the level of Nemo Link, the cap and floor levels are recalculated annually to consider the yearly average inflation in Belgium and UK.

6 Strategy

In line with its ambition, the Group aims to and is well on the way to become one of the leading European TSOs, which provides critical electricity infrastructure and a reliable electricity system for society. Through large-scale investments in infrastructure, digitalisation, and sector coupling, the Group is contributing to Europe's great and complex ambition of becoming climate-neutral by 2050, as outlined in its Green Deal and has developed a strategy for the activities carried out by its TSOs. Along with nine other European transmission system operators, the Issuer has recently reinforced its call for suppliers to make more sustainable products and services, contributing to a carbon-neutral society.

6.1 Vision and mission

Decarbonisation is considered to be one of society's most pressing challenges. As system operators, the Group is central to overcoming this challenge. Its grid forms the backbone of the energy transition. The Group is strengthening its on- and offshore transmission grid to facilitate the integration of increasing amounts of renewable energy into the system and allow consumers to decarbonize. The Group is also furthering digitalization and sector convergence and shaping energy markets, so supporting new market players to become active participants in the energy sector. As a driver of the energy transition, the vision that guides the Group every day is "*A successful energy transition for a sustainable world*".

The Issuer's mission describes who it serves, what it delivers and how: "In the interest of society, the Group makes the energy transition happen to decarbonise Europe by delivering the needed power infrastructure and shaping the European energy markets. Keeping the lights on by operating a reliable and sustainable system and innovate to meet evolving consumers' needs in an efficient way and to protect people's safety. Creating further value for society in the changing energy landscape."

6.2 Pillars of growth

The Issuer's strategy consists of three pillars of growth. As outlined in the figure below, the bottom pillar relates to its core business as a TSO, whilst the top two pillars relate to how it is expanding its activities beyond this to create additional value for its stakeholders.

The three pillars of growth outline how, by continuously improving its activities to deliver excellent services, products and projects, it is both fulfilling its societal mission and increasing its relevance in a rapidly changing environment. These pillars ensure that the company keeps working in the continuously evolving interest of society.

6.2.1 Pillar 1: Deliver the infrastructure of the future & develop and operate a sustainable power system

The Group is committed to keeping the lights on around the clock, designing, delivering and operating the transmission infrastructure of the future and enabling the energy transition - not just in its home markets of Belgium and Germany, but also contributing at a European level. Its CAPEX projects, which is dedicated to delivering on time, within budget and to a high standard of quality with a maximum focus on safety, actively contribute to shaping solutions that meet its stakeholder needs and create value for wider society. For example, the onshore and offshore interconnectors the Issuer build allow renewable energy to be shared between countries that have excess RES and those that have RES deficits, so contributing to the strengthening of the internal European energy market.

6.2.2 Pillar 2: Grow beyond current perimeter to deliver societal value

This pillar aims to further expand its activities beyond its current perimeter in order to deliver additional societal value. Through its consultancy activity, EGI, the Group has developed a solid understanding of international markets and both detect and attract appealing business opportunities. Leveraging both this expertise and the experience it has gained through its regulated activities in offshore renewable development, it is actively shaping new growth opportunities. Areas the company is exploring include offshore development beyond the maritime boundaries of Belgium and Germany in the North and Baltic Sea, respectively, as well as potential equity participation that creates additional value in combination with its current portfolio.

6.2.3 Pillar 3: Develop new services creating value for customers in the energy system

Through its third pillar, the Group is ready to continuously change, delivering new services that create value for energy customers and digital tools, which benefit the international energy ecosystem. The company aims to achieve this by utilising and driving the digitalisation of the power sector and spurring innovation. Leveraging its experience with consumer centricity as part of its regulated activities, the Group is exploring and contributing to fostering a range of new opportunities - from sector coupling through to the provision of new digital services with partners like re.alto. Ultimately, these activities will further hasten the energy transition.

6.3 The Group's digital transformation

In order to deliver the company's strategy, the digital transformation of its business has become key. The company seeks to remain efficient throughout this transformation as it: masters the growing complexity of its core business; speeds up its activities; develops new solutions towards a decarbonised

system; work as part of ecosystems to better understand and serve the needs of consumers; and lay the foundations for expanding its role and the services it provides across the energy value chain.

6.4 The Group's sustainability programme ActNow

Sustainability lies at the heart of the company's business strategy and its ActNow programme, which was developed and published in 2021, setting out its long-term sustainability objectives. These objectives are guided by the UN SDGs, demonstrating that its organisational goals are explicitly linked to global goals, and are implemented through its business roadmaps and plans.

Its biggest contributions to sustainability lies in the development of the power grid and the enhancement of electricity market design, which in turn enable the integration of rapidly growing amounts of RES into the system and allow the further electrification of society to occur. These efforts are consolidated in the first objective of enabling the decarbonization of the power sector. However, as a socially responsible company, its commitment to sustainability reaches far beyond this: from reducing its own carbon footprint to embedding circularity in its core business processes to ensuring equal opportunities for all staff, ActNow is firmly embedded in its core business via its business roadmaps and plans.

7 Regulatory framework

7.1 Overview

As set out in more detail in the section "*The Belgian regulatory framework*", the Belgian regulatory regime is fixed for a period of 4 years, and represents mostly a "cost-plus" model, whereby the non-controllable costs incurred by ETB (depreciation, financial costs and taxes) and approved by the regulator (CREG) are passed through the transmission tariffs. Those costs include the shareholders'

remuneration. This remuneration is mainly based on two key items. First, for the equity corresponding to the regulatory gearing, ETB receives a fair remuneration which is driven by the perspective of the 10-year OLO estimated by the Federal Planning Bureau (fixed at 2.40 per cent. for the period 2020-2023), on which a risk premium weighted with a beta factor is applied. The equity exceeding the regulatory gearing ratio (>40 per cent. of the RAB) is remunerated at the same referential OLO rate increased with 70 bps. Secondly, various incentive components, linked to operational performance (i.e., specific costs (and revenues) over which ETB has direct control) have been defined in the current tariff methodology.

For 50Hertz, as set out in more detail in section "*The German legal framework*", the basic principle of the regulatory regime in Germany is an incentive regulation with a revenue cap and a 5-year regulatory period. The revenue cap defines how much revenues a German system operator is granted for a certain year. It comprises two different revenue components: (i) influenceable costs updated every 5 years and (ii) non-influenceable costs updated on an annual basis. For the influenceable costs, a cost assessment is performed by the regulator of the year (t-3) for the regulatory period starting in year (t) and is subject to yearly adjustments by a general sector productivity factor, an individual efficiency factor and inflation. This basic principle is complemented by several cost positions that are considered permanently non-influenceable, thus experiencing special treatment and which can be adjusted yearly. Firstly, the TSO can apply for so-called investment measures that comprise growth investments onshore. As of 2024, the investment measures regime will be replaced for new investments by a new Capital Cost Adjustment model ("KKA regime") that also foresees annual adjustments of capex investments. Secondly, several relevant cost positions like grid losses, balancing cost, reserves, congestion management and cost of European initiatives are subject to so-called voluntary commitments that allow for yearly adjustments based on planned cost with retroactive revision. Moreover, certain parts of HR-related costs are considered permanently non-influenceable. Finally, several surcharges complement the regulatory regime: Offshore cost are passed on to the end consumers including return on equity; renewable energy remuneration and management, combined heat power (CHP) subsidies and others are reimbursed on a cost basis.

As set out in more detail in the section "*Regulatory framework for interconnector Nemo Link*", a specific regulatory framework is applicable to the Nemo Link interconnector whereby a revenue based cap and floor regime has been agreed for a term of 25 years.

7.2 Regulatory framework in Europe

The European framework is applicable to: (i) ETB (as the TSO in Belgium); and (ii) 50Hertz (as the TSO in Germany).

7.2.1 The European legal framework

Over the past two decades, the European Union has been promoting the "unbundling" of vertically integrated electricity (and gas) companies. The most recent Electricity Market Design Directive (EU) 2019/944 and Regulation (EU) 2019/943 (part of the so-called Clean Energy Package) have continued the liberalization trend establishing common rules for an internal market in electricity, as well as providing conditions for third-party access to networks for the cross-border exchange of electricity.

On 23 January 2023, the European Commission launched a public consultation on a prospective amendment of the Electricity Market Design Directive and Regulation and the Regulation on Wholesale Energy Market Integrity (EU) No 1227/2011 ("**REMIT**"). The purpose of the reform is to tackle the ongoing energy crisis through a revamp of the EU's electricity market design aimed at more resilience and a reduced impact of gas price fluctuations on the electricity price.

The Commission's proposals will likely focus on three pillars: (i) long-term contracts (PPAs and/or CfDs) to decouple electricity bills from short-term price signals, (ii) improved access for alternative balancing

solutions and (iii) consumer protection. The proposals will also seek to make permanent the inframarginal electricity price cap introduced by Council Regulation (EU) 2022/1854 on an emergency intervention to address energy prices.

As part of the consultation, the Commission wants to look at incentives for market participation of alternative balancing solutions such as demand-response mechanisms, energy storage and weather-independent renewable and low-carbon sources. Among these, the Commission may review the tariff design of system operators and could potentially introduce new rules to facilitate intraday market activity across Member States.

The consultation was open to stakeholders until 13 February 2023, following which the Commission will come with legislative proposals, expected still in the first half of 2023.

7.2.2 Third Energy Package and Clean Energy Package

(i) *Third Energy Package*

The Third Energy Package was composed, among others, of Directive 2009/72/EC (the "**Electricity Directive**"), Regulation (EC) No 714/2009 (the "**Electricity Regulation**") and Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER) (the "**ACER Regulation**"). These acts have been replaced by the abovementioned Electricity Market Design Directive (EU) 2019/944, Electricity Market Design Regulation (EU) 2019/943 and Regulation (EU) 2019/942 respectively.

Already under the Third Energy Package, for transmission activities, Member States have been required to implement provisions regarding: (a) the appointment/licensing of the TSO(s); (b) the separation of generation and supply activities from the (ownership and) operation of the network (ownership, legal, functional and accounts unbundling) and related certification requirements; (c) confidentiality of commercially sensitive information; (d) non-discriminatory third-party network access; and (e) the creation of independent regulators.

(a) *Appointments of ETB and 50Hertz as TSOs*

Member States are required to appoint one or more TSOs. Belgium has elected to appoint one single TSO for its entire territory. This is set out in the Electricity Law (as defined below). The duration of the appointment is not specified by EU law and, consequently, is determined at the national level by each Member State.

ETB was appointed as the Belgian TSO for a (renewable) 20-year term as from 31 December 2019 by a Ministerial Decree of 13 January 2020. ETB has also been appointed as the regional TSO in the Brussels-Capital Region for the same period by a Decree of the Brussels-Capital Region's government of 19 December 2019 and as the local TSO in the Flemish Region in succession of ESO (now Elia Group SA/NV / the Issuer) for the remaining duration of the latter's appointment, i.e. until 31 December 2023. As to the Walloon Region, it follows directly from the Walloon electricity decree of 12 April 2001 (the "**Walloon Electricity Decree**") that the national TSO (ETB) is also the local TSO. The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expected that this license will be renewed in due time (at the latest by end of 2023, when the current licence expires). It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of ETB and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of ETB (see "*Description of the Issuer – Introduction*").

50Hertz is permitted to operate as a TSO in Germany and, while this authorization is not limited in time, it can be revoked by the Energy Authority of the State of Berlin (*Senatsverwaltung für Wirtschaft, Technologie und Forschung (Energiewirtschaft/Energieaufsicht)*).

(b) Unbundling

TSOs are required to be "unbundled" from electricity production and supply undertakings. More precisely, the person or company that is appointed as TSO must, at least in terms of its ownership (subject to historical exemption regimes in certain EU Member States), its accounting, its legal form, its organisation and its decision-making process, be independent from undertakings active in the production or supply of electricity (and gas). Cross-participations between transmission activities on the one, and production and supply (and associate) activities on the other, are in principle excluded.

The Belgian federal electricity law of 29 April 1999 as amended (the "**Electricity Law**") also provides that ETB cannot develop any activities with respect to the operation of distribution grids below 30kV and that neither ETB nor gas companies can hold any direct or indirect participations in each other. A certification procedure applies as a condition to (re)appointment, and is run by the competent national regulator together with the European Commission (and ACER) to verify compliance with the (ownership) unbundling requirements. The TSO must at all times continue to comply with those requirements.

A similar principle applies to 50Hertz and German laws impose that it has to respect all unbundling principles as set forth hereabove.

(c) Confidentiality of commercially sensitive information

TSOs must preserve the confidentiality of commercially sensitive information obtained in the course of carrying out their activities, and shall prevent information about their own activities (e.g., on network availability and capacity allocation), which may be commercially advantageous from being disclosed in a discriminatory way. This obligation goes along with and aims at protecting the right of non-discriminatory network access of the market players, whose commercial position must not be revealed to competitors. As regulated actors, TSOs must be trustworthy actors in the competitive non-regulated part of the energy market and must exchange information with the other TSOs and disclose certain information to the market as necessary to preserve effective competition and the efficient functioning of the market, while preserving the confidentiality of commercially sensitive information.

(d) Network access

EU law requires each Member State to implement a regulated third-party access regime based on pre-approved and published tariffs that are applied to all network users in a non-discriminatory manner. The tariffs, or at least the methodologies for their calculation, have to be pre-approved by an independent regulator and must allow for the investments necessary for the long-term viability of the network.

(e) Independent regulators

EU law requires that each EU Member State establishes (an) independent regulator(s) specific to the energy industry. The regulator's main task is to ensure non-discrimination among grid users and end customers and the efficient functioning of

the market through, inter alia, the setting or approval of the transmission tariffs (or at least the methodology for their calculation) and monitoring the compliance of the electricity undertakings with their obligations under EU law and the laws of the Member State. In addition, the regulator must monitor the management and allocation of the interconnection capacity, the mechanisms for managing congested capacity and the level of transparency and competition in the market. Furthermore, the regulator may also act as the dispute-settlement authority for complaints made by grid users against the TSOs and DSOs.

In Belgium, ETB's main regulator is the federal regulator CREG. In addition, for certain matters in relation to its capacity as local/regional TSO in Flanders, Brussels and Wallonia, the regional regulators VREG, Brugel and CWaPE are competent. Reference is made to the section "*Regulatory authorities in Belgium*" below.

In Germany, 50Hertz is mainly regulated by the federal network agency "*Bundesnetzagentur (BNetzA)*". Reference is made to the section "*Regulatory agencies in Germany*" below.

(ii) *Clean Energy Package*

The key principles of the Third Energy Package (as described above) are maintained by the (recast) Electricity Market Design Directive (EU) 2019/944 and Regulation (EU) 2019/943 (EMD Directive and EMD Regulation, as defined below). Nonetheless, the recasts bring a number of important changes in how these principles are to be further implemented going forward, which affect the roles and responsibilities of, among others, the TSOs, the DSOs, ENTSO-E, the (new) EU DSO entity, national regulatory authorities ("**NRAs**") and ACER.

The Clean Energy Package is currently under review – reference is made to section 7.2.1 "*Regulatory framework in Europe – The European legal framework*".

The Clean Energy Package is further composed of a wider set of Directives and Regulations:

- The (recast) Electricity Market Design Directive (Directive (EU) 2019/944) (the "**EMD Directive**")

  The EMD Directive confirms the principle of market-based power supply, specifying under which circumstances for which period of time derogations are possible with a view to protecting energy poor and vulnerable household consumers. It also enables suppliers to offer dynamic electricity price contracts and provides the possibility for consumers to purchase and sell electricity via aggregation, independently of their electricity supply contract (and without requiring their supplier's consent). By 2026 it must be possible for each consumer to switch its supplier or aggregator within 24 hours.

  The EMD Directive allows and provides incentives for DSOs to procure flexibility services with a view to improving efficiencies in the operation and development of the distribution system. It further requires the development of independent, free-of-charge price comparison tools for household consumers and micro-enterprises, and imposes detailed billing guidelines and information requirements. It also requires electromobility to contribute to a better functioning of and foster the participation of end consumers to the market (with a potential role to be played by the DSOs if the market does not do it).

  All end consumers must be able to act as active consumers (i.e., able to consume, store or sell self-generated electricity within their premises, or to participate in flexibility schemes) without being subject to disproportionate or discriminatory technical requirements, administrative requirements, procedures and charges, and to network

charges that are not cost-reflective (meaning they are entitled to network charges accounting separately for the electricity fed into and taken off the grid, based on smart meters). They should be able to delegate the management or their installations and balancing responsibility to third parties. The EMD Directive also creates citizen energy communities, open to voluntary participation by natural persons, local authorities and small and micro-enterprises.

The EMD Directive promotes energy efficiency and empowers end consumers, amongst others through the further deployment of smart metering systems and by setting rules on the access of end consumers to their data. In particular, all end consumers have a right to get a smart meter installed, if they bear the associated cost. A systematic roll-out of smart meters can be linked to a positive cost-benefit analysis.

The EMD Directive clarifies the DSOs' tasks, particularly relating to the use of flexibility, co-ordination with the TSOs and the development of network development plans. The existing provisions for TSOs are largely maintained, with clarifications concerning energy storage, ancillary services and the new regional co-ordination centres (see below). The EMD Directive further imposes constraints on the DSOs' and TSOs' right to own, develop, manage and operate EV charging, ancillary services and energy storage facilities. These are only possible if certain conditions are fulfilled (i.e., if the market fails to provide these functions), and subject to regular reassessments of the market situation.

Finally, the EMD Directive reinforces and extends the powers of the NRAs.

- The (recast) Electricity Market Design Regulation (Regulation (EU) 2019/943) ("**EMD Regulation**")

  On top of the objectives already put forward by the Electricity Regulation, the EMD Regulation aims to: (i) set the basis for an efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher shares of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation; and (ii) set fundamental principles for well-functioning, integrated electricity markets

  In view of that, the EMD Regulation defines principles on balance responsibility, non-discriminatory access to balancing markets and the settlement of the imbalance price having to reflect the real-time value of energy (i.e. reflecting the marginal cost of each imbalance in each quarter hour). The EMD Regulation also enhances the cooperation between TSOs and nominated electricity market operators ("**NEMOs**") for the harmonised management of the integrated day-ahead ("**DA**") and intra-day ("**ID**") markets and requires TSOs to issue long-term transmission rights ("**LTTRs**") to allow market participants to hedge price risks across bidding zone borders.

  The EMD Regulation further sets a prohibition on maximum and minimum limits to wholesale electricity prices, except for applying harmonised limits on maximum and minimum clearing prices for DA and ID timeframes under certain conditions. It also sets detailed rules on the non-discriminatory, transparent and market-based dispatching (subject to priority dispatching of renewables in limited cases) of generation and demand response, as well as redispatching (including reliability curtailment) and congestion management. As a rule, redispatching, curtailment and congestion management must be market-based, with non-market-based methods (such as transaction curtailment) to

be used only in limited circumstances, in particular where renewable generators are concerned. TSOs requesting redispatch or curtailment must financially compensate the affected facilities and network planning can take into account re-dispatching up to 5 per cent. of the annually generated electricity from renewable sources directly connected to the grid. Capacity can be allocated via explicit or implicit auctioning (i.e., via bids including both the price for the energy and the capacity) and must be freely tradeable on the secondary market. At least 70 per cent. of interconnector capacity must be available for cross-zonal trade. The EMD Regulation also provides for regular reviews of bidding zone configurations as a way to solving congestion.

An important innovation, the EMD Regulation (in conjunction with the Risk Preparedness Regulation – see below) sets a framework for capacity remuneration mechanisms ("**CRMs**") as a means to address security of supply issues. CRMs must be justified by a resource adequacy assessment. The must be temporary, technology-neutral (including storage and demand-response) and open to (direct or indirect) cross-border participation where technically feasible. They must take the form of a strategic reserve unless if that cannot address the adequacy concern. The EMD Regulation also lays down some sustainability (emissions) criteria (with a grace period), and grandfathering provisions for existing contracts.

Under the EMD Regulation, tariffs for network connection and access cannot be distance-related or create disincentives for self-generation, self-consumption and demand-response. There can be no (positive or negative) discrimination against production connected at transmission and distribution level, nor against storage and aggregation capacity.

Last but not least, under the EMD Regulation, the tasks of ENTSO-E have been extended and the regional security centres are replaced by regional coordination centres ("**RCCs**"). The RCCs will complement the role of the TSOs by performing tasks of regional relevance and fostering coordination between the TSOs. The EMD Regulation also provides for the creation of a EU DSO entity, allowing the DSOs to coordinate on things as network planning, grid codes, the integration of renewables and demand-response, and digitalisation.

- The (recast) Regulation establishing a European Union Agency for the Cooperation of Energy Regulators (Regulation (EU) 2019/942) ("**ACER Regulation**") establishes ACER, the purpose of which is to assist the NRAs in exercising, at Union level, the regulatory tasks performed in the Member States and, where necessary, to coordinate their actions and to mediate and settle disagreements between them. ACER also contributes to the establishment of high-quality common regulatory and supervisory practices, thus contributing to the consistent, efficient and effective application of Union law in order to achieve the Union's climate and energy goals.

- The Risk-Preparedness Regulation (Regulation (EU) 2019/941) ("**Risk-Preparedness Regulation**") aims at enhancing the cooperation between Member States with a view to preventing, preparing for and managing electricity crises and security of supply concerns in a spirit of solidarity and transparency and in full regard for the requirements of a competitive internal market for electricity. To that end, the Risk-Preparedness Regulation sets out methodologies to (i) assess security of supply; (ii) identify crisis scenarios in the Member States and on a regional level; (iii) conduct short-term adequacy assessments; and (iv) establish risk-preparedness plans and manage crises, including ex-post evaluation and monitoring.

- The (recast) Renewable Energy Directive (Directive (EU) 2018/2001) ("**RES Directive**") establishes common principles and rules to remove barriers, stimulate investments and drive cost reductions in renewable energy technologies, and empowers citizens, consumers and businesses to participate in the clean energy transformation. At the heart of the RES Directive is the Union-wide objective of achieving a share of minimum 32 per cent. of RES in the EU's gross final energy consumption by 2030. Member States can set their own individual targets towards achieving the Union-wide target. Certain sectors also have an individual Union-wide target (e.g. 14 per cent. by 2030 for the transport sector).

  To achieve these general objectives, the RES Directive sets out detailed rules, amongst other things, on RES support schemes, permitting, guarantees of origin, grid connection (including priority grid access for smaller installations, demonstration projects and renewable gas, but no longer applying to RES in a general way), renewable self-consumption and energy communities, and district heating and cooling.

- The Energy Efficiency Directive (Directive (EU) 2018/2002) ("**EE Directive**") establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 headline targets on energy efficiency of 20 per cent. and its 2030 headline targets on energy efficiency of at least 32.5 per cent. are met, and paves the way for further energy efficiency improvements beyond those dates.

  The EE Directive lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions by 2020 and 2030, which will need to be notified to the European Commission. Member States must also reduce their annual final energy consumption by 0.8 per cent. annually. The EE Directive also contains rules on extended consumer rights, including on smart metering, access to billing and consumption information.

- The Energy Performance of Buildings Directive (Directive (EU) 2018/844) ("**EPB Directive**") supplements the EE Directive particularly for the real estate and construction sector (appreciating the fact that the biggest energy efficiency gains can be achieved from buildings). The EPB Directive covers topics including, amongst other things, renovation targets, energy performance certificates ("**EPCs**"), inspection, monitoring and control of energy use and the deployment electrical vehicle ("**EV**") (re)charging points in buildings.

- The Governance Regulation (Regulation (EU) 2018/1999) ("**Governance Regulation**") establishes a governance mechanism to:

  (a) implement strategies and measures designed to meet the objectives and targets of the Energy Union and the long-term Union greenhouse gas emissions commitments consistent with the Paris Climate Agreement, for the first ten-year period, from 2020 to 2029, covering in particular the Union's 2030 targets for energy and climate, and every ten-year period thereafter (with an update very five years);

  (b) stimulate cooperation between Member States, including, where appropriate, at regional level, designed to achieve the objectives and targets of the Energy Union;

(c) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the Union and its Member States to the UNFCCC and Paris Climate Agreement secretariat; and

(d) contribute to greater regulatory certainty as well as contribute to greater investor certainty and help take full advantage of opportunities for economic development, investment stimulation, job creation and social cohesion.

To achieve those objectives, the Governance Regulation introduces a new instrument in the form of the national energy and climate plans ("**NECPs**") to be prepared and submitted by each Member State to the European Commission. The NECPs cover a ten-year period, setting out the Member States' national objectives and targets for achieving the five dimensions of the Energy Union, and corresponding policies and measures. Member States will be required to report against their progress and update their NECPs two years after their implementation date, with a final update a year after.

The RES Directive, the EPB Directive and the EE Directive are currently being revised in the framework of the European Green Deal. This framework establishes the objective of becoming climate neutral in 2050 in a manner that contributes to the European economy, growth and jobs. This objective requires a greenhouse gas emissions reduction of 55 per cent. compared to 1990 by 2030, as confirmed by the European Council in December 2020. To achieve that intermediary target by 2030, the European Commission has released, on 14 July and 15 December 2021, an ambitious package of proposals, including revisions of the abovementioned Directives relevant to the power markets and the Issuer (the "**Fit for 55**" package).

(iii) *Fit for 55 package and Recovery and Resilience Funding*

The European Union's vision to increase its climate ambitions in line with the Paris Climate Agreement was presented by the European Commission in its Green Deal[2] in December 2019. The Green Deal is presented as laying "*down the blueprint for the transformational change*"[3] needed by the EU to meet its climate ambitions and become "*the first climate neutral continent by 2050*"[4].

In order to give teeth to the Green Deal, an EU Climate Law (the "**Climate Law**")[5], was adopted in June 2021. It imposes binding obligations both to the EU and the Member States and provides an overall framework for the EU's contribution to the Paris Climate Agreement. Amongst others, the Climate Law (i) sets out a binding objective of climate neutrality in the Union by 2050, (ii) sets out a binding intermediary target of a reduction of net greenhouse gas emissions by at least 55 per cent. compared to 1990 by 2030 and (iii) a second intermediary target still to be set for 2040.

Taking stock of the Green Deal, and the legally binding targets put forward in the Climate Law, in July 2021, the Commission published the first part of its so-called "Fit for 55" package to reduce greenhouse gas emissions by at least 55 per cent. compared to 1990 by 2030. The package, most of which is currently being negotiated by the EU legislators, is a set of

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2 European Commission, Communication from the Commission, "The European Green Deal", Brussels 11.12.2019, COM (2019) 640 final.

3 European Commission, Communication, "Fit for 55 : delivering the EU's 2030 Climate Target on the way to climate neutrality", COM(2021) 550 final, Brussels. 14.07.2021, p. 1.

4 European Commission, European Green Deal: Commission proposes transformation of EU Economy and society to meet climate ambitions, Press Release, Brussels. 14th July 2021.

5 Regulation 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) N°401/2009 and (EU) 2018/1999 ("European Climate Law"), OJ L 243/1, 9.7.2021

interlinked proposals, to support a "*fair, competitive and green transition*"[6]. This extensive package, which was complemented by a second series of legislative proposals in December 2021, entails the revision of a wide array of existing energy and climate related legislations, as well as proposals for new pieces of legislation. Without being exhaustive, the package will notably entail a review of the RES Directive, the EE Directive, the Effort Sharing Regulation (EU) 2018/842 ("**ES Regulation**"), the EU Emission Trading System Directive 2003/87/EC ("**EU ETS Directive**"), the Energy Taxation Directive 2003/96/EC ("**ET Directive**"), the EPB Directive as well as of the current Gas Market Directive 2009/73/EC and Gas Market Regulation (EC) 715/2009. It also introduces a new carbon border adjustment mechanism for imports of certain carbon-intensive goods into the EU ("**CBAM**").

Political agreements have been reached at the end of last year on some of the Fit for 55 proposals, mostly focused on carbon emissions reduction.[7] Other pieces are still in various stages of political negotiations between the Commission, the European Parliament and the Council. Further political agreements, including on the RES and EE Directives, are expected in the first half of 2023. Of course, all proposals and measures proposed by the Commission in the context of the Fit for 55 package are subject to changes in the context of the ongoing legislative process that will lead to the adoption of the definitive legislative texts, some of which will require further transposition at the national level. Besides, the discussions currently taking place in the context of the REPowerEU strategy of the Commission, in order to both address high energy prices and the dependence on Russian fossil fuels, will also likely impact the ambitions and measures that will finally be adopted in the context of the Fit for 55 package.

As part of a wide-ranging response, the aim of the Recovery and Resilience Facility ("**RRF**") is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. The RRF is a temporary recovery instrument. It allows the Commission to raise funds to help Member States implement reforms and investments that are in line with the EU's priorities and that address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination.

The RRF helps the EU achieve its target of climate neutrality by 2050 and sets Europe on a path of digital transition, creating jobs and spurring growth in the process. The reforms and investments in Belgium's RRF plan aim for Belgium to become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To this end, the plan consists of 105 investments and 35 reforms. They will be supported by €5.9 billion in grants, out of which €100 million is allocated to the construction of an artificial energy island in the North Sea to integrate offshore wind and further international interconnections.

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6 European Commission, Communication from the Commission: "Fit for 55": delivering the EU's 2030 Climate Target on the way to climate neutrality", 14.07.2021, COM(2021) 550 final, p.3.

7 Amongst others, political agreements were reached on the ES Regulation on 8 November 2022, on the ETS for aviation and the CORSIA scheme on 7 December 2022, on CBAM on 13 December 2022 and on the (remainder of) the EU ETS (including ETS for maritime and a separate ETS for road transport and buildings, and a social climate fund) on 18 December 2022.

7.2.3 Regulation on cross-border exchanges and on trans-European infrastructure

Cross-border exchanges in electricity

The current EMD Regulation determines conditions for access to the network for cross-border exchanges in electricity. It provides rules applicable to cross-border capacity allocation methods and to the establishment of a compensation mechanism for cross-border flows of electricity. It also provides the basic principles applicable to setting cross-border transmission charges. These charges must be transparent, take into account the need for network security, reflect actual, not unreasonable costs, be applied in a non-discriminatory manner and not be distance related. Furthermore, any revenues resulting from the allocation of capacity must be taken into account by regulatory bodies when setting the transmission tariffs. The principles on cross-border exchanges set out in the EMD Regulation have been further developed in the European grid codes (see section 7.2.4 "*Grid codes*").

Trans-European infrastructure

Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure ("**TEN-E Regulation**") determines the structure and process to establish lists of projects of common interest ("**PCIs**") developed by project promotors. The selection is done based on a number of factors, including an energy system-wide cost-benefit analysis. The selected projects receive priority treatment in the permit-granting process and specific treatment for cost allocations and may receive incentives and European subsidies under the Connecting Europe Facility ("**CEF**"). Some of the Issuer's current and past PCIs include "Brabo II + III" and Nemo Link.

Among the key elements of the new TEN-E Regulation (which replaced the old one from 2013) are:

(i) strengthened cross-border cooperation in offshore infrastructure developments, smart electricity grids and hydrogen;

(ii) a mandatory sustainability assessment for all eligible projects; and

(iii) new provisions for projects of mutual interest ("**PMIs**") connecting the EU with third countries, in the interest of security of supply.

7.2.4 Grid codes

A grid code contains the rules governing the connection and access to the electricity network, the provision of ancillary services by the network users (generators, distributors, suppliers and end consumers directly connected to the network) and their respective rights and duties, as well as the rights and duties of the TSOs. There are seven national grid codes in Belgium (one federal and six regional), four of which apply to ETB. All four codes deal with similar issues, mostly technical, but apply to different networks: they establish, among other matters, the procedure for the connection of a user to the network, the rights and duties of each network user, the parties' balancing obligations, the procedure for measuring the volume of electricity transmitted and emergency procedures in the event of an incident or an anticipated blackout. In Germany, for the same purpose, four laws and six regulations are relevant to 50Hertz.

At European level, the EMD Regulation sets out the areas in which European grid codes have been and are being developed. These codes are developed by ENTSO-E in cooperation with ACER and are submitted to the European Commission to go through comitology and receive legislative force as Commission Delegated Regulations. The EU DSO entity contributes to the development of network codes which are relevant for the distribution systems and the DSOs. The European Commission can also approve grid codes in its own right, in certain areas. The European grid codes are sets of rules that apply to one or more parts of the energy sector. To date, eight European grid codes and guidelines have entered into force: "Capacity Allocation and Congestion Management", "Requirements for Generators", "Demand Connection", "HVDC", "Forward Capacity allocation", "Emergency and Restoration",

“Electricity Balancing” and “System Operations”. A grid code on cybersecurity is in the implementation phase.

The website of ENTSO-E gives a status update of the development and implementation of all the European network codes: https://www.entsoe.eu/major-projects/network-code-development/updates-milestones/Pages/default.aspx[8].

Following the entry into force of the European grid codes and guidelines, the Belgian federal and regional grid codes applicable to ETB have been updated to ensure the consistency of the various sets of rules. Nonetheless, the development of European grid codes and guidelines remains without prejudice to the rights of EU Member States to establish and maintain national grid codes, to the extent their content does not adversely interfere with the cross-border trade of electricity. Similar principles apply under the German legislation and to 50Hertz, which also has to respect these grid codes.

7.3 The Belgian regulatory framework

7.3.1 General overview

The Belgian electricity market is regulated both at federal and regional level. At federal level, the first EU Directive on the internal electricity market was transposed by the Electricity Law. Regional legislation has followed this transposition for the Regions’ areas of competence.

The Third Energy Package has been transposed into law through an amendment of the Electricity Law at the federal level, and of the regional legislation in place at the Flemish, Brussels and Walloon levels, each within their respective areas of competence. Following a ruling of the Court of Justice of the European Union (“**CJEU**”) in an infringement procedure against the Belgian State, the federal Electricity Law was amended on 21 July 2021 to bring it in line with the Electricity Directive as to the designation of the TSO, the powers of the CREG to approve the terms and conditions for the access and connection to the grid and for ancillary services and to impose penalties. The implementation into Belgian law of the European grid codes (see section 7.2.4 “*Grid codes*”) is complete. The Flemish decree of 8 May 2009 (the “**Flemish Energy Decree**”) has already transposed the EMD Directive, whereas its transposition has not yet been completed and is ongoing in the other Regions and at federal level. On 23 October 2022, a law amending the Electricity Law was approved by the federal parliament (which entered into force on its date of publication on 26 October 2022) to partially transpose the EMD Directive at federal level.

With respect to the transmission grid and the local/regional transmission grids operated and owned by ETB (and Elia Asset), cost control and tariff matters are the responsibility of the federal State for the entire grid, whereas technical, operational and organisational (including unbundling) matters regarding access and connection to the grid fall under the responsibility of the Regions for voltages equal to or below 70kV (local and regional transmission systems) and of the federal State for voltages above 70kV (the national transmission system). The three Regions are also responsible for low- and medium-voltage distribution networks (including distribution tariffs).

At federal level, the Electricity Law forms the overall basis of and contains the main principles of the legal framework applicable to ETB, including unbundling and the transmission tariffs. In addition, the Belgian federal government has enacted several royal decrees governing, amongst others, aspects of the generation of electricity, the operation of the transmission network and the access to it (including the Royal Decree of 22 April 2019, establishing the technical regulation for the operation of the (national) transmission system and access to the system, the “**Federal Grid Code**”), public service obligations and accounting requirements with respect to the transmission network and market monitoring and

[8] See: ACER's Process on the grid connection NCs amendment

supervision by the CREG. The Federal Grid Code is currently being reworked to introduce a split: matters regarding connection and access to the grid, as well as ancillary services will be regulated by the code of conduct approved on 20 October 2022 by the CREG, while all other matters (technical requirements, rights and duties of the TSO etc.) will be kept in the (amended) Federal Grid Code, which is still to be approved by the King.

The Electricity Law entrusts the operation of the national extra-high and high-voltage electricity network to one single TSO, to be designated by the federal Minister for Energy for a renewable period of 20 years, upon the proposal of the historical network owners. According to the Electricity Law, as amended in 2021, the federal Minister for Energy designates as the single national transmission system operator the undertaking that (i) satisfies all applicable legal requirements, (ii) is certified as ownership unbundled, (iii) directly or indirectly, has full possession or ownership of the transmission system assets concerned and which form part of or coincide with the transmission system situated within the national territory. These conditions are currently satisfied by ETB, whose federal TSO designation was renewed for 20 years as of 31 December 2019 (see above).

Besides these considerations and the transposition of EU law, the Electricity Law has been amended several times, among others to create a strategic reserve (to be procured and contracted by ETB for the volumes established for each winter period by Ministerial Decree), to better incentivise the participation of demand-side response to balancing and ancillary services, to adapt the support and connection mechanism for the development of offshore wind farms and to create domain concessions for offshore transmission and storage installations, to create a capacity remuneration mechanism (CRM), to introduce an excess profit tax on parts of the market revenue above certain thresholds of certain power producers and to cover the cost of public service obligations.

It is worth noting that amendments to the Electricity Law have been adopted to align the rules governing the strategic reserve mechanism with the commitments made by the Belgian government within the framework of a state aid procedure before the Commission. Taking into account these amendments, the European Commission decided on 7 February 2018 not to raise objections to the strategic reserve mechanism for the winter periods until and including 2021-2022. For the winter periods 2021-2022 and 2022-2023, the Energy Minister did not instruct ETB to constitute a strategic reserve.

A capacity remuneration mechanism ("**CRM**") has been introduced to guarantee the country's security of supply beyond 2025. With a decision of 18 March 2022, the federal Council of Ministers decided that the two most recent nuclear units (Doel 4 and Tihange 3) can remain operational after 2025. Nonetheless, by the same decision, the government reconfirmed the need for additional capacity and the results of the second CRM auction were published on 28 October 2022. On 9 January 2023, the federal government agreed a heads of terms with the operator of the Belgian nuclear park regarding the life extension of Doel 4 and Tihange 3, although the practical details remain to be ironed out and the contractual documentation finalised (by no later than 30 June 2023).

The CRM has been introduced into the Electricity Act by a Law of 22 April 2019, as amended. Under that framework, several providers of capacity (consisting of both existing and new capacity, and of generation as well as demand-response and storage equipment), which have been prequalified and selected in a competitive auction, have entered into a capacity contract with ETB, under which they are remunerated for making that capacity available as and when called upon within the agreed timeframe. They have a payback obligation for the positive difference between the reference price (fixed on the basis of projections about the future market price for electricity) and a strike price (based on the offer of the capacity provider), and are penalised in case they are proven not to be available (both pre-emptively and at the time of the obligation).

The first Y-4 auction held in October 2021 resulted in 4,447.70 MW of capacity contracted for delivery year 2025-2026, part of which must still receive the necessary permits to build and operate the capacity.

An additional Y-1 auction will take place in 2024 to fill the gaps (e.g. because certain capacity that received a contract in the Y-4 auction does not get built on time, and to allow smaller capacity providers to participate). ETB monitors the status of the capacity during the pre-delivery period and applies financial penalties, so as to have the relevant units available during the delivery period. Each year, a new auction can be organised for the next delivery year (i.e., 2026, 2027 etc.) based on an adequacy assessment carried out by ETB resulting (or not) in a decision by the federal Energy Minister. This development is an important step to avoid black-outs due to a lack of energy production in Belgium.

On 28 February 2022, the Electricity Act was again amended to allow a re-run of the auction to replace capacities that were awarded a capacity contract in the initial auction of October 2021 and which could not obtain the relevant (final) permits to build and operate the relevant capacity by 15 March 2022. This has led to the early termination of the capacity contract for the additional capacity of a proposed project in Vilvoorde and the instruction to launch the rerun. The result of the rerun has been published on 13 April 2022 and has resulted in a capacity contract being awarded to a project in Seraing to replace the one in Vilvoorde.

As per Ministerial Decree of 30 March 2022, Elia received the instruction to organise the Y-4 auction for the delivery period starting as of 1 November 2026. The results of that auction were published on 28 October 2022.

At regional level, the Walloon decree of 12 April 2011 (the "**Walloon Electricity Decree**") was amended in 2012 (and has subsequently been amended from time to time) to transpose, amongst other things, the Third Energy Package and the (old) Energy Efficiency Directive 2012/27/EU (meanwhile replaced by the EE Directive), to allow flexible access, to adapt the support level of certain types of renewables, to set up subsequent banking operations in 2015 ("*mise en reserve*") and in 2017 ("*temporisation*"), the latter having been extended in 2021, and a (albeit never implemented) refinancing and securitisation ("*mobilisation*") mechanism in 2019, all meant to limit the transmission tariff and regional budget impact of the (re)purchase obligations for green and CHP certificates by ETB (see also the next paragraph, the section "*Public service obligations*" and the risk factor titled "*Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital*").

In the context of the Public Service Obligations, the Walloon Electricity Decree in 2019 has introduced a more structural and final solution to address the imbalance in the certificates market, and to avoid the cost for the Walloon region and the consumers rising too high. This new regime, which has not however been implemented to date, would enable a refinancing and securitisation ("*mobilisation*") of ETB's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In the same context, in 2021, the exemption of the green certificate levies has been regularised and the second banking mechanism ("*temporisation*") has been extended (applying now to certificates bought by ETB until the end of 2024), with a possibility for the Walloon Government to order new banking operations on a quarterly basis (as opposed to annually before). The Walloon Electricity Decree has also transposed partially the RED Directive with the creation of the concept of renewable energy communities. Other amendments concern the organisation of the Walloon Commission for Energy (*Commission wallonne pour l'Energie*) ("**CWaPE**") and residential consumers.

The Flemish Energy Decree was amended in 2012 and has subsequently been amended from time to time to transpose, among other things, the Third Energy Package, the (old) Energy Efficiency Directive 2012/27/EU, and more recently the Clean Energy Package. It has been further amended to introduce an objective liability regime in case of power interruption and power quality problems, to introduce a proper right of way regime for installing and operating electrical installations, to amend the process for adopting the technical regulations, to modify the support levels and mechanisms for renewables and combined heat-power (CHP), and to modify the role and supervising powers of the Flemish regulator

VREG. Other amendments were made to the Flemish Energy Decree since 2019, amongst other things in relation to the green and CHP certificates, guarantees of origin and the roll-out of smart (digital) meters, alongside dispositions relating to corporate governance of the distribution and local transmission system operators. In 2019, the Flemish Energy Decree has also been aligned with the GDPR. A Flemish decree of 2 April 2021 (with its date of entry into force yet to be determined) has partially transposed the RES Directive and the EMD Directive for the energy communities, peer-to-peer trade and energy sharing. Many other smaller changes were made in the past two years, which are mainly of a more technical or institutional nature and/or which primarily concern distribution system operators and are therefore less relevant for ETB.

The Brussels ordinance of 19 July 2001 (the "**Brussels Electricity Ordinance**") has been amended, among other things, to transpose the Third Energy Package and the (old) Energy Efficiency Directive 2012/27/EU and to extend the role and tasks of the Brussels regulator Brugel. Article 24ter, §2, first paragraph of the Brussels Electricity Ordinance, which relates to the mandatory installation of smart meters, as that paragraph had been introduced by an Ordinance of 23 July 2018, has been annulled by the Constitutional Court in its judgement No 162/2020 of 17 December 2020, insofar as it did not foresee in an adequate arrangement for electro-sensitive persons. Furthermore, an appendix 2 related to CHPs has been added to the Brussels Electricity Ordinance and the tax procedure for surcharges applicable to suppliers has been amended.

In addition to the fact that the scope of the grid was extended to the territorial waters of Belgium, Belgium opted for a fully ownership unbundled TSO regime under the Third Energy Package. The certification procedure as provided for under the Electricity Directive (which remained unchanged under its successor EMD Directive) has been fully transposed. The certification process of Elia Group (then ESO) first took place between March and December 2012. The CREG's final decision of 6 December 2012 confirmed that Elia Group (at the time ESO) complies with the full ownership unbundling rules. This positive decision was notified by the Belgian government to the European Commission and has been published in the Official Journal of the European Union.

Following the reorganisation in 2019, whereby ETB, as a wholly owned subsidiary of Elia Group, took over the Belgian transmission system operation activities, the certification of ETB as the new TSO was confirmed by the CREG in a decision of 27 December 2019, following which ETB was appointed as the national TSO by a Ministerial Decree of 13 January 2020, for a period of 20 years starting on 31 December 2019.

7.3.2 Regulatory authorities in Belgium

The CREG is a public, independent body established at federal level in Belgium as the regulator for gas and electricity markets. The functions of the CREG include the supervision of the TSO and the monitoring of the application of (national and European) grid codes and public service obligations at federal level. These missions include the approval of the transmission tariffs and the control of accounts of certain undertakings involved in the electricity sector (including for the purpose of calculating the excess profit tax). More specifically, with regards to ETB, the CREG is competent, amongst other things, for:

- establishing the Code of Conduct;
- the approval of the terms of standard industry contracts used by the Issuer at federal level: connection, access and BRP contracts (or any contracts, terms and conditions or procedures from time to time replacing them); this list has been complemented by the Federal Grid Code with the terms and conditions for balancing service providers, (reactive) voltage service providers, scheduling agents and outage planning agents, and the cooperation agreement with DSOs;

- the approval of the capacity calculation and capacity allocation methodologies for interconnection capacity at the borders of Belgium;
- the approval of the appointment of independent members of the Board of Directors;
- the approval of tariffs for connection and access to, and use of, ETB's network, as well as the approval of the imbalance tariffs applicable to the BRPs; and
- monitoring the compliance with the energy regulation at large, taking investigative measures and imposing administrative fines and sanctions in case of non-compliance.

The operation of electricity networks with voltages equal to or below 70kV (other than the transmission tariffs) falls within the jurisdiction of the respective regional regulators: the VREG for the Flemish Region, the CWaPE for the Walloon Region and the Brussels Commission for Energy ("*Bruxelles Gaz Electricité" /* "*Brussel Gas Elektriciteit"*, "**Brugel**") for the Brussels-Capital Region.

Their role includes the issuance of regional supply licenses, establishing grid codes for grids with a voltage level equal to or below 70kV, certification of cogeneration (CHP) facilities and facilities which generate renewable power, issuance and management of green power and CHP certificates and supervision of the respective local or regional TSO (i.e. in each case, ETB) and the DSOs. Each of them can require any operator (including ETB) to abide by any specific provision of the regional electricity rules under the threat of administrative fines and other sanctions. The regional regulators also have the authority with regard to distribution tariff setting for DSOs.

7.3.3 Public service obligations

Public authorities define public service obligations in various fields (promotion of renewable energy, social support, fees for use of roads, etc.) to be performed by network operators. Costs incurred by such operators in respect of those obligations are covered by tariff surcharges applied at the level of the entity that has imposed the public service obligation. A regional obligation leads to a regional surcharge.

ETB can ask the CREG annually to adapt tariffs to cover any gaps between expenses and tariff revenues caused by the performance of public service obligations. To the extent that there would be a timing difference between the incurrence and the recovery of such costs, the costs would have to be pre-financed by ETB and, consequently, may negatively impact ETB's cash flow (see risk factor "*Through its two TSOs, the Group is subject to certain trustee obligations which may negatively impact its working capital*").

The short-term liquidity risk is managed on a daily basis with the funding needs being fully covered through the availability of credit lines and a commercial paper programme. Other risk mitigation measures include being involved in the design of public service obligation mechanisms aiming to support the development of renewable energy. Once these mechanisms are in place, performing good forecasts on end-user consumption, RES infeed, market prices, the expected number of sales of green and CHP certificates at a guaranteed minimum price, as well as reporting and communicating issues to governments and regulators can contribute to mitigating the potential impact on ETB's cash position.

At the end of 2021, the Electricity Law was amended to the effect that the cost of the public service obligations relating to the CRM and the federal green certificates scheme incurred by the TSO are no longer covered by surcharges on the transmission tariffs, but directly by the federal State via a levy on all taxpayers. This reform has already been implemented. A convention signed by the federal government, the CREG and ETB sets out the process to be followed for the determination of the eligible costs recoverable through the levy, as well as the payment modalities.

In the Walloon region, the Government in 2017 introduced a second banking scheme, designed to alleviate pressure on ETB to increase the surcharge to be paid by consumers in the Walloon region (as a result of the TSO passing on the costs of its obligation to purchase "green certificates"). The second banking scheme foresees a phased purchase of such "green certificates" by the Walloon Governmental Agency for Climate and Air (AWAC), initially between 2017 and 2021, but this has been extended until 31 December 2024. These are also placed in reserve ("*temporisation*") for a maximum period of 9 years (or such shorter period as the Walloon Government may decide) and are being gradually released back in to the market between 2022 and 2033 (on a quarterly basis, as and when ordered by the Walloon Government based on ETB's and the energy administration's predictions about the evolution of the certificates market). Unlike the first banking scheme, this temporisation scheme is funded out of the general budget of the Walloon Region, rather than through a surcharge on the transmission tariffs. Each scheme is intended to delay the TSO's obligation to purchase "green certificates" by several years. Both schemes require administrative support of ETB and, ultimately, ETB may still be required to purchase a large amount of "green certificates" from the Walloon region. As a more structural solution for this issue, in 2019 a new regime was introduced, enabling a refinancing and securitisation ("*mobilisation*") of Elia's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In very broad terms, this scheme would allow ETB to refinance the cost of its purchase and repurchase obligations by creating a so-called "green energy claim (GEC)" against each of these (re)purchased certificates and selling those GECs to a financial counter party (the issuer), financed by a long-term bond placed by the Issuer in the capital markets and backed by the future tariff revenues of ETB when the GECs become payable, thus allowing ETB (and the Walloon Government) to spread the surcharge associated with ETB's various (re)purchase obligations (and their effect on the consumers' power bills) over a longer period in time. This scheme has however not been implemented to date.

To the extent that: (i) the TSO is required to purchase a large amount of "green certificates"; and (ii) there is a delay in recovering the costs incurred in purchasing such "green certificates", the costs would have to be pre-financed by ETB and, consequently, there may be a negative impact on ETB's cash flow.

ETB does not provide any guarantees to third parties involved in these transactions.

7.3.4 General principles of tariff setting

The essential part of ETB's income and profits come from regulated tariffs charged for the use of the electricity transmission system.

Transmission tariffs are set pursuant to specific regulations and approved by the CREG, based on a methodology, which, in turn, is based on tariff guidelines set out in the Electricity Law. These tariff guidelines have been amended, amongst others, by a Law of 28 June 2015 and two Laws of 13 July 2017 to incentivise demand-side response and storage and to increase the competitiveness of the electro-intensive industry, the efficiency of the market and the energy system (including energy efficiency).

Once approved, tariffs are published and are non-negotiable between individual network users and ETB. If the applicable tariffs are, however, no longer proportionate due to changed circumstances, the CREG may require ETB to, or ETB may at its own initiative, submit an updated tariff proposal for approval to the CREG.

The actual volumes of electricity transmitted may differ from the forecasted volumes. Deviations between real volumes of electricity transmitted and budgeted volumes and between effectively incurred costs/revenues and budgeted costs/revenues can result in a so-called "regulated debt" or a "regulated receivable", which is booked on an accrual account. This mechanism applies to all of the abovementioned key parameters for tariff-setting (i.e. fair remuneration, controllable elements,

non-controllable elements, influenceable costs and other incentive components). The financial settlement of any such deviations is taken into account when setting the tariffs for the next period.

Regardless of deviations between forecasted parameters and actually incurred costs and revenues, the CREG takes the final decision as to whether the incurred costs and revenues are deemed reasonable, in order to be included in the tariff calculation. This decision can result in the acceptance or rejection of such costs or revenues. To the extent that certain elements are rejected, the corresponding amounts will not be taken into account for the setting of tariffs for the next period.

7.3.5 Tariffs applicable for the tariff period 2020-2023

On 28 June 2018, the CREG issued a decision fixing the tariff methodology applicable for the period 2020-2023 for the electricity transmission grid and the electricity grids which have a transmission function.

This methodology is the general framework on which transmission tariffs have been set for these four years. The tariff proposal for the regulatory period commencing on 1 January 2020, based on the methodology described below, was approved by the CREG on 7 November 2019.

The methodology is “service driven” (cost+) and is largely determined by a “fair remuneration” mechanism combined with certain “incentive components”.

The tariffs are based on budgeted costs reduced by non-tariff revenues and based on the estimated volumes of electricity transported through the grid.

The different drivers for tariff setting are determined based on the following key parameters: (i) fair remuneration; (ii) “non-controllable elements” (costs and revenues not subject to an incentive mechanism); (iii) “controllable elements” (costs and revenues subject to an incentive mechanism); (iv) “influenceable costs” (costs and revenues subject to an incentive mechanism under specific conditions); (v) “incentive components”; and (vi) the settlement of deviations from budgeted sales volumes.

Fair remuneration

For the period 2020-2023, the formula for the calculation of fair remuneration has been defined as follows:

A: [40 per cent. x average RAB x [(1 + α) x [(OLO (n)+(β x risk premium)]]]

plus

B: [(S – 40 per cent.) x average RAB x (OLO (n) + 70 base points)]

for which:

- RAB(n) = RAB(n-1) + investments(n) – depreciation(n) – divestments(n) – decommissioning (n) +/- change in working capital needs;
- OLO (n), which is also referred to as the risk-free rate, is set at 2.4 per cent.[9];
- S = the aggregated capital and reserves/average RAB, in accordance with Belgian GAAP;
- alpha (α) = the illiquidity premium set at 10 per cent.;

[9] In case of an important change of the Belgian macro-economic situation and/or the market circumstances compared to the expected situation and conditions, the CREG and the Issuer can agree a modification of the fixed OLO rate.

- beta (β) = calculated over a historical three-year period, taking into account available information on ETB's share price in this period, compared with the Bel20 index over the same period. The value of the beta cannot be lower than 0.53; and
- risk premium = 3.5 per cent.

Non-controllable elements

A number of costs are considered to be non-controllable by ETB. These include items such as depreciation of tangible fixed assets, ancillary services (except for the reservation costs of ancillary services excluding black start, which qualify as influenceable costs), costs related to line relocation imposed by a public authority, and taxes, partially compensated by revenues from non-tariff activities (for example cross-border congestion revenues).

ETB is deemed to have very limited or no impact on these items. Accordingly, these can be covered by tariffs whatever the amount, as long as they are considered to be "reasonable". Under the current tariff period, certain exceptional costs specific to offshore assets (e.g. the MOG) have been added to the list of non-controllable costs. Non-controllable costs also include financial costs incurred in relation to indebtedness to which the so-called "embedded debt principle" is applied. As a consequence, all actual and reasonable finance costs related to debt financing are included in the tariffs.

Controllable elements

Controllable elements are costs that are considered to be under ETB's control. The regulator pre-defines a yearly allowance for the period 2020-2023. ETB is incentivized to decrease these costs compared to the pre-defined allowance, meaning that they are subject to a sharing rule of productivity and efficiency improvement which may occur during the regulatory period. The sharing factor is 50 per cent. Therefore, ETB is encouraged to control a defined category of its costs and revenue. The possible reduction of this pre-defined amount leads to an additional profit equivalent to 50 per cent. of the reduction. The remaining 50 per cent. is reflected in a reduction of future tariffs. Conversely, cost overruns are non-recoverable (and therefore at the expense of ETB's shareholders) for 50 per cent. and covered by the (future) tariffs for the remaining 50 per cent.

Influenceable costs

The reservation costs for ancillary services, except for black-start and (reactive) voltage control, and the costs of energy to compensate for grid losses are considered as influenceable costs, meaning that budget overruns or efficiency gains will create a negative or positive incentive, insofar as they are not caused by a certain list of external factors. 20 per cent. of the difference in expenses between Y-1 and Y (corrected by external factors) constitutes a profit (pre-tax) for ETB. For each of the two categories of influenceable costs (power reserves and grid losses), the incentive cannot be less than €0.

Other incentive components

- Market integration and continuity of supply: This incentive consists of three elements: (i) financial participations, (ii) increase of cross-border commercial exchange capacity and (iii) the timely commissioning of investment projects contributing to market integration. These incentives can contribute positively to the ETB's profit (€0 to €16 million for cross-border capacity, €0 to €5 million for timely commissioning). The profit (dividends and capital gains) resulting from financial participations in other companies, which the CREG has accepted as being part of the RAB, is allocated as follows: 40 per cent. is allocated to future tariff reductions and 60 per cent. is allocated to the ETB's profit (amounts are pre-tax).
- Network availability: The incentive for ETB consists of: (i) if the average interruption time ("**AIT**") reaching a target predefined by the CREG, ETB's net profit (pre-tax) could be impacted positively with a maximum of €4.8 million; (ii) in case that the availability of the

Modular Offshore Grid is in line with the level set by the CREG, the incentive could contribute to ETB's profit from €0 to €2.53 million; and (iii) ETB could benefit from €0 to €2 million in case that the predefined portfolio of maintain and redeploy investments is realised in time and on budget (amounts are pre-tax).

- Innovation and grants: The content and the remuneration of this incentive covers: (i) the realization of innovative projects which could contribute to ETB's remuneration for €0 to €3.7 million (pre-tax); and (ii) the subsidies granted on innovative projects could impact ETB's profit with a maximum of €0 to €1 million (pre-tax).
- Quality of customer-related services: This incentive relates to three sub-incentives: (i) the level of client satisfaction related to the realization of new grid connections which can generate a profit for ETB of €0 to €1.35 million; (ii) the level of client satisfaction for the full client base which would contribute with €0 to €2.53 million to ETB's profit; and (iii) the data quality that ETB publishes on a regular basis which can generate a remuneration for ETB of €0 to €5 million (amounts are pre-tax).
- Enhancement of system balancing mechanisms: ETB gets a reward if certain projects related to system balancing as defined by the CREG are realised. This incentive can generate a remuneration between €0 and €2.5 million (pre-tax).

7.3.6 Tariffs applicable to the Modular Offshore Grid (MOG)

The tariff methodology includes specific rules applicable to the investment in the MOG. The main features of said rules are (i) a specific risk premium to be applied to this investment (resulting in an additional net return of 1.4 per cent. applicable to equity invested in MOG assets, (ii) a specific depreciation rate applicable to the MOG assets (30 years), (iii) certain costs specific to the MOG being treated differently compared to the costs for onshore activities and (iv) a dedicated incentive based on the availability of the offshore assets.

7.3.7 Tariffs methodology applicable for the tariff period 2024-2027

As foreseen by the Electricity Law, the CREG and ETB agreed in December 2021 on the formal process in relation to the organisation to the steps to be taken (i) to define the tariff methodology for the period 2024-2027 and (ii) to define the effective tariffs applicable for the tariff period 2024-2027.

The process relating to the definition of the tariff methodology for the period 2024-2027 was completed on 30 June 2022. On 30 June 2022, the CREG published its final tariff methodology for the period 2024-2027. Based on this final methodology, ETB will prepare a tariff proposal for the same period. After negotiations with the CREG that will be held in 2023, new tariffs for the period 2024-2027 will be established and published by no later than 31 December 2023.

The tariff methodology for the period 2024-2027 is very similar to the current tariff methodology. However, the agreement between the CREG and ETB foresees in the adaptation of some of the parameters relating to the fair margin, as well as to the incentive framework.

For the fair margin, CREG and ETB have currently agreed on the following parameters:

- the OLO(n) or risk-free rate set at 1.68 per cent.;
- a beta (β) factor set at 0.69;
- a risk premium maintained at 3.5 per cent.; and
- the elimination of the illiquidity premium alpha (α).

The formula which includes the risk-free rate, the beta (β) factor and the risk premium applies to the equity component applied to 40 per cent. of the RAB of the relevant year. Any equity above 40 per cent. threshold is remunerated at the risk-free rate plus 0.70 per cent.

The CREG and ETB have agreed to maintain the current incentives for the next regulatory period, while adapting the technical parameters for some of them, and adding two new incentives to the current list (one relating to the maximisation of the intraday transmission capacity and the other relating to the improvement of energy efficiency of ETB's substations).

Based on hypotheses of performance, the contribution of the incentive is estimated to a net remuneration of 1.3 per cent. to 1.4 per cent. to be applied to 40 per cent. of the RAB, as long as ETB succeeds in reaching a reasonable target of 65 per cent. to 70 per cent. of the maximum amount on average for all the incentives.

Based on the parameters described in the draft methodology the average regulated return on equity for the period is expected to be around 5.7 per cent., in function of effective results on incentive regulation.

The CREG informed ETB in a formal letter of the regulatory parameters which will apply to the second phase of the MOG ("**MOG II**"). These parameters will be integrated in the tariff methodology. The CREG has proposed a regulatory framework for the MOG II which is identical to the regulatory framework for the MOG I infrastructure.

However, the CREG has estimated the risk premium for MOG II at around 1.4 per cent. (applicable to 40 per cent. of the MOG II RAB), taking into account that MOG II will include an artificial island ("**Princess Elisabeth Island**"). For the Princess Elisabeth Island, the CREG proposes a depreciation time of 60 years. In order to integrate the MOG II parameters into the tariff methodology, a process comprising a dialogue with ETB, followed by a public consultation and sending to the Belgian parliament of a final proposal. ETB does not as yet know the precise timing of that process.

7.4 The German legal framework

7.4.1 The German legal framework

In order to understand the business of 50Hertz, which operates in a regulated environment, an overview of the applicable regulatory framework is provided below:

The German legal framework for electricity markets is laid down in various pieces of legislation. The key act is the EnWG, which defines the overall legal framework for the gas and electricity industry in Germany. The EnWG is supported by a number of laws, ordinances and regulatory decisions, which provide detailed rules on the current regime of incentive regulation, regulatory accounting methods and network access arrangements, including but not limited to the following acts (please note that the legal framework will be amended to implement the CJEU ruling on the incompliance of the German legislation with higher ranking EU law, in particular the independence of the BNetzA):

- The Ordinance on Electricity Network Tariffs (*Verordnung über die Entgelte für den Zugang zu Elektrizitätsversorgungsnetzen* (*Stromnetzentgeltverordnung* — "**StromNEV**")), which establishes, *inter alia*, principles (*Grundsätze*) and methods for the network tariff calculations and further obligations of network operators;
- The Ordinance on Electricity Network Access (*Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen* (*Stromnetzzugangsverordnung* — "**StromNZV**")), which, *inter alia*, sets out the further detail on how to grant access to the transmission systems grids (and other types of grids) by way of establishing the balancing account system (*Bilanzkreissystem*), scheduling of electricity deliveries, control power and further general obligations, e.g. capacity shortage (*Engpassmanagement*), publication obligations, metering, minimum requirements for

various types of contracts and the duty of certain network operators to manage the balancing account system for renewable energy; and

- The Ordinance on Incentive Regulation (*Verordnung über die Anreizregulierung der Energieversorgungsnetze* (*Anreizregulierungsverordnung* – "**ARegV**"), which sets out the basic rules for incentive regulation of TSOs and other network operators (as further described below in "*Tariff Setting in Germany*"). It also describes in general terms how to benchmark efficiency, which costs enter the efficiency benchmarking, the method of determining inefficiency and how this translates into yearly targets for efficiency growth.

All TSOs in Germany with control area responsibility are subject to a number of obligations as a result of, *inter alia*, the following laws and ordinances (please note that the legal framework will be amended to implement the CJEU ruling on the incompliance of the German legislation with higher ranking EU law, in particular the independence of the BNetzA):

- *Network expansion obligations:* All German network operators are obliged to operate, maintain and, in line with demand, optimize and expand their network systems (Section 11 paragraph 1 EnWG). Based on this more general obligation, the German TSOs with control area responsibility are obliged to set up NEPs every two years in order to safeguard a coordinated development and the expansion of the German network systems. The NEP is subject to consultation and confirmation by the BNetzA. By confirmation of the NEP BNetzA confirms the network expansion projects included in the NEP. At least every four years, BNetzA provides the confirmed NEP to the Federal Government as draft for the federal demand plan (*Bundesbedarfsplan*) which is binding for the TSOs as to implementing the confirmed expansion measures as well as for the planning authorities as to the planning law and energy law related necessity of the measures. Further statutes, such as the Network Expansion Acceleration Act (*Netzausbaubeschleunigungsgesetz*) and Energy Line Expansion Act (*Energieleitungsausbaugesetz*), further promote the network expansion. The costs associated with such network expansion measures can be included in the network fee calculation.

- *EEG and Erneuerbare-Energien-Verordnung ("**EEV**") obligations*: To promote the use of renewable energy facilities, the former Renewable Energy Sources Act (2009) provided for a system of fixed tariffs for electricity generated from renewable sources which has been replaced for new facilities by so-called market premiums according to the current EEG that came into effect as of 1 January 2017. New wind, biomass and solar plants above a certain size will receive a bonus only if they have previously won in a tender procedure. The German TSOs with control area responsibility have to take off the energy generated by renewable energy facilities either connected directly to their network or being connected to DSOs who then pass the electricity on to the TSO level and pay such fixed tariffs or market premiums to the plant operators or reimburse prior DSO payments if the facility is connected to their network. Taking into account regional differences in the generation of renewable energy, the EEG provides in Section 58 EEG in conjunction with the newly created Energy Financing Act (EnFG) for a nationwide equalization mechanism amongst the TSOs with control area responsibility for the costs associated with this obligation. As a result, the four TSOs in Germany with control area responsibility share these costs amongst themselves based on an agreed mechanism, technical proceedings and necessary information exchange. After the costs resulting from the EEG were fully financed by the EEG surcharge collected by the TSOs until 2021, a federal subsidy was introduced in 2022, which covered part of the costs. Since 2023, the costs resulting from the EEG have been financed entirely by a grant from the Federal Republic of Germany. The conditions for the subsidy payment are regulated between the TSO and the Federal Republic of Germany in a public law contract (according to Sec. 9 EnFG). Under the EEV, the TSOs with control area responsibility must market the feed-in from renewable energy facilities that they have been supplied with on the day-ahead or intraday markets on the power exchange. The costs related to

meeting the EEG obligations, including the associated costs of managing and financing them, are treated as pass-through costs. In cases when there is a difference between actual costs and actual revenues in a given year, the net costs are recovered in the following years.

- *Connection obligations in respect of power generation facilities*: The EnWG sets the general rules for connection of power generation facilities. According to these rules, the German TSOs with control area responsibility must connect power generation facilities to their network on technical and economic conditions that are appropriate, non-discriminatory, transparent, and no less favorable than the network operator would apply to itself or to affiliated companies. TSOs can refuse a connection if they can prove that the connection is not possible or unreasonable for operational, technical or economic reasons. The details of the procedures are laid down, *inter alia*, in the *Kraftwerks-Netzanschluss-Verordnung*.

  In the past, the German TSOs with control area responsibility were obliged to set up an O-NEP to harmonise the further development of cable connections in accordance with the construction of new wind farms. As of 2019, the contents of the O-NEP were replaced partially by an accordingly extended NEP and partially by a so-called Site Development Plan FEP that was created for the first time in 2019 and will be renewed at least every four years thereafter by the Federal Maritime and Hydrographic Agency (*Bundesamt für Seeschifffahrt und Hydrographie*). As of 2017 and 2018 for a transitional model and beginning in 2021 on an annual basis, the BNetzA tenders network connection capacities according to the specifications of the Offshore Wind Energy Act (*Gesetz zur Entwicklung und Förderung der Windenergie auf See (Windenergie-auf-See-Gesetz – WindSeeG)*). Furthermore, according to Section 17d EnWG, German TSOs with control area responsibility are obligated to connect at their expense offshore wind farms according to the provisions of the NEP and FEP. The costs incurred in connection with this obligation are covered via the Offshore Grid Surcharge. Since 2023, the collection of the “Offshore-surcharge” has been regulated by the EnFG. The TSOs with control area responsibility are responsible to collect the Offshore-surcharge from the electricity-intensive network customers within the meaning of Sec. 12 EnFG directly.

- *Combined Heat and Power Act ("***CHP***" Act or "***KWKG***"):* The declared purpose of the law is to "make a contribution", particularly in the interests of energy saving and climate and environmental protection, the transformation to support sustainable and greenhouse gas-neutral energy supply in the national territory of the Federal Republic of Germany, including the German exclusive economic zone (federal territory), which is completely based on renewable energies. To ensure this aim, the KWKG defines a support mechanism for CHP plants and certain newly built or expanded heat networks. The law places a duty on network operators to connect certain eligible types of CHP plants and to prioritize the feed-in of their electricity. Whilst operators of a CHP plant with a CHP capacity exceeding 100 kW are obliged to direct marketing, operators of smaller CHP plants may opt for the purchase of the CHP energy by the network operator. The production of electricity from CHP is promoted up to a certain amount with a bonus payment to be paid by the network operator to whose network the CHP plant is connected, depending on the kilowatt-hours generated and in some cases on whether the plants have won a tender issued by the BNetzA. If such a CHP plant is connected to the DSO level, occurring costs of the DSO can be passed on to the upstream TSOs who share them pro rata to ensure that financial burdens are equally shared amongst all network operators. The equalized costs are then passed back to the downstream networks in form of a uniform nationwide "KWK-surcharge" which will then be paid by the end consumers together with the respective network fees. Since 2023 the collection of the “KWK-surcharge” has been regulated by the EnFG. The TSOs with control area responsibility are responsible to collect the KWK-surcharge from the electricity-intensive network customers within the meaning of Section 12 EnFG directly.

- *Obligations in context with individual grid tariffs according to StromNEV:* Grid users can apply for so-called individual grid tariffs which are, compared to the standard grid tariffs, lower and take into

account that particularly huge industrial grid users contribute to a permanent and steady usage of the network system. The TSOs are obligated to reimburse DSOs for loss of income resulting from such lower individual grid tariffs. The TSOs then balance their respective compensation payments towards DSOs and their own loss of income amongst each other according to a specific distribution key. The financial burden is then passed back to the downstream networks in the form of a uniform nationwide "Section 19 StromNEV surcharge" which will then be paid by the end consumers together with the respective network fees.

- *Obligations according to the Ordinance on Interruptible Loads* (*Verordnung über Vereinbarungen zu abschaltbaren Lasten (Verordnung zu abschaltbaren Lasten) – **"AbLaV"**):* According to AbLaV, facility operators connected to the network can offer detachable load (*abschaltbare Leistungen*) to their respective TSO. The TSO has to compensate the facility-operators. The costs arising from AbLaV are passed back to the downstream networks in accordance with Section 18 AbLaV according to Section 26, 28, 30 KWKG to the downstream networks in the form of a uniform nationwide "AbLaV surcharge" which will then be paid by the end consumers together with the respective network fees. The AbLaV was terminated on 1 July 2022. From 2023 onwards settlement claims that are still open will be processed from the AbLaV system..

- *Obligations according to Electricity Market Act:* In July 2016, the Electricity Market Act (*Strommarktgesetz*) entered into force. Main aspects with relevance to the TSOs were the introduction of several kinds of reserves (the so-called grid reserve and the grid stability units for the purpose of congestion management, voltage stability and black start capability, the capacity reserve to ensure generation adequacy and the security reserve that shall allow for a phase-out of lignite power plants and also ensure generation adequacy in the meantime). The costs resulting from these reserves are permanently non-influenceable costs in terms of the incentive regulation and therefore can be charged within the network tariffs without efficiency requirements.

- *Obligations according to the Digitalization Act (Gesetz zur Digitalisierung der Energiewende):* In July 2016, the Digitalization Act, the core of which is the new German Smart Meters Operation Act *(Messstellenbetriebsgesetz – "***MsbG**") entered into force. The main aspects of the Digitalization Act which have an impact on the TSOs are the redesign of communication systems and processes to ensure the processing of a high volume of smart meter data. The responsibility for the aggregation of the metering data for better balancing energy generation with consumption is given to the TSOs. However, remuneration of the respective costs is not regulated by the law and currently under discussion with BNetzA.

  As mentioned before, in 2021 the CJEU ruled inter alia that German legislation regarding the competences of BNetzA is not compliant with higher European Union law. That is why the German legislation has still to be amended in order to take into account the CJEU ruling. It is expected that BNetzA's competences with regard to tariff setting and BNetzA's independence and impartiality requirements will increase. The impact on 50Hertz resulting from these upcoming changes in the German legislation cannot be assessed yet as the timing and details of the changes to the legal framework are not known yet. However, there is a risk that a decision or regulatory ordinance by BNetzA could negatively affect 50Hertz's financial result for the onshore or offshore business, respectively (see risk factor "*The Group is subject to an extensive set of regulations and its income is in large part dependent on the applicable tariff methodology in its core markets, which is subject to potential changes and periodic revisions"* and *"Tariff-setting regulations – Germany*").

7.4.2 Regulatory agencies in Germany

The regulatory agency for the energy sector in Germany is the BNetzA in Bonn for network systems to which 100,000 or more network users are directly or indirectly connected and the specific regulatory authorities in the respective federal states for network systems to which less than 100,000 network

users are directly or indirectly connected. The regulatory agencies are, inter alia, in charge of ensuring non-discriminatory third-party access to networks and monitoring the tariffs levied by the TSOs. 50Hertz is subject to the authority of the BNetzA.

7.4.3 Tariff setting in Germany

The tariff regulation mechanism in Germany is determined by EnWG, StromNEV and ARegV. The grid tariffs are calculated based on the revenue cap (Section 17 ARegV) and comprise the onshore business. The revenue cap is determined by the BNetzA for each TSO and for each regulatory period. The revenue cap can be adjusted to account for specific cases provided for in the ARegV. The network operators are not allowed to retain revenue in excess of their individually determined revenue cap. If network operators nevertheless retain revenues in excess of their individually determined revenue cap, a compensation mechanism applies that leads to the reduction of future tariffs (Section 5 ARegV). Each regulatory period lasts five years, and the third regulatory period started on 1 January 2019 and will end on 31 December 2023. Tariffs are public and are not subject to negotiation with customers. Only certain customers (under specific circumstances that are accounted for in the relevant laws) are allowed to agree to individual tariffs according to Section 19 StromNEV (for example, in the case of sole use of a network asset). The *Netzentgeltmodernisierungsgesetz* ("**NEMoG**"), which entered into force in July 2017 and the *Verordnung zur schrittweisen Einführung bundeseinheitlicher Übertragungsnetzentgelte* of 5 April 2018, introduce a step-by-step implementation of nationwide uniform network tariffs for all German TSOs with control area responsibility. This step-by-step approach started in 2019 with a nationwide uniform share of 20 per cent. of the individual cost basis of each TSO and will lead to nationwide uniform network tariffs in 2023. Moreover, the NEMoG introduces the transfer of offshore grid connection and operation costs as of 2019 to the former offshore liability surcharge which consequently was renamed *Offshore-Netzumlage*.

For the purposes of the revenue cap, the costs incurred by a network operator are classified into two categories as follows:

- Permanently non-influenceable costs ("**PNIC**"): these costs are generally direct pass-through costs to customers and are recovered in full, albeit with a two-year time lag, unless stated otherwise. The cost items recognized in the PNIC are defined in the ARegV and include a selected number of allowed cost items, such as worker council costs, operational taxes and costs and revenues resulting from so-called procedural regulations (see below). In addition, the capital investments that have been allowed in the investment measures ("**IMs**") are also considered as PNIC until certain conditions are fulfilled and the investments become a part of the RAB. These costs are passed through without time lag. The allowance for IMs within PNIC includes remuneration for return on equity (based on a cap of 40 per cent.), cost of debt (also subject to a cap), depreciation, imputed trade tax and operational expenditure (currently at a fixed rate of 0.8 per cent. of the capitalized investment costs of the respective recognized onshore investments for IMs applied for before 2019). For IMs applied for afterwards, according to a revision of the ARegV and the StromNEV the German government approved in March 2019, a fixed rate of 0.2 per cent. applies before commissioning and 0.8 per cent. after commissioning. All OPEX and CAPEX related to an approved IMs which are reimbursed via the grid tariffs during the last three years of the approval phase for the respective IMs used to be deducted from the revenue cap distributed over a 20-year period, starting after the approval phase and with the roll-over of the investment in the RAB (so-called claw back). However, the ARegV revision in 2021 introduced the KKA as the new remuneration regime for onshore transmission network investments. The new regime will replace the current regime of IMs in 2024. In this context, the CAPEX part of the already deducted claw backs for the third regulatory period will be refunded without interest via the regulatory accounts 2019 to 2021. Furthermore, several procedural regulations also considered as PNIC are in place covering such cost items, inter alia, relating to control power, onshore grid losses and redispatch

as well as costs from European initiatives, ITC, grid reserves and auction revenues and redispatch costs on interconnectors.

- Temporarily non-influenceable costs ("**TNIC**") and influenceable costs ("**IC**"): TNIC and IC are all costs that do not classify as PNIC, e.g. maintenance costs. TNIC are all respective costs which are deemed fully efficient. They are included in the revenue cap, taking into account an annual adjustment for inflation and the Xgen. The Xgen reduces the revenue cap as part of the regulation formula and was set by Section 9 ARegV at annually 1.25 per cent. in the first regulatory period and annually 1.5 per cent. in the second regulatory period. Pursuant to Section 9 paragraph 3 ARegV BNetzA prior to the third regulatory period had to determine a new Xgen. With decision dated 28 November 2018 it set the Xgen for power network operators at 0.90 per cent. (cf. BK4-17-056). 50Hertz appealed against the decision concerning the power sector in front of the OLG Düsseldorf. Currently, 50Hertz is not actively leading the procedure, but waits for a final decision in other model proceedings. A first decision in a model proceeding was taken in 2021: On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA successfully appealed against OLG Düsseldorf's decision at the BGH. BGH confirmed on 26 January 2021 BNetzA's determination of Xgen (cf. EnVR 101/19). Regarding the Xgen decision for the electricity sector, OLG Düsseldorf revoked in March 2022 BNetzA's decision in a model proceeding and requested BNetzA to revise its decision. BNetzA, however, announced that they intend to appeal against OLG Düsseldorf's decision at the BGH. The IC are also included in the revenue cap. The IC are annually adjusted with regard to inflation and a general productivity factor, but, in addition, IC are also subject to Xind (with 50Hertz being deemed 100 per cent. efficient for the third regulatory period, there are no IC and no inefficient costs). The efficiency factor provides an incentive to the TSO to reduce or eliminate the inefficient costs over the course of the regulatory period. If a grid operator is deemed 100 per cent. efficient, the full respective cost volume is allocated to TNIC, thus the cost basis (excluding PNIC) is only adjusted with regard to the general productivity factor and inflation by a general inflation factor computed based on a statutorily fixed formula. In addition, the current incentive mechanism provides for the use of a quality factor which could also be applied vis-à-vis the TSOs but the criteria and implementation mechanism for such a quality factor for TSOs is yet to be established by the BNetzA. Both TNIC and IC include the capital costs (i.e. remuneration for return on equity (based on a cap of 40 per cent.), cost of debt (also subject to a cap), depreciation and imputed trade tax for assets which are included in the base year and do not qualify as PNIC).

With regard to return on capital, the BNetzA provides separate revenue allowances for the return on equity and cost of debt. For the allowed return on equity, which is included in the TNIC/IC for assets belonging to the regulatory asset base and the PNIC for assets approved in IMs, the return on equity for the third regulatory period is set at 5.12 per cent. for investments made before 2006 and 6.91 per cent. for investments made since 2006, based on 40 per cent. of the total asset value regarded as "financed by equity" with the remainder of the investment treated as "quasi-debt". The return on equity is calculated before corporate tax and after imputed trade tax. Post-tax, this return on equity for the third regulatory period would result in a rate of 4.18 per cent. for investments made before 2006 and 5.64 per cent. for investments made since 2006. The return on equity rate is redetermined by the BNetzA for every regulatory period. In October 2021 BNetzA determined the equity remuneration for the fourth regulation period starting 2024. The return on equity was determined at 5.07 per cent. for investments realized after 2006 (3.51 per cent. for investments until 2006). 50Hertz appealed against BNetzA's decision regarding the revenue cap determination of the equity remuneration for the fourth regulation period. A decision of the court is pending. With respect to the cost of debt, the allowed cost of debt related to TNIC/IC is capped if it cannot be proven as being in line with the market (*marktkonform*). The allowed cost of debt related to PNIC incurred by approved investment measures is capped at the lower

of the actual cost of debt or cost of debt as calculated in accordance with a BNetzA determination – unless exceeding cost of debt is proven as being in line with the market.

As already before the start of the third regulatory period it became obvious that a huge number of grid operators would appeal against several decisions (such as return on equity and Xgen), BNetzA issued a general debtor warrant ("Besserungsschein"). 50Hertz (such as other grid operators) had to use the relevant decisions as published by BNetzA for their respective revenue cap determination; however, in case of an outcome of the proceedings in their favor, BNetzA guaranteed to allow the grid operators to include the extra earnings in their respective regulatory accounts.

In addition to the grid tariffs, costs and revenues regarding the offshore business are subject to the Offshore Grid Surcharge as of 2019. The Offshore Grid Surcharge comprises CAPEX (including return on equity) and actual OPEX according to the StromNEV and the ARegV as well as payments to offshore wind farms following the offshore liability provisions established in the EnWG to compensate for interruptions or delays of offshore grid connections. The Offshore Grid Surcharge is calculated annually based on planned costs for year t with a later actual cost settlement in year t+1 and corresponding compensation for deviations between planned and actual costs in the Offshore Grid Surcharge of the year t+2.

In addition to the grid tariffs and the Offshore Grid Surcharge, 50Hertz is compensated for costs incurred related to its renewable energy obligations, including EEG and KWKG, and other obligations like the individual grid tariffs mechanism according to StromNEV and the AblaV subject to surcharges.

7.5 Regulatory framework for interconnector Nemo Link

- A specific regulatory framework is applicable to the Nemo Link interconnector from the date of operation which took place on 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the return levels of the cap and floor ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime. The cap return level can be increased or decreased with maximum 2 per cent. on availability incentives. Consequently, investors will have certainty about the regulatory framework during the lifetime of the interconnector.

- The interconnector is currently operational (as from 31 January 2019) and as a result the cap and floor regime has started. Every five years, the regulators will assess the cumulative interconnector revenues (net of any market-related costs) over the period against the cumulative cap and floor levels to determine whether the cap or floor is triggered[10]. Any revenue earned above the cap is returned to the national TSOs in the UK (National Grid plc) and in Belgium (ETB) on a 50/50 basis. The TSOs can then reduce the network charges for network users in their respective jurisdictions. If revenue falls below the floor, then the interconnector owners are made whole by the TSOs which top up the difference. The TSOs can, in turn, recover those costs through the national transmission tariffs in their respective jurisdictions.

- Each five-year period will be considered separately. Cap and floor adjustments in one period will not affect the adjustments for future periods, and total revenue earned in one period will not be taken into account in future periods.

[10] Interconnector owners generate revenue (congestion revenue) by auctioning interconnector capacity. As long as there is a price difference between the two interconnected markets, there will be demand for the capacity and a revenue stream will be generated.

- The high-level tariff design is as follows:

Regime length	25 years
Cap and floor levels	Levels are set at the start of the regime and remain fixed in real terms for 25 years from the start of operation. Based on applying mechanical parameters to cost efficiency: a cost of debt benchmark is applied to costs to deliver the floor, and an equity return benchmark to deliver the cap.
Assessment period (assessing whether interconnector revenues are above/below the cap/floor)	Every five years, with Infra-period adjustments if needed and justified by the interconnection company (Nemo Link Ltd). Infra-period adjustments will let the interconnector company (and its shareholders) recover revenue during the assessment period if revenue is below the floor (or above the cap) but will still be subject to true-up at the end of the five-year assessment period.
Mechanism	If revenue is between the cap and floor at the end of the five-year period, no adjustment is made. Revenue above the cumulated cap is returned to the end consumers (via a reduction of the national transmission tariffs by the TSOs) and any shortfall of revenue below the cumulated floor will be topped up by the network users (via an increase of the national transmission tariffs by the TSOs).

- The cap and floor revenue levels for Nemo Link were fixed by Ofgem and the CREG on 17 December 2019. Nemo Link is the first interconnector project to be regulated under the cap and floor regime and reached at the end of 2019 the final assessment stage of the regime, the Post Construction Review (PCR), where Ofgem and the CREG determined the values of the Post Construction Adjustment (PCA) terms that formed the final cap and floor levels for the project. The determined values for the final cap and floor levels are £77.0 million and £43.9 million respectively (in 2013/14 prices).

8 Key projects of the Group

Decarbonisation is one of society's most pressing challenges. As a system operator, the Group's activities are central to overcoming this challenge: its grid forms the backbone of the energy transition. The Group is strengthening its on- and off-shore transmission grid to facilitate the integration of increasing amounts of renewable energy into the system. It is also furthering digitalization and sector convergence and shaping energy markets, so supporting new market players to become active

participants in the energy sector. As a driver of the energy transition, therefore, it is contributing to the establishment of a sustainable world.

8.1 Key projects of ETB

For the period 2023-2027, ETB plans to invest €7.2 billion in Belgium. The capex will mainly relate to the replacement or reinforcement of the existing infrastructure to absorb the higher infeed of renewable energy. As from 2023, the further integration of the European electricity system and the goal to further decarbonise the society drives a second wave of important investments marked by higher capex for projects like the Princess Elisabeth Island, Ventilus and Boucle de Hainaut. The most important projects are:

- Princess Elisabeth Island: The extension of the MOG (which is being referred to as MOG II) aims to develop and build new offshore grid infrastructure including a multifunctional artificial island with a capacity of 3.5GW allowing to connect new wind farms in the Belgian part of the North Sea to the onshore grid. It aims to provide an efficient, reliable means of connecting new offshore generation facilities to the mainland and will thus make a substantial contribution to facilitating RES integration in Belgium as well as helping to meet Belgium's climate targets;
- Ventilus: a new 380kV backbone and 220kV energy hub in West-Flanders region, aims to provide reliable access to current and future renewable offshore and onshore wind energy. The Ventilus project will connect wind energy from the North Sea to a new electricity highway in West Flanders. Through its connections to other grid projects, Ventilus will create a robust network for the transmission of renewable energy. This constitutes an important step towards a low-carbon society;
- Boucle du Hainaut: The 'Hainaut Loop' is one of ETB's largest infrastructure projects. With a view to achieving the energy transition and various climate objectives, this project plans the construction of a 380kV connection between Avelgem and Courcelles;
- Nautilus: This subsea hybrid interconnector via the energy island will transport electricity between Belgium and UK while facilitating offshore wind connections in the North Sea. Nautilus would have two functions: connecting the grids of both countries and directly connecting offshore wind farms to the mainland. Not only would it enable better integration of renewable energy at sea, but would also allow more volatile electricity flows in Europe while further enhancing electricity price convergence;
- Brabo III: is the upgrade of Belgium's existing 380kV network, which forms the backbone of the Belgian power grid. Once the work is complete, it should be able to transmit up to 20 per cent. more electricity on the upgraded power connection within the 380kV network. Brabo III has started and due to commission by the end of 2024. The Brabo project is essential for the further economic growth of the port of Antwerp and is necessary for a secure and sustainable supply of electricity inside and outside of Belgium. At a local level, the project will increase supply capacity to cope with growing electricity consumption in the port of Antwerp. At a national and international level, it will upgrade the north-south axis of the European interconnected grid. This will improve international trade opportunities and reduce reliance on Belgian generation facilities.

ETB plans to finance this investment programme in accordance with the optimal capital structure as defined in the regulatory framework (with a target equity/debt ratio of 40/60).

8.2 Key projects of 50Hertz

For the upcoming five years (2023-2027), 50Hertz plans to invest €8.7 billion in Germany. A HVDC corridor and the connection of further offshore wind farms are the main drivers of the Capex Plan. With that, 50Hertz is considered making an ambitious contribution to reaching European and national climate targets while complying with social and political requirements. 50Hertz's most important projects are:

- SuedOstlink: A HVDC corridor aiming to transport the renewable energy produced in the Baltic Sea and in the North East of Germany towards the load centres in Bavaria;
- SuedOstLink+: With this project, 50Hertz aims to double the capacity on the existing route of SuedOstLink to 4,000MW and extend the HVDC line to the north aiming at the transport of renewable energies from North and Baltic Sea to Bavaria;
- Kabeldiagonale Berlin (Berlin diagonal power link): This project will replace an existing line built decades ago by a new 380kV system, which is laid for the major part in a newly built tunnel crossing the Western part of Berlin, significantly increasing the security of supply in the German capital;
- Ostwind 2: This submarine high-voltage AC cable system in the Baltic Sea will connect various offshore wind farms to the onshore substation Lubmin. The commissioning is foreseen for 2023-2024;
- Ostwind 3: A grid connection with a transmission capacity of 300MW for the planned offshore wind farm "Windanker" in the Baltic Sea, comprising a new offshore platform and a 220kV AC-cable connection to a new onshore substation;
- Ost-6-1: This project is to connect an offshore wind farm "Gennaker" in the Baltic Sea with an estimated capacity of 900MW. It is planned to build a grid connection with three AC cable systems, including two 50Hertz owned and operated platforms and a new onshore substation.

9 Trend information and recent events

The Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

For example, certain key customers have posted bank guarantees as part of their contractual arrangements. Moreover, the costs of customer default are in principle and to a large extent recoverable through the tariffs. In Belgium, such costs can in principle be recovered if the TSO can show that it carried out an accurate credit control management.

10 Financing arrangements of the Group

The Issuer is in charge of the liquidity management and debt financing of its non-regulated activities. The Issuer meets its financing needs through diversified sources of debt funding.

The Issuer monitors its cash-flow forecasts and the cash available and the unutilized credit facilities to ensure to have sufficient cash available on demand to meet expected expenses and investments including complying with the financial obligations.

With regard to the financing of the non-regulated activities contracted by the Issuer, being the debt financing of the acquisition of an additional 20 per cent. stake in Eurogrid International, the interest costs cannot be passed in tariffs and are borne by the shareholder of the Issuer.

The companies in which the Issuer holds a stake as a shareholder typically manage their financing needs on a decentralized level, without any recourse towards the Issuer. Eurogrid GmbH and ETB exclusively arrange the financing needs of their own or their affiliates independently from its shareholders and on a ring-fenced basis. These are mostly financed through fixed rated debt instruments.

In Belgium, ETB's funding costs linked to the financing of the regulated activities are qualified as "Non-controllable elements" and potential deviations from budgeted figures can be passed on in a subsequent regulatory tariff period (or in the same period in the event of an exceptional change in charges). The regulated tariffs are set pursuant to forecasts of interest rate. A fluctuation in interest rates of the ETB's debt can have an impact on the actual financial charges by causing a time differential (positive or negative) between the financial costs effectively incurred by ETB and the forecasted financial costs. This could cause transitory effects on its' cash position.

In Germany, for 50Hertz, the regulation is very similar. As long as the cost of debt are according to market standards and within certain levels defined by the regulator, these costs are passed to the regulated tariffs.

10.1 Financing arrangements of the Issuer

The long-and short-term financing of the Issuer is structured through a range of financial arrangements. The Issuer's financial arrangements do not benefit from security or guarantees and contain customary events of default and covenants.

The Issuer's has a rating BBB+, negative outlook by Standard & Poor's. As at 31 December 2022, the Issuer has an average cost of debt of 1.7 per cent.

Financing arrangements of the Issuer as at 31 December 2022 comprise the following:

(in € million) - 31 December 2022	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Senior bond 2018/10 years	2028	At maturity	1.50%	300.0	298.3	
Total bonds				**300.0**	**298.3**	
Perpetual hybrid bond - NC 5,25	1st call 2023		2.75%	700.0	700.0	
Subordinated Hybrid Bond				**700.0**	**700.0**	
Revolving Credit facility	2025		Euribor + 0.2%	35.0	Unused	unused
Total Revolving Credit facility				35.0		
					Amount non-current	**Amount current**
Leases					22.7	10.8
Accrued interests						2.8

The acquisition by the Issuer of the additional 20 per cent. stake in 50Hertz was initially financed via a €990 million bridge loan entered into on 23 March 2018, for a period of 12 months. The bridge loan was drawn on 26 April 2018, and was repaid by the Issuer on 5 September 2018, through the issuance of a €700 million perpetual hybrid bond and a €300 million senior bond.

This senior bond represents an indebtedness of €298.3 million. Accrued interest on this debt was €1.4 million at 31 December 2022.

The hybrid bonds rank junior to all senior debt and are recorded as equity in the Group's accounts pursuant to IFRS. The hybrid bonds bear an optional, cumulative coupon of 2.75 per cent. per annum, payable at the Group's discretion annually on 5 December of each year, starting from 5 December 2019. The hybrid bonds are perpetual instruments and have an initial call date in September 2023 with a reset every five years thereafter. In June 2022, the Issuer successfully raised €590.1 million in the context of a rights offering. €100 million of this amount will be used to replace €100 million hybrid equity content of the €200 million hybrid layer, supporting a reduction of the hybrid layer in compliance with S&P's methodology. Elia Group is committed to preserving its financial policy and to maintaining the hybrid asset class as a permanent part of its capital structure.

The Issuer also disposes over a €35 million revolving credit facility entered into on 3 February 2020, with Citibank Europe PLC as lender. The facility contains amongst others an obligation for the Issuer to maintain a long-term credit rating equal to or above BBB- and customary covenants and events of default, including a negative pledge.

The Issuer has adopted a funding policy which is based on the premise that financing activities of ETB and Eurogrid remain separated and independent from the Issuer and a dividend policy which aims at a dividend growth not to be lower than the increase of the Consumer Price Index ("inflation") in Belgium. The Issuer's financial policy targets a rating of minimum BBB (flat) (provided that both the regulatory framework and the rating methodology applied by the credit rating agency remain stable).

10.2 Financing arrangements of ETB

On 31 December 2019, the reorganisation of the Group was completed in order to ring-fence the regulated activities of the Group in Belgium from the non-regulated activities and the regulated activities outside of Belgium. In this context, all financial agreements linked to the regulated business have been transferred to ETB.

The financing of the Group is organised on a decentralised level, such that ETB exclusively arranges it's financing independently from the Issuer and on a ring-fenced basis.

The long-and short-term financing of ETB is structured through a range of financial arrangements with customary covenants and events of default. ETB's financial indebtedness does not benefit from any security, nor does it benefit from any guarantee from the Issuer.

ETB has a rating BBB+, stable outlook by Standard & Poor's.

(in € million) - 31 December 2022	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Eurobond issues 2013/15 years	2028	At maturity	3.25%	550.00	548.0	
Eurobond issues 2013/20 years	2033	At maturity	3.50%	200.0	199.3	
Eurobond issues 2014/15 years	2029	At maturity	3.00%	350.0	347.6	
Eurobond issues 2015/8.5 years	2024	At maturity	1.38%	500.0	499.6	
Eurobond issues 2017/10 years	2027	At maturity	1.38%	250.0	248.5	
Eurobond issues 2019/7 years	2026	At maturity	1.38%	500.0	499.0	
Eurobond issues 2020/10 years	2030	At maturity	0.88%	800.0	790.9	
Amortising bond – 7.7 years	2028	Linear	1.56%	49.9	42.0	8.3
Amortising bond – 23.7 years	2044	Linear	1.56%	133.4	132.4	
Total bonds				**3,333.3**	**3,307.4**	**8.3**
Amortising term loan	2033	Linear	1.80%	168.0	153.8	14.0

European Investment Bank	2025	At maturity	1.08%	100.0	100.0	
Total Bank loans				**268.0**	**253.8**	**14.0**
Sustainable Revolving Credit Facility	2025		Euribor + 0.325%	650.0	Unused	unused
Total Revolving Credit facility				**650.0**	**-**	**-**
					Amount non-current	**Amount current**
Leases					21.4	5.4
Accrued interests						48.4

As at 31 December 2022, ETB's total outstanding indebtedness amounted to €3,658.7 million comprising the following:

(a) several institutional fixed rate bonds with different maturities for an aggregate amount outstanding of €3,315.7 million as at 31 December 2022;

(b) a €210 million fixed rate amortizing term loan facility for a period of fifteen years entered into with BNP Paribas Fortis SA/NV and Belfius Bank SA/NV on 21 December 2018 for the financing of ETB's participation in Nemo Link Ltd. with an outstanding amount €167.8 million per 31 December 2022;

(c) a €100 million credit facility with the European Investment Bank to support ETB's ongoing capex programme (the "**EIB Loan**");

(d) leases for an amount of €26.8 million; and

(e) accrued interests for a total amount of €48.4 million.

In addition, ETB disposes over a €650 million sustainability-linked revolving credit facility entered into on 12 October 2020, with Belfius Bank NV, BNP Paribas Fortis SA/NV, Coöperatieve Rabobank U.A., ING Belgium SA/NV, KBC Bank SA/NV, National Westminster Bank plc and Sumitomo Mitsui Banking Corporation as arrangers. The facility's pricing is, amongst others, tied to three of Elia's sustainability performance targets, which relate to the company's efforts to tackle climate change and its health and safety performance. The revolving facility includes customary representations, undertakings and events of default.

The EIB Loan also contains a number of customary provisions typically included in EIB loans.

In addition, as at 31 December 2022 ETB has fully undrawn commercial paper of €300 million.

ETB has adopted a funding policy which reflects its specific role within the Group. As further detailed in its funding policy which can be found on https://investor.eliagroup.eu/en/financial-position/financial-position-for-elia-transmission-belgium/funding-and-dividend-policy, it is based on separation of funds and a dividend policy which aims at a dividend pay-out which does not exceed an average of approximately 60 per cent. of the annual results for the current (2022-2023) and next regulatory period (2024-2027) and a financial policy targeting a rating of BBB+ (provided that both the regulatory framework and the rating methodology applied by the credit rating agency remain stable).

10.3 Financing arrangements of Eurogrid GmbH

Eurogrid GmbH is the holding company of the 50Hertz affiliates and manages the financing and liquidity needs of the 50Hertz (sub) group. The financing of the Group is organised on a decentralised level such that Eurogrid GmbH exclusively arranges it's financing independently. The financing contracts of Eurogrid GmbH with third parties are unsecured and contain customary covenants and events of

default, including a negative pledge. The financings also do not benefit from guarantees from either Eurogrid International or the Issuer.

Eurogrid GmbH has a rating BBB+, negative outlook by Standard & Poor's.

(in € million) - 31 December 2022	Maturity	Redemption schedule	Interest rate	Nominal Amount	Amount non-current	Amount current
Bond as part of Debt Issuance Programme 2015	2025	At maturity	1.88%	500.0	499. 0	
Bond as part of Debt Issuance Programme 2015	2023	At maturity	1.63%	750.0	749.7	
Bond as part of Debt Issuance Programme 2015	2030	At maturity	2.63%	140.0	139.4	
Bond as part of Debt Issuance Programme 2016	2028	At maturity	1.50%	750.0	748.0	
Bond as part of Debt Issuance Programme 2020	2040	At maturity	0.88%	200.0	199.45	
Bond as part of Debt Issuance Programme 2020	2032	At maturity	1.11%	750.0	747.7	
Bond as part of Debt Issuance Programme 2021	2033	At maturity	0.74%	500.0	498.3	
Bond as part of Debt Issuance Programme 2022	2031	At maturity	3.279%	750.0	747.4	
Registered bond 2014	2044	At maturity	3.00%	50.0	50.0	
Total bonds				**4,390.0**	**4,379.0**	**0.0**
Revolving Credit Facility	2026			750.0	Unused	unused
Confirmed credit facility	unlimited			150.0	Unused	Unused
Total Revolving Credit facility				**750.0**	**0.0**	**0.0**
Loan with KfW	2026	At maturity	0.90%	150.0	150.0	
Total other loans				**150.0**	**150.0**	**0.0**
					Amount non-current	**Amount current**
Leases					55.2	7.4
Accrued interests						32.1

As at 31 December 2022, Eurogrid GmbH's total outstanding indebtedness amounted to €4,623.7 million, composed of the following:

(a) several long-term institutional fixed rate bonds with different maturities for an aggregate nominal amount outstanding of €4,379.0 million as at 31 December 2022. This includes two green bonds of €1,495.1 million (with a nominal amount of €1,500 million), as well as a very long-term (30 years – coming to maturity in 2044) registered fixed bond for a nominal outstanding amount of €50 million as at 31 December 2022;

(b) a syndicated term loan facility in an aggregate amount of €150 million under which €150 million was outstanding as at 31 December 2022;

(c) leases for an amount of €62.6 million; and

(d) accrued interest for a total amount of €32.1 million.

In addition, Eurogrid GmbH disposes over a €750 million revolving credit facility entered into on 26 February 2021, with Banco Santander SA, BNP Paribas SA Niederlassung Deutschland, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., ING Bank a Branch of ING-DIBA AG, Mizuho Bank Ltd., National Westminster Bank plc and Unicredit Bank AG as bookrunners and mandated lead

arrangers. The facility includes customary representations, undertakings and events of default. Eurogrid GmbH furthermore disposes over an uncommitted overdraft facility of €150 million with BNP Paribas SA Niederlassung Frankfurt-am-Main, Deutschland, which was entered into on 9 December 2011.

11 Legal and arbitration proceedings of the Group

As at the date of this Information Memorandum, the Group was, in the ordinary course of its operations, involved in approximately 59 civil and administrative litigation proceedings as a defendant. Ten of these proceedings relate to claims against the Group exceeding a value of €600,000.

The Group has provisions for litigations which, as at 31 December 2022, amounted to approximately €6.0 million in total. These provisions do not cover claims initiated against the Group for which damages have not been quantified or in relation to which the plaintiff's prospects are considered by the Group as being remote.

The summary of legal proceedings set out below, although not an exhaustive list of claims or proceedings in which the Group is involved, describes what the Group believes to be the most significant of those claims and proceedings. Subsequent developments in any pending matter, as well as additional claims (including additional claims similar to those described below), could arise from time to time.

The Group cannot predict with certainty the ultimate outcome of the pending or threatened proceedings in which the Group is or was, during the previous 12 months, involved and some of which may have significant effects on the Group's financial position or profitability as they could result in monetary payments to the plaintiff and other costs and expenses, including costs for modifying parts of the Group's network or (temporarily or permanently) taking portions of the network out of service. While payments and other costs and expenses that the Group might have to bear as a result of these actions are covered by insurance in some circumstances, other payments may not be covered by the insurance policies in full or at all. Accordingly, each of the legal proceedings described in the summary below could be significant to the Group, and the payments, costs and expenses in excess of those already incurred or accrued could have a material adverse effect on the Group's results of operations, financial position or cash flows.

The nature of the principal civil and administrative proceedings in which the Group is involved, either as a defendant or a plaintiff, is as follows (by categories of similar proceedings):

11.1 Legal proceedings brought against the Group

These include, among others:

(a) claims for compensation for the consequences of electrical fall-out or disturbance;

(b) judicial review of building permits and zoning plans for substations, overhead lines and underground cables or zoning plans;

(c) judicial review of decisions taken within the framework of public procurement proceedings in application of national legislation implementing Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

(d) claims, lodged by both public authorities and citizens, aimed at the relocation of overhead lines and underground cables and/or at the compensation for relocation costs; and

(e) claims by citizens seeking compensation for the nuisance caused by the presence of the transmission lines (for example, due to the perceived potential health risks caused by EMFs, noise, interruptions of telephone and radio connections, aesthetic or other damages).

11.2 Legal proceedings brought by the Group

These include, among others:

(a) judicial review of decisions refusing to issue a building permit or against expropriation decisions;

(b) claims seeking compensation of repair costs due to the damage caused to underground cables, towers and overhead lines; and

(c) claims for the recuperation of paid taxes against regional tax authority.

11.3 Proceedings involving the regulators (CREG in Belgium & BNetzA in Germany)

- BNetzA set the Xgen for the third regulatory period to 0.9 per cent. in the energy sector (cf. BNetzA, determination of 28 November 2018, BK4-17-056). Therefore, currently the Xgen reduces the initial level of the revenue cap as part of the regulation formula. 50Hertz appealed against the decision concerning the electricity sector in front of OLG Düsseldorf. Currently, 50Hertz is not actively leading the procedure, but waits for a final decision in other model proceedings. A first decision in a model proceeding was taken in 2021: On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA successfully appealed against OLG Düsseldorf's decision at the BGH. BGH confirmed on 26 January 2021 BNetzA's determination of Xgen (cf. EnVR 101/19). Regarding the electricity sector, OLG Düsseldorf revoked in March 2022 BNetzA's decision on the Xgen for the electricity sector and requested BNetzA to revise its decision. BNetzA, however, announced that they intend to appeal against OLG Düsseldorf's decision at the BGH.
- In October 2021, BNetzA determined the equity remuneration for the fourth regulation period starting 2024. The Interest Rate EK I was determined at 5.07 per cent. for investments realized after 2006 (3.51 per cent. for investments until 2006). Along with the other German TSOs, 50Hertz appealed against this decision of BNetzA.

12 Management and corporate governance

The reorganisation of the Group in 2019 has had a significant impact on the management and governance of the Issuer (formerly Elia System Operator SA/NV). Following the reorganisation, the Issuer transferred its Belgian regulated activities to ETB and therefore is no longer subject to the Electricity Law and the Royal Decree of 3 May 1999 "*relatif à la gestion du réseau national de transport d'électricité" / "betreffende het beheer van het national transmissienet voor elektriciteit*" (the "**Corporate Governance Decree**") regarding the organisation and corporate governance of the TSO, with a view to guaranteeing its independence and impartiality. However, the Issuer does remain listed on the stock exchange and therefore remains subject to the obligations of listed companies, in particular with regards to governance. The Issuer accepts the 2020 Belgian Corporate Governance Code (the "**Corporate Governance Code 2020**") as its reference code.

The Issuer has a one-tier structure, being the Board of Directors with three advisory committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, together with a college in charge of the day-to-day management (the "**Executive Management Board**") pursuant to Article 7:121 BCCA.

The Board of Directors of the Issuer has also set up a Strategic Committee as an additional advisory committee.

Following reorganisation of the Group in 2019, the governance structure of ETB, as current TSO, is a replica of the governance of the former ESO. As a result, the governance structure of ETB complies

with the requirements of the Electricity Law, the Corporate Governance Decree and all applicable regional legislation.

12.1 Board of Directors

As provided by Article 7:85 BCCA, the Issuer is headed by a Board of Directors acting as a collegiate body. The Board of Directors' role is to pursue the long-term success of the Issuer by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors should decide on the Issuer's values and strategy, its risk appetite and key policies. The Board of Directors should ensure that the required financial and human resources are in place for the Issuer to meet its objectives.

The Board of Directors is responsible for all matters relating to the realization of the Issuer's corporate object, with the exception of those matters that are, pursuant to the applicable law or the Articles of Association, exclusively reserved to the General Shareholders' Meeting.

The Board of Directors is composed of at least ten (10) and a maximum of fourteen (14) members. Currently the Board of Directors consists of fourteen (14) directors. Seven (7) directors are independent, non-executive directors and seven (7) other are non-independent, non-executive directors appointed by the Shareholders' Meeting upon proposal of Publi-T, as per the current shareholder structure.

12.1.1 Members of the Board of Directors

The current members of the Board of Directors are:

Name	Position	Director since	Expiry of mandate[(1)]	Board committee membership
Michel Allé	Non-executive Independent Director	17 May 2016	2025	Chairman of the Audit Committee and member of the Strategic Committee
Pieter De Crem	Non-executive Director appointed upon proposal of Publi-T	9 February 2021	2026	Member of the Nomination Committee and Member of the Remuneration Committee
Laurence de L'Escaille	Non-executive Independent Director	18 May 2022	2025	Member of the Nomination Committee
Luc De Temmerman	Non-executive Independent Director	20 May 2014	2025	Member of the Nomination Committee and Chairman of the Remuneration Committee
Frank Donck	Non-executive Independent Director	20 May 2014	2027	Member of the Nomination Committee and Member of the Audit Committee

Name	Position	Director since	Expiry of mandate[1]	Board committee membership
Cécile Flandre	Non-executive Director appointed upon proposal of Publi-T	28 February 2013	2023	-
Claude Grégoire	Non-executive Director appointed upon proposal of Publi-T and Vice Chairman	10 May 2011	2023	Member of the Strategic Committee
Bernard Gustin	Non-executive Independent Director and Chairman	16 May 2017	2023	Member of the Strategic Committee
Roberte Kesteman	Non-executive Independent Director	27 October 2017	2023	Member of the Audit Committee and Member of the Remuneration Committee
Dominique Offergeld	Non-executive Director appointed upon proposal of Publi-T	11 May 2011	2023	Member of the Audit Committee, Member of the Remuneration Committee and Chairwoman of the Strategic Committee
Rudy Provoost	Non-executive Director appointed upon proposal of Publi-T	16 May 2017	2023	Member of the Audit Committee and Member of the Strategic Committee
Pascale Van Damme	Non-executive Independent Director	18 May 2022	2025	Member of the Remuneration Committee
Geert Versnick	Non-executive Director appointed upon proposal of Publi-T and Vice Chairman	20 May 2014	2026	Chairman of the Nomination Committee, standing invitee of the Strategic Committee
Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard	Non-executive Director appointed upon proposal of Publi-T	1 January 2022	2026	-

[1] Mandates expire after annual general shareholders' meeting.

The Issuer's business address serves as the choice of residence of each of the Board members.

12.1.2 General information on the directors

In the five years preceding the date of this Information Memorandum, the directors have held the following directorships (apart from their directorships of the Issuer or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Principal outside interests as at the date of this Information Memorandum
Michel Allé	Independent Chairman of the Board of Directors of Neuvasq Biotechnologies SRL/BV; Chairman of the Board of Directors of Epics Therapeutics SA/NV; and Director of D'Ieteren SA/NV (as permanent representative of GEMA SRL/BV), Société de Participation et de Gestion SA/NV (Holding D'Ieteren), Eurvest SA/NV (as permanent representative of GEMA SRL/BV), DreamJet Participations SA/NV, GEMA SRL/BV, and of Euro Asia EDU SRL/BV; Director of Lineas SA and Lineas Group SA (as permanent representative of GEMA SRL/BV).
Pieter De Crem	Director of ED MERC SRL/BV, ZABRA SA/NV, BESIX SA/NV, and of VANHOUT SA/NV.
Laurence de l'Escaille	Director of bpost banque SA/NV, member of the Commission on Nuclear Provisions
Luc De Temmerman	Director of InDeBom Strategies SComm/CommV, ChemicaInvest Holding B.V., Everlam Holding SA/NV, and of De Krainer Bieënvrienden ASBL/VZW; Independent director of Sajjan India Limited
Frank Donck	Managing Director of 3D SA/NV and Managing Director or Director of affiliated companies to 3D SA/NV; Chairman of the Board of Directors of Atenor SA/NV and Barco SA/NV; Independent Director of Luxempart S.A.; Director or Member of the Supervisory Board of KBC Group SA/NV, KBC Verzekeringen SA/NV, KBC Global Services SA/NV and Member of the

Name	Principal outside interests as at the date of this Information Memorandum
	Risk and Compliance Committee of KBC Group; Director of Associatie KU Leuven ASBL/VZW and Commissie Corporate Governance Private Stichting; and Chairman of the Board of Directors of Group Ter Wyndt SRL/BV and its affiliates.
Cécile Flandre	Independent director and member of the nomination and remuneration committee and member of the audit committee of Fluxys Belgium SA/NV and of Belgian Finance Center ASBL/VZW, director and chairwoman of the audit committee and member of the nomination and remuneration committee of MS Amlin Insurance SE.
Claude Grégoire	Vice-Chairman of the Board of Directors of Fluxys SA/NV, Fluxys Belgium SA/NV, and of Circuit de Spa Francorchamps SA/NV; and Director of CPDH SA/NV, C.E.+T SA/NV (Constructions Electroniques + Télécommunications Power), C.E.+T Group SA/NV, C.E.+T Power CPDH SA/NV, C.E. + T Energrid SA/NV, Alpha Innovations SA/NV, AIBC (Alpha Innovations Business Center), LLN Services SA/NV, JEMA SA/NV, SEREL Industrie SA/NV, and of (Mutualité) Solidaris Wallonie.
Bernard Gustin	Managing Director and Executive Chairman of LINEAS SA/NV, and LINEAS Group SA/NV; and Director of Groupe Forrest International SA/NV, Africa on the Move ASBL/VZW, Hansea SA/NV, DreamJet SAS, T.C.R. International SA/NV, BSCA (Brussels South Charleroi Airport) SA/NV, BEL Air Cargo Ireland Ltd, and of BEL Air Cargo Belgium SRL/BV.

Name	Principal outside interests as at the date of this Information Memorandum
Roberte Kesteman	Senior Advisor Benelux of First Sentier Investments Limited (as Permanent Representative of Symvouli SRL/BV); Director of Fluxys Belgium SA/NV; and Independent director of Aperam S.A.
Dominique Offergeld	Chief Financial Officer of ORES SRL/BV; Vice Chairwoman of the Board of Directors of Publi-T SC/CV; and Director of Club L ASBL/VZW and of Contassur SA/NV.
Rudy Provoost	Member of the Supervisory Board and Member of the Strategic Committee of Randstad Holding NV (Amsterdam Stock Listed Company); and Director of Yquity SRL/BV, Vlerick Business School Stichting van openbaar nut, Jensen Group SA/NV, and of Pollet Water Group SA/NV.
Pascale Van Damme	Vice President EMEA VMware and director of Dell SA/NV; Chairwoman and director Digital Industries of Agoria ASBL/VZW; and Director of URBSFA/KBVB ASBL/VZW, Amcham ASBL/VZW, and of Living Tomorrow ASBL/VZW.
Geert Versnick	Chairman of the Board of Directors of Publi-T SC/CV and De Wilde Eend Private Stichting; Managing Director of CLANCY SRL/BV; Executive Director of Flemco SRL/BV; and Director of Fluxys Belgium SA/NV, INFOHOS SOLUTIONS SA/NV, XPERTHIS SA/NV, PUBLIGAS CV, Adinfo Belgium SA/NV and CEVI SA/NV.
Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard	First alderman of Uccle in charge of Public Works, Mobility, Parking and Sports;

Name	Principal outside interests as at the date of this Information Memorandum
	Assistant in the Law Faculty of the University of Brussels (ULB); Vice Chairman of the Board of Directors and the Directors Committee of Sibelga; Chairman of the Audit Committee of Sibelga SC/CV; Member of the Bureau of Interfin; Vice Chairman of the Board of Directors of the Brussels Network operations (BNO) SC/CV; Director of Interfin SC/CV, Publi-T SC/CV, Brutélé SA/NV; and Member of the High Counsel of Sports (Conseil Supérieur des Sports).

The following paragraphs contain brief biographies of each of the directors.

Michel Allé – Mr Allé is the former Chief Financial Officer of SNCB SA/NV (2013-2015) and SNCB Holding SA/NV (2005-2013). Prior to his functions with SNCB and SNCB Holding, he served as Chief Financial Officer of BIAC SA/NV (2001-2005). Born in 1950, Mr. Allé holds a Master in Physics Civil Engineering and a Master in Economics from the University of Brussels (ULB). Alongside his professional experience, he has a long academic experience with the University of Brussels (ULB) (Solvay Brussels School of Economics and Management & Ecole Polytechnique). Today, he is Honorary Professor of that same University.

Pieter De Crem – Mr De Crem began his political career in 1989 as an attaché to the staff of Prime Minister Wilfried Martens. In 1994, he was elected Mayor of Aalter, a position he still holds today. He was elected to the Belgian Federal Parliament for the first time in 1995, and then served as President of the CD&V Group in the House of Representatives (2003-2007) and as chairman of the Home Affairs Committee in 2007. Mr De Crem has served as Minister of Defense (2007-2014), Foreign Trade (2014-2020), and Home Affairs and Security (2018-2020). He has also served as Deputy Prime Minister (2013-2014) and as the federal government's special envoy for the MYRRHA research project based in the Belgian Nuclear Research Centre (2017-2018). Born in 1962, Mr De Crem holds a Master in Romance philology from the University of Leuven (KUL), a Master in European and International Law from the University of Brussels (VUB) and a Degree from Harvard Business School (APM).

Laurence de l'Escaille – After completing her university studies at the University of Oxford and Johns Hopkins University in Washington DC, Ms Laurence de l'Escaille began her career in 2008 as an analyst at the European Bank for Reconstruction and Development in London. She then joined the International Monetary Fund (IMF) where she was in charge of research programmes for the Monetary and Capital Markets Department. Her career continued at McKinsey & Company as a Partner. There, she directed several major strategic and operational advisory programmes in Europe and Africa for eight years, with a particular attention to issues relating to electrification and the energy transition. In 2020, she joined the Belgian Federal Governments' COVID-19 Commissariat, where she focused primarily on strategic planning for COVID-19 vaccine deployment.

Luc De Temmerman – Mr De Temmerman is the former CEO of Everlam SA/NV (2014-2016), Galata Chemicals LLC (2011-2012) and a former Senior Vice President (1997-2009) of Solutia, Inc. Born in 1954, he holds a Doctorate in Applied Sciences (PhD), a degree in Chemical Engineering (MS) from the University of Leuven (KUL) and a degree in Business Administration (CEPAC/MBA) from the University of Brussels (ULB).

Frank Donck – Born in 1965, in Aalter, Belgium, Mr Frank Donck holds a Master of Law Degree from the University of Ghent (Belgium) and a Master in Financial Management from the Vlerick Business School, Ghent (Belgium). He started his career as investment manager for Investco SA/NV (later KBC Private Equity SA/NV). He has since 1998 been the managing director of the family-owned investment company 3D SA/NV NV. He currently serves as chairman of Atenor SA/NV, and as independent director of Barco SA/NV, Elia Group SA/NV and Luxempart SA/NV. He also holds board mandates in several privately owned companies. Mr Donck is vice-chairman of the Vlerick Business School. He is also a member of Belgium's Corporate Governance Commission.

Cécile Flandre – Ms Flandre is the former Chief Financial Officer of Ethias SA/NV (2017-2021). She previously served as a member of the Board of Directors of Ethias SA/NV and certain subsidiaries, Previously, she was the Chief Financial Officer of Belfius Insurance SA/NV (2012-2017), member of the Management Board and Board of Directors, and member of the Board (or Chairwoman) of certain subsidiaries. Born in 1971, Ms Flandre holds a Master degree in Actuarial Sciences from the University of Brussels (ULB) and a Master degree in Mathematics, specialization in Statistics, from the University of Brussels (ULB).

Claude Grégoire – Mr Grégoire is Vice-Chairman of the Board of Directors of Elia Group, Elia Transmission Belgium and Elia Asset, Fluxys, Fluxys Belgium and of the Circuit de Spa-Francorchamps. He served as Director of Publi-T SC/CV and still serves amongst others as Director of Circuit de Spa Francorchamps and Spa Grand Prix, CPDH, C.E.+T (Constructions Electroniques + Télécommunications Power), C.E.+T Group, C.E.+T Power CPDH, C.E. + T Energrid SA, Alpha Innovations, AIBC (Alpha Innovations Business Center), SEREL Industrie as well as Solidaris Wallonie. Mr Claude Grégoire is the former Managing Director of SOCOFE (1990-2020). Born in 1954, Mr Grégoire holds a degree of electro-mechanical civil engineering.

Bernard Gustin – Mr Gustin is the Chairman of the Board of Directors of Elia Group SA, Elia Transmission Belgium SA and Elia Asset , a position he assumed in 2017. He serves as Managing Director and Executive Chairman of LINEAS SA, and LINEAS Group SA. Mr Gustin was the Co-CEO (2008-2012) and later CEO of Brussels Airlines SA/NV (2012-2018). Prior to his functions with Brussels Airlines, he was a partner with Arthur D. Little (1999-2008). Born in 1968, he holds a commercial engineering degree from ICHEC, a degree in international comparative management from ICHEC (Loyal College Maryland), and an MBA from Solvay Business School.

Roberte Kesteman – Ms Kesteman is the former CEO (2008-2012) and CFO and HR Director (2002-2008) of Nuon Belgium SA/NV. She is the former Chariwoman of FEBEG. Born in 1957, Ms Kesteman holds a Master in Commercial and Consular Sciences from the Vlaamse Economische Hogeschool Brussel and attended the International Corporate Finance Course at INSEAD (France).

Dominique Offergeld – Ms Offergeld is the Chief Financial Officer of ORES SRL/BV. She is Vice-Chairwoman of the Board of Directors of Publi-T SC/CV. Born in 1963, Ms Offergeld holds a Master in Economics from the University of Namur, a certificate of General Management from INSEAD and a Certificate of Corporate Governance from Guberna.

Rudy Provoost – Mr Provoost is the former CEO (2011-2016) and Chairman of the Board of Directors (2014-2016) of Rexel. Before joining Rexel, he was a member of the Management Board of Royal Philips (2000- 2011) and successively CEO of Philips Consumer Electronics and CEO of Philips Lighting. He also held a variety of senior leadership positions and executive management positions at

Whirlpool (1992-1999), Born in 1959, Mr Provoost holds a Master in Psychology from the University of Ghent, a Master in Management from Vlerick Business School and an Executive Master in Change from Insead.

Pascale Van Damme – Ms Van Damme is Vice President at Dell Technologies leading the multi Billion VMware business for Europe Middle East & Africa. Prior to her current role, as Managing Director she led the Belgian and Luxembourgish Dell Technologies branches for eight years; Pascale previously led the company's public sales team in Belgium and later she was the Sales Transformation lead for Europe, Middle East and Africa, having joined Dell Technologies in 2004. Prior to Dell Technologies, Pascale spent five years as Director of Corporate Sales at Base and in key account management positions at Proximus, both key players in the telecom industry and TNT Express. She is actively working across the digital sector in her role as President of Agoria Digital Industries, the digital industries chapter of Belgium's industry and trade association. She has been recognised as a fervent sponsor of women in IT. She received Belgium's ICT Woman of the Year award (2014) and the European Digital Woman of the Year award (2017) and was named JUMP's Wo.Men@Work 2018 CEO Ambassador for Gender Equality. Pascale is also co-founder of BeCentral, the digital hub in Brussels, which aims at democratising access to digital applications and the digital world.

Geert Versnick – Mr Versnick is a former lawyer, a former Vice-Governor of the Province of East Flanders, a former Member of the City Council of the city of Ghent and a former member of the Belgian federal Parliament. He is the Daily Manager of CLANCY BV. He is the Chairman of the Board of Directors of Publi-T SC/CV. Born in 1956, Mr Versnick holds a Master of Laws from the University of Ghent, a certificate of Board Effectiveness from Guberna and a certificate of High Performance Boards from IMD. In addition, he attended the Board Education retreat organised by IMD and the AVIRA programme organised by INSEAD.

Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard – Wyngaard is first alderman of Uccle in charge of Public Works, Mobility, Parking and Sports. Prior to his political functions, he was with the Legal Department of the Royal Belgian Football Association (2006-2008). He served as an assistant and researcher at the Public Law Centre of the Université Libre de Bruxelles (2008-2010), where he currently serves as Assistant in the Faculty of Law. He served as political secretary of the Ecolo group in the Parliament of the Brussels-Capital Region (2010-2018). He is Vice Chairman of the Board of Directors and the Comité directeur of Sibelga. He is also Chairman of the Audit Committee of Sibelga, Member of the Bureau of Interfin, and Vice Chairman of the Board of Directors of the Brussels Network operations (BNO). He serves as Director of Interfin, Publi-T, and Brutélé. He is also a Member of the High Counsel of Sports (Conseil Supérieur des Sports). Born in 1983, Mr Wyngaard holds a Master in Law with a major in public law from the University of Brussels (ULB), a Complementary Master in environmental law from the University Faculty of Saint-Louis and a Complementary Master in public real estate law from the University Faculty of Saint-Louis.

12.2 Conflict of interest

As a Belgian listed company, the Issuer is not aware of any potential conflicts of interest between any duties owed to the Issuer by the members of the Board of Directors or the members of the Executive Management Board and the other duties or private interests of those persons (see "Management and Governance – Board of Directors – Board of Directors"). As a Belgian public company, the Issuer must comply with the procedures set out in Article 7:96 BCCA regarding conflicts of interest within the Board of Directors and Article 7:97 BCCA regarding related party transactions.

Each director and member of the Executive Management Board has to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the Issuer.

Article 7:96 BCCA contains a special procedure, which must be complied with if a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors.

No conflicts of interest have arisen and the procedure from Article 7:96 BCCA has not been applied in the year 2022 and neither in the period as from 1 January 2023 until the date of this Information Memorandum.

12.3 Committees of the Board of Directors

In order to carry out its tasks and responsibilities effectively, the Board of Directors is supported by four (4) advisory committees: the Remuneration Committee, the Audit Committee, the Nomination Committee and the Strategic Committee.

In principle, an advisory committee makes recommendations to the Board of Directors in certain specific matters for which it has the necessary expertise. The power of decision itself rests exclusively with the Board of Directors. The role of an advisory committee is therefore limited to providing advice to the Board of Directors.

12.3.1 Nomination Committee

In accordance with the Articles of Association, the Nomination committee is composed of at least three (3) and maximum five (5) non-executive directors, of whom a majority shall be non-independent directors and at least one-third shall be independent directors. In addition to its usual support role to the Board of Directors, the Nomination Committee is responsible for providing advice and support to the Board of Directors regarding the appointment of the directors, the Chief Executive Officer and the members of the Executive Management Board.

The current members of the Nomination Committee are:

- Geert Versnick, Chairman;
- Luc De Temmerman;
- Frank Donck;
- Laurence de l'Escaille; and
- Pieter De Crem.

Frank Donck, Luc De Temmerman and Laurence de l'Escaille are independent directors in the meaning of the Articles of Association and the BCCA.

12.3.2 Audit Committee

The Audit Committee is composed of at least three (3) and maximum five (5) non-executive directors. Two (2) of its members shall be independent directors. All members shall have sufficient and necessary experience and expertise with regards to the activities of the Issuer and at least one (1) member of the Audit Committee shall have sufficient and necessary experience and expertise in the field of accounting and audit to perform the role of the Audit Committee.

Without prejudice to the legal responsibilities of the Board of Directors, the Audit Committee shall have at least the following responsibilities:

- examining the Issuer's accounts and controlling the budget, including information that must be included in accordance with applicable Belgian and European legislation (including taxonomy legislation (i.e. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework for sustainable investment

and amending Regulation (EU) 2019/2088), related delegated regulations and related Belgian legislation)) in the so-called non-financial statements of the annual reports;

- monitoring the financial reporting process;
- monitoring the effectiveness of the Issuer's internal control and risk management systems;
- monitoring the internal audit and its effectiveness;
- monitoring the statutory audit ('*contrôle legal*' / '*wettelijke controle*') of the annual accounts, including follow-up on questions raised and recommendations made by the statutory auditors and, as the case may be, by the external auditor charged with the audit of the consolidated accounts;
- reviewing and monitoring the independence of the statutory auditors, and, as the case may be, of the external auditor charged with the audit of the consolidated accounts, in particular regarding the provision of additional services to the Issuer;
- making proposals to the Board of Directors on the (re)appointment of the statutory auditors, as well as making recommendations to the Board of Directors regarding the terms of their engagement;
- as the case may be, investigating the issues giving rise to the resignation of the statutory auditors, and making recommendations regarding all appropriate actions in this respect;
- monitoring the nature and extent of the non-audit services provided by the statutory auditors;
- reviewing the effectiveness of the external audit process.

The Audit Committee reports regularly to the Board of Directors on the exercise of its duties, and at least when the Board of Directors prepares the annual accounts, and where applicable the condensed financial statements intended for publication.

The current members of the Audit Committee are:

- Michel Allé, Chairman;
- Frank Donck;
- Roberte Kesteman;
- Dominique Offergeld; and
- Rudy Provoost.

Michel Allé, Frank Donck and Robert Kesteman are independent directors in the meaning of the Articles of Association and the BCCA.

12.3.3 Remuneration Committee

The Remuneration Committee of the Issuer is composed of at least three (3) and maximum five (5) non-executive directors. A majority of its members shall be independent directors and at least one-third of its members shall be non-independent directors.

The current members of the Remuneration Committee are:

- Luc De Temmerman, Chairman;
- Pieter De Crem;

- Roberte Kesteman;
- Dominique Offergeld; and
- Pascale Van Damme.

Luc De Temmerman, Roberte Kesteman and Pascale Van Damme are independent directors in the meaning of the Articles of Association and the BCCA.

12.3.4 Strategic Committee

The Extraordinary Shareholders' Meeting of the Issuer approved on 15 May 2018 the proposal to set up a strategic committee. The Strategic Committee of the Issuer is composed of at least three (3) and maximum five (5) non-executive directors. The Strategic Committee has an advisory role and makes recommendations to the Board of Directors in relation to the Issuer's strategy.

The current members of the Strategic Committee are:

- Dominique Offergeld, Chairman;
- Michel Allé;
- Claude Grégoire;
- Bernard Gustin; and
- Rudy Provoost.

Bernard Gustin and Michel Allé are independent directors in the meaning of the Articles of Association and the BCAC. Geert Versnick is a standing invitee of the Strategic Committee.[11]

12.4 Executive Management Board

As mentioned above, the Issuer has a one-tier structure ('*système moniste*' / '*monistisch system'*), being the Board of Directors, as governance model. In accordance with the possibility provided for by Article 7:121 BCCA, and pursuant to its Articles of Association, the Board of Directors delegated the day-to-day management to the Executive Management Board.

In accordance with Article 17.3 of the Articles of Association, the Executive Management Board is responsible for, within the limits of the rules and principles of general policy and the decisions adopted by the Board of Directors of the Issuer, all acts and decisions that do not exceed the needs of the daily management of the Issuer, as well as those acts and decisions that do not justify the intervention of the Board of Directors for reasons of minor importance or urgency.

12.4.1 Members of the Executive Management Board

The current members of the Executive Management Board are listed in the table below.

Name	Function
Chris Peeters	Chairman of the Executive Management Board; Chief Executive Officer; and TSO Head ETB
Catherine Vandenborre	Chief Financial Officer
Stefan Kapferer	TSO Head 50Hertz
Peter Michiels	Chief Human Resources, Internal Communication Officer

[11] Luc Hujoel was a standing invitee of the Strategic Committee until 31 December 2022.

	and Chief Alignment Officer
Michael Freiherr Roeder von Diersburg	Chief Digital Officer

12.4.2 General information on the members of the Executive Management Board

In the five years preceding the date of this Information Memorandum, the members of the Executive Management Board have held the following directorships (apart from their directorships of the Issuer or its subsidiaries) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Principal outside interests as at the date of this Information Memorandum
Chris Peeters	Chairman of Roundtable for Europe Energy's Future; member of the advisory board of Junction Growth Partners SRL/BV; and member of the advisory board of CRONOS GROEP.
Catherine Vandenborre	Director and Chairwoman of the Audit Committee of Proximus SA/NV; Director of Fonds de pension Proximus OFP and director of Canel SRL/BV.
Peter Michiels	Director of Myskillcamp SA/NV; and Board member representing Pensioenfonds OFP Elgabel and Enerbel of Contassur SA/NV.
Stefan Kapferer	N/A
Michael Freiherr Roeder von Diersburg	Member of the Board of Sensorberg GmbH; and Member of the Advisory Board of Elvah GmbH.

The following paragraphs contain brief biographies of each of the members of the Executive Management Board.

Chris Peeters – Mr Peeters is the Chairman of the Executive Committee and Chief Executive Officer of Elia Group since July 2015. Before he was partner of McKinsey & Company from 1998 to 2012 and also co-founder of Altro Steel. He also held the position of director of the Business Consulting division of Schlumberger in Europe, Africa, Middle-East and Russia from 2012 to 2015. He holds a Master of Science in civil engineering from the Catholic University of Leuven (KUL).

Catherine Vandenborre – Ms Vandenborre is the Chief Financial Officer of Elia Group since September 2013. She has been working for the Issuer for 20 years and has held various positions including CEO of Belpex, Chief Corporate Affairs Officer and audit and risk management manager. She also serves as director and Chairwoman of the audit committee of Proximus SA/NV. She holds degrees of Applied Economics and also in Tax and financial risks management from the Unversity of Leuven (UCL). Furthermore, she pursued an International Executive Programme at Insead.

Peter Michiels – Mr Michiels is the Chief Human Resources, Internal Communication Officer and Chief Alignment Officer since January 2017. Mr Michiels is also member of the Executive Board of ETB and Elia Asset, director of Eurogrid International and member of the Supervisory Board of Eurogrid GmbH. Furthermore, he is director of Myskillcamp SA/NV, member of the remuneration committee of Synergrid ASBL/VZW and board member representing Pensioenfonds OFP Elgabel and Enerbel of Contassur SA/NV. Before he was Global Vice President HR at Esko from 2013 to 2016. He also held the position

of Global Business Partner of Huntsman Chemicals from 2009 to 2013 and the position of Corporate HR Director of EAME. He holds a Bachelor of Business Administration from the Catholic University of Leuven (KUL) and a Master of Linguistics from the University of Antwerp.

Stefan Kapferer – Stefan Kapferer is CEO of 50Hertz Transmission GmbH. Furthermore, he is Managing Director of Eurogrid GmbH and director of Elia Grid International SA/NV. Between 2009 and 2011, he served as Secretary of State at the Federal Ministry of Health. From 2011 until 2014, he served as Secretary of State of the Federal Ministry for Economic Affairs and Energy. After a 2-year period as Deputy Secretary General at the OECD in Paris, he was since 2016 the Chairman of the Management Board of BDEW, the German Association of Energy and Water Industries. Born in 1965, Mr Kapferer holds a Master in Administrative Science.

Michael Freiherr Roeder von Diersburg – Mr Freiherr Roeder von Diersburg is member of the Executive Board of Elia Group, Member of the Supervisory Board of Re.alto-energy GmbH. Born in Stuttgart Mr Freiherr Roeder von Diersburg holds a Master in Technology Management und Organisation.

12.5 Corporate governance

Corporate governance within the Issuer is based on three pillars: (i) the Corporate Governance Code 2020, which the Issuer has adopted as its benchmark code, (ii) the BCAC and (iii) the Issuer's Articles of Association.

The Corporate Governance Code 2020 is based on a "comply or explain" system: Belgian listed companies are requested to comply with the Corporate Governance Code 2020, but may deviate from its provisions and guidelines (though not the principles) provided that they disclose the justifications for such deviation.

In accordance with the provisions of the Corporate Governance Code 2020, the Board of Directors of the Issuer approved the latest version of its corporate governance charter on 2 March 2021 (the "**Corporate Governance Charter**"). The Issuer's governance regarding its Board of Directors complies with the Corporate Governance Code 2020, but deviates from it in certain instances in view of the Issuer's particular situation.

12.6 College of Statutory Auditors

As provided in Article 23 of the Articles of Association, the Issuer is required to engage the services of at least two (2) joint auditors. Currently, the Issuer's joint auditors are:

- Ernst & Young Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV, represented by Paul Eelen; and
- BDO Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV, represented by Felix Fank.

They are responsible for the audit of the consolidated financial statements of the Issuer and of the statutory accounts of the Issuer. The auditors are appointed for a period of three years. Their mandate is therefore due to expire at the end of the General Shareholders' Meeting relating to the financial year ending 31 December 2022.

12.7 Major Shareholders

In line with the transparency declarations received by the Issuer at the date of this Information Memorandum, the major shareholders of the Issuer hold the following shares in the Issuer.

The percentages of shares included in this table were calculated using the number of outstanding shares on 13 December 2022 as the denominator.

Shareholders	Types of. Shares[3]	Shares	% Shares	% Voting rights
Publi-T……..	B and C	32,931,025 [1]	44.79	44.79
Publipart……	A and B	2,437,487 [2]	3.32	3.32
Belfius Insurance…….....	B	714,357	0.97	0.97
Katoen Natie group…….....	B	6,839,737	9.30	9.30
Interfin……..	B	2,598,143	3.53	3.53
Other Free float……..	B	27,995,090	38.08	38.08
Total Amount of the Shares...	**A, B and C**	**73,515,839** [3]	**100**	**100**

(1) Publi-T holds a total of 32,931,025 shares, of which 32,840,832 are class C shares (and 90,193 are class B shares).
(2) Publipart holds a total of 2,437,487 shares, of which 1,836,054 are class A shares (and 601,433 are class B shares).
(3) The Issuer's share capital amounts to € 1,833,613,152.60, represented by 73,515,839 ordinary shares. The shares are divided into three classes: 1,836,054 class A shares; 38,838,953 class B shares; and 32,840,832 class C shares. All shares have identical voting, dividend and liquidation rights, but class A and class C shares carry certain special rights regarding the nomination of candidates for appointment to the Board of Directors and voting on shareholders' resolutions.
Publi-T is a Belgian cooperative company, with its registered office at Galerie Ravenstein 4 (bte 2)/Ravensteingalerij 4 (bus 2), 1000 Brussels, Belgium (enterprise number 0475.048.986 (Brussels)). According to a transparency notification dated 20 February 2020, no person ultimately controls Publi-T.

Publi-T's shareholding currently gives it the right to propose candidates for half of the board members of the Issuer. Under the Issuer's Articles of Association, Publi-T's shareholding and board representation allows it to block certain board resolutions and all shareholders' resolutions. The Issuer is thus directly controlled by Publi-T. This constitutes a *de jure* and exclusive control within the meaning of the BCCA, even though in accordance with the Electricity Law half of directors currently qualify as independent directors.

Publipart SA/NV ("**Publipart**") is a Belgian limited liability company, with its registered office at Rue Royale 55/Koningstraat 55, 1000 Brussels, Belgium (enterprise number 0875.090.844 (Brussels)). According to a transparency notification dated 11 May 2010, Publipart is controlled by Publilec SC/CV, a Belgian cooperative company, with its registered office at Place Communale, 4100 Seraing, Belgium (enterprise number 0219.808.433 (Liège)), which owns 64.93 per cent. of the shares in Publipart.

According to a transparency notification dated 30 March 2011, Publi-T and Publipart are acting in concert within the meaning of Article 3 §1, 13° b) of the Belgian law of 2 May 2007 on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions (the "**Transparency Law**"), meaning that Publi-T and Publipart have concluded an agreement on the concerted exercise of their voting rights with a view to establishing a lasting common policy regarding the Issuer.

12.8 Share capital

All shares have identical voting, dividend and liquidation rights, except as otherwise provided by the Issuer's Articles of Association. In accordance with the Articles of Association, class A and class C shares carry certain special rights regarding the nomination of candidates for appointment to the Board of Directors and the voting of shareholders' resolutions.

As at 31 December 2022, the Issuer's share capital amounts to €1,833,613,152.60 represented by 73,515,839 ordinary shares without nominal value, each representing 1/73,515,839th of the Issuer's share capital. The capital is fully paid up.

TAXATION

Belgian Taxation on the Securities

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Securities. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Securities, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.

The summary provided below is based on the information provided in this Information Memorandum and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Information Memorandum and with the exception of subsequent amendments with retroactive effect.

For the purpose of the summary below, a Belgian resident is, (a) an individual subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) (i.e. an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (b) a legal entity subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) (i.e. a company that has its main establishment, its administrative seat or its seat of management in Belgium) (A company having its registered seat in Belgium shall be presumed, unless the contrary is proved, to have its principal establishment, administrative seat or seat of management in Belgium), (c) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting/impot des personnes morales*) (i.e. an entity other than a legal entity subject to corporate income tax having its main establishment, its administrative seat or its seat of management in Belgium). A non-resident is a person who is not a Belgian resident.

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Securities are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not on the maturity date, or upon purchase by the Issuer) and, (iii) in case of a realisation of Securities between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Securities by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Securities if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see hereinafter) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the NBB System. Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, LuxCSD and Euronext Securities Porto are directly or indirectly Participants for this purpose.

Holding the Securities through the NBB System enables Eligible Investors to receive gross interest income on their Securities and to transfer Securities on a gross basis.

Participants to the NBB System must enter the Securities which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia*:

(i) Belgian companies subject to Belgian corporate income tax as referred to in article 2, §1, 5°, b) of the Belgian code on income tax of 1992 (*wetboek van de inkomenstenbelastingen 1992/code des impôts sur les revenus 1992*, the "**BITC 1992**");

(ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii) subject to the application of article 262, 1° and 5° of the BITC 1992;

(iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2º of the royal decree implementing the BITC 1992 (*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*, the "**RD/BITC 1992**");

(iv) non-resident investors provided for in article 105, 5º of the RD/BITC 1992;

(v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC 1992;

(vi) taxpayers provided for in article 227, 2º of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC 1992;

(vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC 1992;

(viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and

(ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non- profit making organisations, other than those mentioned under (ii) and (iii) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Upon opening of an X Account for the holding of Securities, an Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status.

Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Securities that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that: (i) the Intermediary is itself an Eligible Investor; and (ii) the Beneficial Owners holding their Securities through it are also Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Securities held in central securities depositaries as defined in Article 2, first paragraph, (1) of the Regulation (EU) N° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ("**CSD**") as Participants to the NBB System (each, a "**NBB-CSD**"), provided that the relevant NBB-CSD only holds X Accounts and that they are able to identify the Holders for whom they hold Securities in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Eligible Investors.

Hence, these identification requirements do not apply to Securities held in Euroclear, Euroclear France, Clearstream, SIX SIS, Euronext Securities Milan, LuxCSD and Euronext Securities Porto, any sub-participants outside of Belgium or any other NBB-CSD, provided that (i) they only hold X Accounts, (ii) they are able to identify the Holders for whom they hold Securities in such account and (iii) the contractual rules agreed upon by them include the contractual undertaking that their clients, holders of an account, are all Eligible Investors.

In accordance with the NBB System, a Holder who is withdrawing Securities from an X Account will, following the payment of interest on those Securities, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Securities from the last preceding Interest Payment Date until the date of withdrawal of the Securities from the NBB System.

Belgian income tax

(a) **Belgian resident individuals**

The Securities may only be held by Eligible Investors. Consequently, the Securities may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

(b) **Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the disposal of Securities are taxable at the ordinary corporate income tax rate of in principle 25 per cent. (with a reduced rate of 20 per cent. applying to the first tranche of EUR100,000 of taxable income of qualifying small companies). Capital losses realised upon the disposal of the Securities are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the BITC 1992.

(c) **Belgian legal entities**

The Securities may only be held by Eligible Investors. Consequently, the Securities may not be held by Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*) which do not qualify as Eligible Investors.

Belgian legal entities that qualify as Eligible Investors and that consequently have received gross interest income are required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves.

Capital gains realised on the sale of the Securities are in principle tax exempt, unless the capital gains qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

(d) **Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

(e) **Belgian non-residents**

Holders who are not residents of Belgium for Belgian tax purposes, who are not holding the Securities through a permanent establishment in Belgium and who do not invest in the Securities in the context of their Belgian professional activity will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Securities, provided that they qualify as Eligible Investors and that they hold their Securities in an X Account.

Non-residents who use the Securities to exercise a professional activity in Belgium through a permanent establishment are in principle subject to the same tax rules as the Belgian resident companies (see above).

Tax on stock exchange transactions

A tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) will be levied on the acquisition and disposal of Securities on the secondary market if (i) carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence (*gewone verblijfplaats/residence habituelle*) in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "**Belgian Investor**").

The tax is due at a rate of 0.12 per cent. on each acquisition and disposal separately, with a maximum amount of EUR1,300 per transaction and per party.

A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. The acquisition of the Securities upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

However, if the intermediary is established outside of Belgium, the tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside Belgium. Professional intermediaries established outside Belgium could however appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). In such case the Stock Exchange Tax Representative would then be liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

However the tax on stock exchange transactions will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1, 2° of the code of miscellaneous duties and taxes (*Wetboek diverse rechten en taksen/Code des droits et taxes divers*).

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

Annual tax on securities accounts

Pursuant to the Belgian Law of 17 February 2021 on the introduction of an annual tax on securities accounts, an annual tax is levied on securities accounts with an average value, over a period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year, higher than EUR1 million.

As the case may be, the annual tax on securities accounts may also apply to securities accounts on which the Securities are held if the average value during the reference period exceeds EUR1 million.

The tax is equal to 0.15 per cent. of the average value of the securities accounts during a reference period of, in principle, twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year provided said value exceeds EUR1 million. The taxable base is determined based on four reference dates: 31 December, 31 March, 30 June and 30 September. The amount of the tax is limited to 10 per cent. of the difference between the taxable base and the threshold of EUR1 million.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium. Belgian establishments from Belgian non-residents are however treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the tax on securities accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies and (vi) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The annual tax on securities accounts is in principle due by the financial intermediary established or located in Belgium. Otherwise, the annual tax on securities accounts needs to be declared and is due by the holder of the securities accounts itself, unless the holder provides evidence that the annual tax on securities accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint an annual tax on securities accounts representative in Belgium. Such a representative is then liable towards the Belgian Treasury (*Thesaurie/Trésor*) for the annual tax on securities accounts due and for complying with certain reporting obligations in that respect. If the holder of the securities accounts itself is liable for reporting obligations (e.g. when a Belgian resident holds a securities account abroad with an average value higher than EUR 1million), the deadline for filing the tax return for the annual tax on securities accounts corresponds with the deadline for filing the annual tax return for personal income tax purposes electronically, irrespective of whether the Belgian resident is an individual or a legal entity. In the latter case, the annual tax on securities accounts must be paid by the taxpayer on 31 August of the year following the year on which the tax was calculated, at the latest.

Anti-abuse provisions, retroactively applying from 30 October 2020, are also introduced: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter cover (i) the splitting of a securities account into multiple securities accounts held at the same intermediary and (ii) the conversion of taxable financial instruments, held on a securities account, into registered financial instruments.

Several requests for annulment of the law introducing the tax on securities accounts have been filed with the Constitutional Court. If the Constitutional Court were to annul the tax on securities accounts without upholding its effects, all taxpayers will be authorised to claim restitution of the tax already paid.

Prospective Holders are strongly advised to seek their own professional advice in relation to the tax on securities accounts.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In 2019, Finance Ministers of the States participating in the enhanced cooperation indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualization of the tax as a contribution to the EU budget.

According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2 per cent. of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares ("**Financial Instruments**") or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). The FTT would be payable to the participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. According to the latest draft of the new FTT proposal, the FTT would not apply to straight notes.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

In any event, the European Commission declared that, if there is no agreement between the participating Member States by the end 2022, it will endeavour to propose a new own resource, based on a new FTT, by June 2024 in view of its introduction by 1 January 2026.

Prospective Holders are advised to seek their own professional advice in relation to the FTT.

Exchange of Information – Common Reporting Standard ("CRS")

The exchange of information is governed by the Common Reporting Standard ("**CRS**").

As 28 July 2022, 117 jurisdictions signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented DAC2, respectively the Common Reporting Standard, per the law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the "**Law of 16 December 2015**").

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date to be further determined by Royal Decree. In a Royal Decree of 14 June 2017, as amended, it has been determined that the automatic provision of information must be provided as from 2017 (for financial year 2016) for a first list of 18 jurisdictions, as from 2018 (for financial year 2017) for a second list of 44 jurisdictions, as from 2019 (for financial year 2018) for 1 other jurisdiction and as from 2020 (for financial year 2019) for a fourth list of 6 jurisdictions.

The Securities are subject to DAC2 and to the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Securities for tax residents in another CRS contracting state shall report financial information regarding the Securities (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Prospective holders who are in any doubt as to their position should consult their professional advisers.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as **FATCA**, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Joint Bookrunners have, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated on or about 13 March 2023, jointly and severally agreed to subscribe or procure subscribers for the Securities at the issue price of 99.921 per cent. of the principal amount of Securities. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, will reimburse the Joint Bookrunners in respect of certain of their expenses, and has also agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

Eligible Investors

The Securities may only be held by, and may only be transferred to, Eligible Investors holding their Securities in an exempt account that has been opened with a financial institution that is a direct or indirect participant in the NBB System operated by the NBB.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA Retail

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to UK Retail

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the

UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions

Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the UK.

Belgium

Each Joint Bookrunner has represented and agreed that an offering of Securities may not be advertised to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Securities, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Securities, directly or indirectly, to any Belgian Consumer.

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Securities or distribute or publish this Information Memorandum, any prospectus, offering circular, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Securities by it will be made on the same terms.

GENERAL INFORMATION

Issuer Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 549300S1MP1NFDIKT460.

Authorisation

The issue of the Securities was authorised by a resolution of the Board of the Issuer passed on 16 December 2022.

Listing

It is expected that the official listing of the Securities will be granted on or about 15 March 2023. Application has been made for the Securities to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF market is neither a regulated market for the purposes of MiFID II nor a UK regulated market for the purposes of UK MiFIR.

Settlement and Clearing System

The Securities have been accepted for settlement and clearance through the facilities of the NBB System. The ISIN for the Securities is BE6342251038 and the Common Code is 259860644. The CFI for the Securities is DBVQQN. The FISN for the Securities is ELIA GROUP/Bd Perp Sub Unsec. The address of the NBB System is Boulevard de Berlaimont 14, BE-1000.

Brussels.

No significant change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2021, except as disclosed in this Information Memorandum including the press release dated 3 March 2023 incorporated by reference, and there has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 December 2022.

Litigation

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) during the 12 months preceding the date of this Information Memorandum which may have or has had in such period a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

EY Bedrijfsrevisoren BV of De Kleetlaan 2, B-1831 Diegem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Paul Eelen) and BDO Bedrijfsrevisoren BV of The Corporate Village, Da Vincilaan 9 – Box E.6, Elsinore Building, B-1930 Zaventem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Felix Fank) have jointly audited, and

rendered unqualified audit reports on, the consolidated financial statements of the Group as at and for the years ended 31 December 2021. The auditors of the Issuer have no material interest in the Issuer.

Third Party Information

Where information in this Information Memorandum has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Documents Available

For so long as the Securities are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange, the following documents will be available on the website of the Issuer at https://investor.eliagroup.eu/:

(a) the articles of association of the Issuer;

(b) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2021, together with the auditors' report in connection therewith;

(c) the unaudited consolidated financial statements of the Issuer for the six month period ended 30 June 2022, together with the limited review report thereon;

(d) the press release of the Issuer dated 3 March 2023 entitled "Full-year results: Elia Group accelerates decarbonisation and electrification, in line with Europe's pressing needs" comprising the unaudited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022;

(e) a copy of this Information Memorandum together with any supplement to this Information Memorandum; and

(f) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Information Memorandum.

Websites

For the avoidance of doubt, save where expressly incorporated by reference in this Information Memorandum, the content of any website referred to in this Information Memorandum does not form part of this Information Memorandum.

Joint Bookrunners transacting with the Issuer

In the ordinary course of their business activities the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such positions could adversely affect future trading prices of Securities. The Joint Bookrunners and their

affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

On the basis of the issue price of the Securities of 99.921 per cent. of their principal amount, the yield on the Securities for the period until the First Reset Date is 5.875 per cent. on an annual basis. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method.

The yield is calculated on the Issue Date on the basis of the issue price of the Securities. It is not an indication of future yield.

Interests of natural and legal persons involved in the issue of the Securities

Save for the commissions described under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.

THE ISSUER

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