ANNUAL REPORT 2022

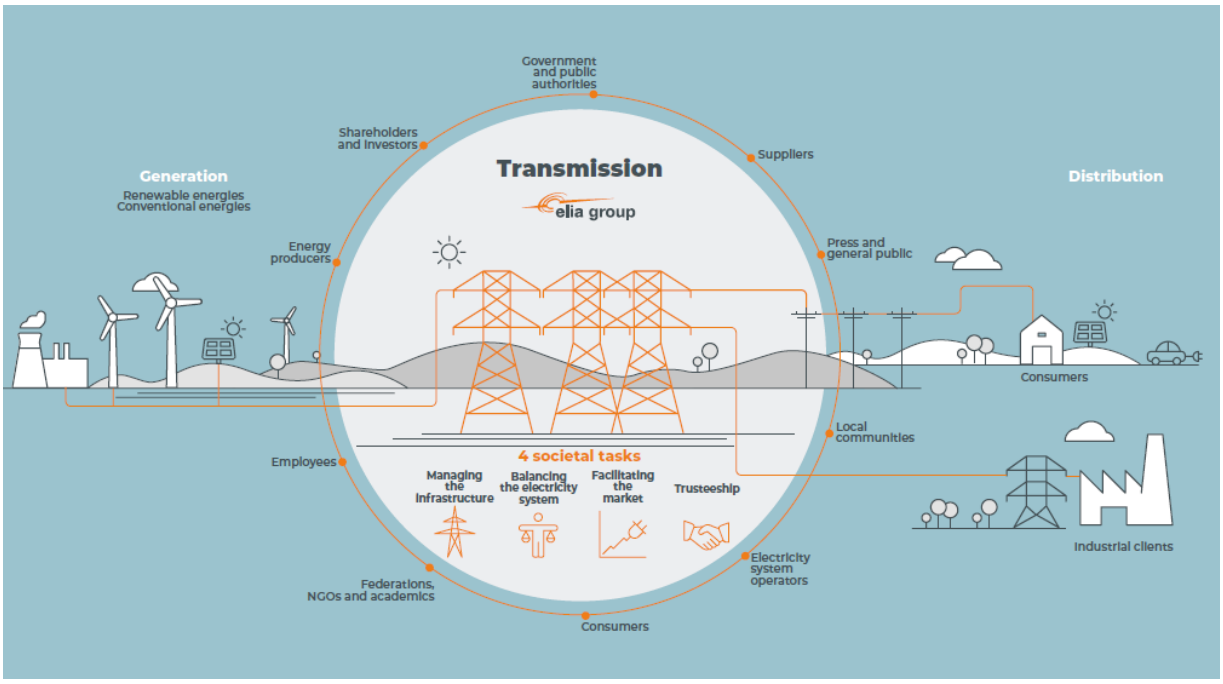
Ready to switch?

Fast-Forwarding the green transition

Elia Transmission Belgium SA/NV

About this report

The annual report explains who we are and what we do, the context in which we operate, and includes the risks and opportunities. It outlines our strategy and the progress we have made towards achieving our goals. It also covers our approach to corporate governance and provides an introductory analysis of our 2022 results.



Introduction

Elia Group

Elia Group acts as a holding company which owns two TSOs: Elia Transmission Belgium SA/NV and 50Hertz Transmission GmbH in Germany. In addition to our regulated activities, we carry out non-regulated activities both in Europe and beyond, which are helping us to grow and develop into a truly international energy company.

Elia Transmission Belgium SA/NV (ETB)

Elia is the Belgian TSO for high-voltage (30 kV to 70 kV) and extra-high-voltage (110 kV to 380 kV) electricity. It has a natural monopoly as Belgium's only TSO. It develops, builds and operates a robust electricity transmission system (both on- and offshore) and is responsible for devising services and mechanisms which support the development of electricity markets at national and European levels. It is aiming for its grid to be ready for a 50% increase in electricity consumption across its control area by 2032.

Looking back at 2022[1]

Good progress made on major infrastructure works

Further reinforcement of the grid backbone

In April, work began on the Mercator-Bruegel project, which involves the reinforcement of the high-voltage overhead line between the Mercator substation in Kruibeke and Bruegel substation in Dilbeek. The line forms an important part of the backbone of the Belgian high-voltage grid. Its reinforcement will mean that it will be able to transport increased electricity flows (up to 6 GW), so helping to secure the country's electricity supply in future.

As part of the second phase of the Boucle de l'Est project, the existing Bévercé-Bronromme-Trois-Ponts 70 kV overhead line is being replaced by a new double 110 kV line which will run along a distance of 25 km. After two years of construction work, the line was commissioned at the end of 2022. The Boucle de l'Est project, which is being carried out in several phases, will ensure the reliability of Belgium's electricity network and help the grid accommodate increasing amounts of renewable energy.

In December, ETB and RTE officially unveiled the reinforcement of the Avelgem-Avelin interconnector that links Belgium to France. The Avelgem-Avelin connection is now equipped with high-temperature low-sag conductors, state-of-the-art technology which enables twice the amount of power to be carried across it (from 3 to 6 GW). This will contribute to ensuring security of supply in both countries and will strengthen the integration of the European electricity market.

Building the grid of the future

[1] For further information on the identification of the assets & liabilities, important events after the end of the financial year and the regulatory framework, please refer to the section Group Structure, section Subsequent Events and section Regulatory Framework and Tariffs respectively of Elia Transmission Belgium Consolidated Financial Statements.

ETB launches consultation for its Federal Development Plan 2024-2034

On 2 October, as part of its legal responsibilities, ETB launched a public consultation exercise regarding its 2024-2034 Federal Development Plan. A new Federal Development Plan is prepared every four years; each covers all the investments that need to be made in the electricity transmission grid (380-110 kV) over a ten-year period in order to make the energy transition a success. As outlined in the plan, ETB is aiming to make the country's energy system more independent, resilient and sustainable.

The plan outlines the necessary changes that the country's electricity system needs to undergo and outlines the hypotheses and methods chosen to calculate associated investments. The plan covers the reinforcement and expansion of the internal backbone of the 380 kV grid, the development and integration of the offshore grid and onshore interconnections, the development of hosting capacity, and an investment programme pertaining to the 220 kV, 150 kV and 110 kV transmission grids. The plan must be approved by the Federal Minister of Energy by May 2023 at the latest.

ETB's energy island recognised as spearhead project for EU funding

In December 2022, ETB signed an agreement with the Belgian Government relating to financial support offered up as part of the European Commission's Recovery and Resilience Facility. The €99.7 million grant will be used to construct the Princess Elisabeth Island, which will become a major European energy hub. Located about 45 km off the Belgian coast, the island will bring renewable energy produced by wind farms in the second offshore wind zone to shore. In time, it will also serve as a hub for additional interconnectors with Great Britain (Nautilus) and Denmark (TritonLink).

Market facilitation

Capacity Remuneration Mechanism (CRM) auctions held in Belgium

In April, ETB published the results of the rerun of the first CRM auction, which was triggered following the ministerial order of 25 March 2022. The rerun of the first auction related to securing back-up capacity for the delivery year 2025-2026, when 5 of the 7 Belgian nuclear reactors will have been shut down. The rerun was necessary because one of the successful bidders was not granted the permit it required to operate. In September 2022, Doel 3 was the first Belgian nuclear reactor that phased out.

In October, ETB published the results of the second CRM auction (Y-4 for 2026-2027). The auction took into account the extension of two nuclear reactors and the previous successful auction. In the end, no capacity was contracted. Producers that hold existing production capacity (amounting to a total of 6,682 MW) postponed their offers until the Y-1 auction. The volume of capacity relating to this so-called "Opt-Out IN" decision was deducted from the volume that was being auctioned off (demand curve of 6,417 MW). As a result, this year's Y-4 auction for 2026-2027 was fully covered. The CRM forms part of a raft of measures introduced by the Belgian Federal Government which are designed to guarantee the country's security of supply as the share of renewable energy in its energy mix increases.

Extension of market coupling mechanism

On 8 June 2022, the flow-based market coupling mechanism was extended to cover a larger region across Europe. The mechanism is intended to ensure that electricity flows more efficiently from one country to another by taking into account congestions across the whole of the regional grid. This is crucial for the efficient sharing of excess renewable energy across borders. The extended market coupling mechanism now covers the day-ahead market in all 13 countries of the so-called Core capacity calculation region (CCR), which includes Belgium and Germany.

Regulatory

CREG approves tariff methodology for 2024-27

The Belgian Federal Commission for Electricity and Gas Regulation (the CREG) officially approved the electricity tariff methodology for the period covering 2024-27. The approval follows a public consultation on the methodology used (launched in April) and its approval by the Federal Government in early June. The new tariff methodology is similar to the methodology which is currently in force. The regulatory framework will remain as a cost-plus model, with cost coverage of all reasonable costs and remuneration. Based on the parameters described in the methodology, the average regulatory return on equity for the period should be around 5.7%, in accordance with the effective results on incentive regulation.
Ensuring security of supply while delivering net zero goals, can only be achieved with stable regulatory frameworks that incentivise the timely delivery of the investments required. Elia Group remains committed to working with governments and regulators to achieve this as we focus on stimulating investments to accelerate decarbonisation and electrification.

Finance

Successful capital increase of €590.1 million completed by Elia group

As the Euronext Brussels bell rang on 28 June 2022, it marked Elia Group's successful completion of a €590.1 million capital increase. All new shares offered as part of the preferential subscription offer were subscribed (88.64% as part of the public offering and 11.36% as part of the private placement). Following this capital increase, a capital increase of ETB was carried out by Elia Group for an amount of €290.113.061,04. This reinforcement of the financial position should allow to support the development of future activities (acceleration of the energy transition).

Awards & recognitions

ETB once again awarded 'Top Employer' label

For the fifth year in a row, Elia Transmission Belgium ("ETB") was named as one of the best employers in Belgium. The 'Top Employer' label rewards companies that offer their employees an excellent working environment. In 2022, 84 Belgian companies received the award.

Corporate government

New roles and responsibilities

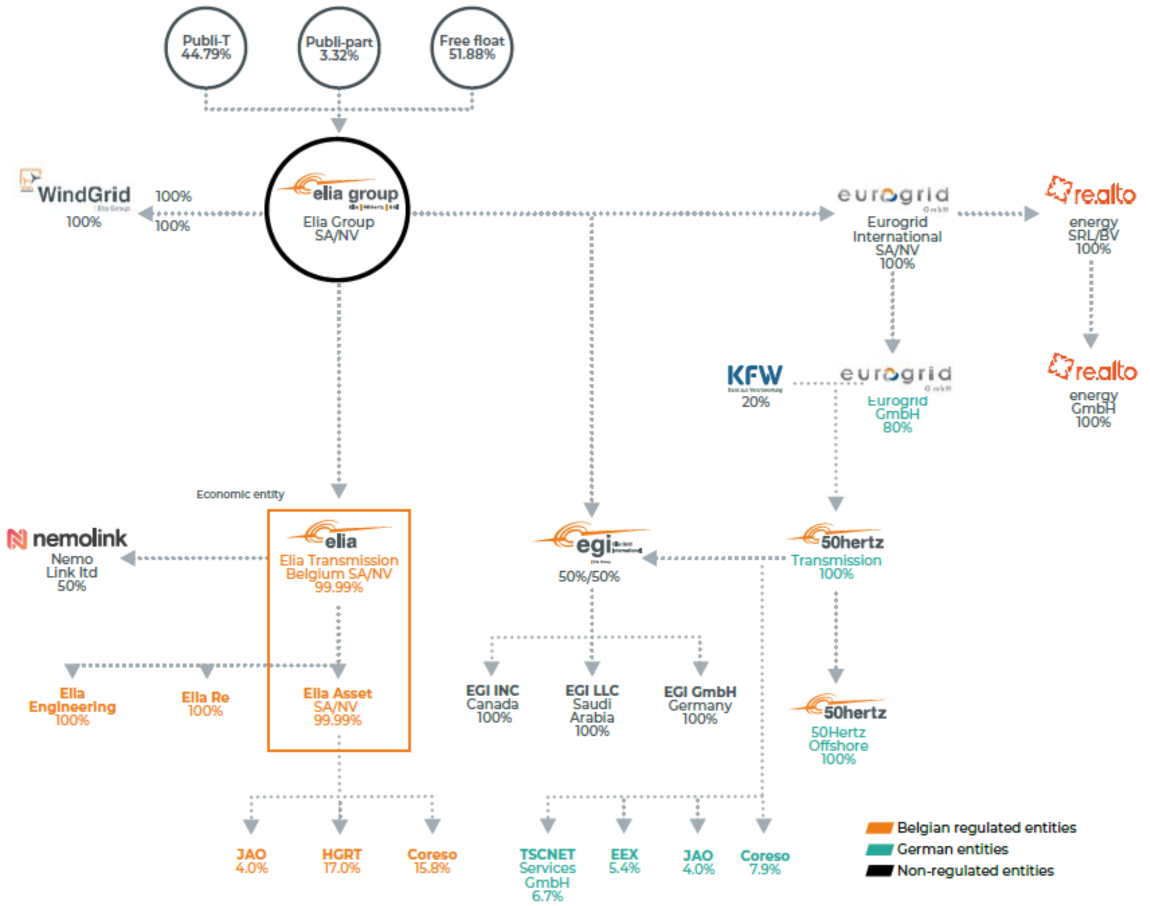
New board directors

On 1 January, Interfin SCRL/CVBA permanently represented by Thibaud Wyngaard, joined Elia Group and ETB/Elia

Asset as new director. He replaced Luc Hujoel as a co-opted director. His appointment was confirmed during the general meeting which took place on 17 May 2022. During the same general meeting, Laurence de L'Escaille was appointed for a term of three years as Elia Group's new independent director, so replacing Jane Murphy. Pascale Van Damme was appointed for a term of three years as Elia Group's new independent director, replacing Saskia Van

Uffelen. Michel Allé and Luc De Temmerman were re-appointed for a term of three years as Elia Group independent directors.

Legal structure



Elia Transmission Belgium SA/NV is the main shareholder of :
— **Elia Asset** is the company that owns all the installations on the high-voltage grid and is responsible for the further development and maintenance of this grid. Elia Asset and Elia Transmission Belgium form a single economic entity and operate under the name Elia;

The company in which Elia Transmission Belgium SA/NV has a holding is the following:
— **Nemo Link Limited**. On 27 February 2015, Elia System Operator entered into a joint venture agreement with National Grid to build the Nemo Link Interconnector; each shareholder owns 50% of Nemo Link Limited, a UK-based company;

The minority holdings are:
— **JAO (Joint Allocation Office)**: is responsible for daily, monthly and annual auctions of border capacity at 27 borders in Europe. JAO was founded in 2015 through the merger of CAO Central Allocation Office GmbH and CASC.EU S.A.;
— **Coreso**: a coordination centre that enhances the security of transmission networks in selected European regions by developing predictive analyses of electricity flows in the networks and by monitoring transmission networks continuously in real time ;
— **HGRT** a holding company of several European transmission system operators which holds a stake in the French energy exchange Powernext;
— **Elia Engineering,** consultancy and engineering office active in the field of design and management of infrastructure projects related to the high-voltage and extra-high-voltage electricity network. It works almost exclusively for Elia Asset;
— **Elia Re**, a Luxembourg-based reinsurance company, established to optimise insurance policy

1. Corporate Governance Statement

Elia Transmission Belgium SA/NV satisfies specific obligations in terms of transparency, neutrality and non-discrimination towards all stakeholders involved in its activities. At Elia Transmission Belgium SA/NV, corporate governance in 2022 iss based on the Articles of Association of Elia Transmission Belgium SA/NV[2], the (Belgian) Code of Companies and Associations[3] as well as the Act of 29 April 1999 on the organisation of the electricity market and the Royal Decree of 3 May 1999 on the management of the electricity transmission system[4].

1.1. Composition of the management bodies as at 31 December 2022

Board of Directors

CHAIRPERSON

— Bernard Gustin, non-executive independent director

VICE-CHAIRPERSONS

— Claude Grégoire, non-executive director appointed upon proposal of Publi-T SC/CV

— Geert Versnick, non-executive director appointed upon proposal of Publi-T SC/CV

DIRECTORS

— Michel Allé, non-executive independent director[5]

— Pieter De Crem, non-executive director appointed upon proposal of Publi-T SC/CV

— Luc De Temmerman, non-executive independent director

— Cécile Flandre, non-executive director appointed upon proposal of Publi-T SC/CV[6]

— Roberte Kesteman, non-executive independent director

— Dominique Offergeld, non-executive director appointed upon proposal of Publi-T SC/CV

— Rudy Provoost, non-executive director appointed upon proposal of Publi-T SC/CV

— Saskia Van Uffelen, non-executive independent director

- Interfin SCRL/CVBA permanently represented by Thibaud Wyngaard, non-executive director appointed upon proposal of Publi-T SC/CV[7]

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[2] The Articles of Association of Elia Transmission Belgium SA/NV can be found on the website of Elia Transmission Belgium SA/NV (https://www.elia.be/en/company/corporate-governance/document-library).

[3] The (Belgian) Code of Companies and Associations can be found on the website of the ministry of justice (http://www.ejustice.just.fgov.be/cgi_loi/wet.pl).

[4] The Act of 29 April 1999 on the organisation of the electricity market and the Royal Decree of 3 May 1999 on the management of the electricity transmission system can be found on the website of the ministry of justice (http://www.ejustice.just.fgov.be/cgi_loi/wet.pl).

[5] Michel Allé was reappointed as non-executive independent director by the ordinary general meeting held on 17 May 2022.

[6] Cécile Flandre tendered her voluntary resignation as non-executive director of Elia Transmission Belgium SA/NV with effect from 30 January 2023.

[7] Luc Hujoel tendered his voluntary resignation as non-executive director of Elia Transmission Belgium SA/NV with effect from 31 December 2021 (at midnight). To replace Luc Hujoel, the Board of Directors, upon the proposal of Publi-T, co-opted Thibaud Wyngaard as non-executive director with effect from 1 January 2022. Consequently, the ordinary general meeting held on 17 May 2022 appointed Interfin, Intercommunal Association in the form of a Cooperative Society, permanently represented by Thibaud Wyngaard, upon proposal of Publi-T as non-executive director. The mandate of Interfin CS started at the end of the ordinary general meeting held on 17 May 2022.

- Laurence de l'Escaille, non-executive independent director[8]
- Els Neirynck, non-executive independent director[9]

REPRESENTATIVES OF THE FEDERAL GOVERNMENT WITH AN ADVISORY ROLE

— Nele Roobrouck[10]

— Maxime Saliez[11]

Advisory Committees of the Board of Directors

CORPORATE GOVERNANCE COMMITTEE

— Geert Versnick, Chairman

— Pieter De Crem

— Luc De Temmerman
— Roberte Kesteman

— Laurence de l'Escaille[12]

AUDIT COMMITTEE

— Michel Allé, Chairman

— Els Neirynck[13]

— Roberte Kesteman

— Dominique Offergeld

— Rudy Provoost

REMUNERATION COMMITTEE

— Luc De Temmerman, Chairman

— Pieter De Crem

— Roberte Kesteman

— Dominique Offergeld

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[8] Laurence de l'Escaille was appointed as non-executive independent director by the ordinary general meeting held on 17 May 2022 to replace Jane Murphy, who tendered her voluntary resignation as non-executive independent director of Elia Transmission Belgium SA/NV with effect from 17 May 2022. The mandate of Laurence de l'Escaille started at the end of the ordinary general meeting held on 17 May 2022.
[9] Els Neirynck was coopted as non-executive independent director by the Board of Directors of 20 October 2022, to replace Lieve Creten who tendered her voluntary resignation as non-executive independent director as from 17 May 2022. The ordinary general assembly to be held on 16 May 2023 will confirm the appointment of Els Neirynck as a non-executive independent director.
[10] Nele Roobrouck is the representative of the Government for the Dutch linguistic role. She has an advisory role to the Board of Directors of Elia Transmission Belgium SA/NV as prescribed in the Act of 29 April 1999 on the organisation of the electricity market.
[11] Since 8 February 2021, and by Ministerial Decree, Maxime Saliez has been appointed as representative of the Government for the francophone linguistic role. He has an advisory role to the Board of Directors of Elia Transmission Belgium SA/NV as prescribed in the Act of 29 April 1999 on the organisation of the electricity market.
[12] Laurence de l'Escaille was appointed as non-executive independent director by the ordinary general meeting held on 17 May 2022 to replace Jane Murphy, who tendered her voluntary resignation as non-executive independent director of Elia Transmission Belgium SA/NV with effect from 17 May 2022. The mandate of Laurence de l'Escaille started at the end of the ordinary general meeting held on 17 May 2022.
[13] Els Neirynck was coopted as non-executive independent director by the Board of Directors of 20 October 2022, to replace Lieve Creten who tendered her voluntary resignation as non-executive independent director as from 17 May 2022. The ordinary general assembly to be held on 16 May 2023 will confirm the appointment of Els Neirynck as a non-executive independent director.

— Saskia Van Uffelen

AUDITORS

— BDO Réviseurs d'Entreprises SCRL, represented by Félix Fank

— EY Réviseurs d'Entreprises SCCRL, represented by Paul Eelen

EXECUTIVE MANAGEMENT BOARD[14]

— Chris Peeters, Chairman and Chief Executive Officer

- Frédéric Dunon, Deputy Chief Executive Officer[15]

— Markus Berger, Chief Infrastructure Officer

— Patrick De Leener, Chief Assets Officer

— James Matthys-Donnadieu, Chief Customers, Markets & System Officer[16]

— Pascale Fonck, Chief Public & Regulatory Affairs & External Relations Officer

— Peter Michiels, Chief Human Resources & Internal Communication Officer

— Catherine Vandenborre, Chief Financial Officer

SECRETARY GENERAL

— Siska Vanhoudenhoven

1.2. Board of Directors

The Boards of Directors of Elia Transmission Belgium SA/NV and Elia Asset SA/NV consist of 14 members, none of whom performs an executive role within either of those two companies.

The same directors sit on the Boards of Directors of both companies.

Half of the members of the Board of Directors are independent directors, satisfying the conditions set out in Article 7:87 of the Code of Companies and Associations, Article 2, °30 of the Act of 29 April 1999 on the organisation of the electricity market and in the articles of association of Elia Transmission Belgium SA/NV, and having received a positive opinion ("avis conforme"/"eensluidend advies") by the CREG on their independence. The other half are non-independent directors appointed by the ordinary general meeting in accordance with article 12.5 of the Articles of Association of Elia Transmission Belgium SA/NV on proposal of Publi-T SC/CV, as per the current shareholder structure.

In accordance with provisions stipulated by legislation and the Articles of Association, these Boards of Directors are supported by three advisory committees – the Corporate Governance Committee[17], the Audit Committee and

[14] Ilse Tant, Chief Community Relations Officer, has tendered her voluntary resignation as member of the Executive Management Board of Elia Transmission Belgium SA/NV with effect from 1 April 2022.
[15] Frédéric Dunon was appointed as Deputy Chief Executive Officer by the Board of Directors of 20 October 2022, with effect as from 1 November 2022.
[16] James Matthys-Donnadieu was appointed as Chief Customers, Markets & System Officer by the Board of Directors of 20 October 2022, with effect as from 1 November 2022.
[17] The Board of Directors decided on 20 October 2022 to establish a Corporate Governance Committee in accordance with the Flemish Government Decree of 19/11/2010 containing general provisions on energy policy.

the Remuneration Committee – that are the same for Elia Transmission Belgium SA/NV and Elia Asset SA/NV. The Boards of Directors ensure that these committees operate in an efficient manner.

1.3. Diversity within the Board of Directors

Number of directors Transmission Belgium SA/NV as at 31 December 2022		
Men	35 - 54 ans	2
	≥ 55 ans	6
Women	35 - 54 ans	2
	≥ 55 ans	4

In accordance with article 9, § 2 of the Act of 29 April 1999 on the organisation of the electricity market, article 7:86 of the Code of Companies and article 12.6 of the Associations and the Articles of Association of Elia Transmission Belgium SA/NV and Elias Asset SA/NV, at least one third (1/3) of the Board members must be of the opposite gender to the remaining two thirds. In the composition of the Board of Directors, a proportionate application of the aforementioned one-third (1/3rd) rule to independent directors and non-independent directors is sought.

In addition, the composition of the Board of Directors is based on gender diversity and diversity in general, as well as on the complementarity of skills, experience and knowledge - in accordance with the Act of 29 April 1999 on the organisation of the electricity market, the Code of Companies and Associations and the Articles of Association and the internal rules of the Board of Directors. Additionally, when renewing the directorships of the members of the Board of Directors, care must be taken to ensure that a linguistic balance is achieved and maintained within the group of directors of Belgian nationality.

1.4. Audit Committee competencies

Pursuant to article 3:6, §1, 9° of the Code of Companies and Associations, the annual report must contain justification of the independence and accounting and auditing competence of at least one member of the Audit Committee. The internal rules of procedure of the Audit Committee require, in this respect, that all members of the Audit Committee have the sufficient experience and expertise required to exercise the role of the Audit Committee, particularly in terms of accounting, auditing and finance. The internal rules of procedure of the Audit Committee provide that the professional experience of at least two members of the Audit Committee must be detailed in this report.

The experience of Michel Allé, Chairman of the Audit Committee, and Dominique Offergeld, member of the Audit Committee, is described in detail below.

Michel Allé (non-executive independent director of Elia Group SA/NV, Elia Transmission Belgium SA/NV and Elia Asset SA/NV since 17 May 2016 and Chairman of the Audit Committee) has degrees in physics civil engineering and economics (both from the Université Libre de Bruxelles (ULB)). Alongside his academic career as a professor of economics and finance (Solvay Brussels School, ULB's École Polytechnique), he worked for many years as a Chief Financial Officer. In 1979, he began his career in the service of the Belgian Prime Minister, as an advisor in the Science Policy Department. He was appointed director of the National Energy R&D Programme in 1982 and then director in charge of Innovative Companies. In 1987, he joined the Cobepa group, where he held many positions including Vice President of Mosane from 1992 to 1995. From 1995 to 2000 he was a member of the Cobepa group's Executive Committee. He then served as Chief Financial Officer of BIAC between 2001 and 2005 and Chief Financial Officer of SNCB (Belgian Railways) between 2005 and 2015. He also has extensive experience as a director, including past and present roles at Telenet, Zetes, Eurvest (Nicols), D'Ieteren, Epic Therapeutics SA, Neuvasq Biotechnologies SA, Dreamjet Participations SA and LINEAS SA. He has chaired the Zetes Audit Committee.

Dominique Offergeld (non-executive non-independent director of Elia Group SA/NV, Elia Transmission Belgium SA/NV and Elia Asset SA/NV, appointed upon proposal of Publi-T SC/CV) has a degree in economics and social science (specialisation: public economics) from Université Notre Dame de la Paix in Namur. She has taken various extra-academic programmes, including the General Management Program at Cedep (INSEAD) in Fontainebleau (France). She started her career at Générale de Banque (now BNP Paribas Fortis) in the corporate finance department in 1988 and was subsequently appointed as specialist advisor to the vice-president and minister for economic affairs of the Walloon Region in 1999. In 2001 she became advisor to the Deputy Prime Minister and Minister for Foreign Affairs. Between 2004 and 2005, she was deputy director of the office of the minister for energy, subsequently becoming general advisor to the SNCB holding company in 2005. She was previously director of (among others) Publigas and government commissioner at Fluxys. She was also Chairwoman of the Board of Directors and the Audit Committee of SNCB. Between 2014 and 2016, she was director of the Minister for Mobility's Strategy Unit, with responsibility for Belgocontrol and the SNCB. She has been CFO of ORES since August 2016, a position she also held between 2008 and 2014. She is also vice-President of Publi-T SC/CV.

1.5. Diversity within the Executive Management Board

Number of Executive Management Board of members of Elia Transmission Belgium SA/NV as at 31 December 2022		
Men	35 - 54 ans	2
	≥ 55 ans	4
Women	35 - 54 ans	1
	≥ 55 ans	1

The composition of Executive Management Board is based on gender diversity and diversity in general, as well as on the complementarity of skills, experience and knowledge and on a language balance.

When searching for and appointing new members of the Executive Management Board, special attention is paid to diversity parameters in terms of age, gender and complementarity.

1.6. Shareholder structure at the closing date

	Shares	% Shares	% Voting rights
Elia Group SA/NV	226,544,790	100.00	100.00
Publi-T SC/CV	1	0.00	0.00

Total	226,544,791	**100.00**	**100.00**

2. Features of the Group's internal control and risk management systems

2.1. Risk and opportunities management system

2.1.1. Purpose of Risk Management

Elia Transmission Belgium SA/NV ambition to deliver the infrastructure of the future and enable a successful energy transition to the benefit of consumers is being fulfilled amidst a highly challenging context. The complexity of the group's activities - particularly those of its two transmission system operators - is exacerbated by the following factors (to name but a few): changes to the European energy market; the large-scale deployment of renewable-based generation technologies that carry intermittent and harder to handle production patterns; increases in commodity prices, inflation and rises in energy bills due to the geopolitical context; resource bottlenecks and ageing infrastructure.

The Elia group's approach involves including this complex environment and these issues into a risk intelligence system that helps to anticipate unwanted events, supports the prioritisation of resources and, ultimately, fosters the organisation's resilience.

Our risk and opportunity management system allows us to identify, understand and manage the effect uncertainties have on the achievement of our objectives. As put by risk management expert James Lam: "The only alternative to risk management is crisis management and crisis management is much more expensive, time consuming and embarrassing."

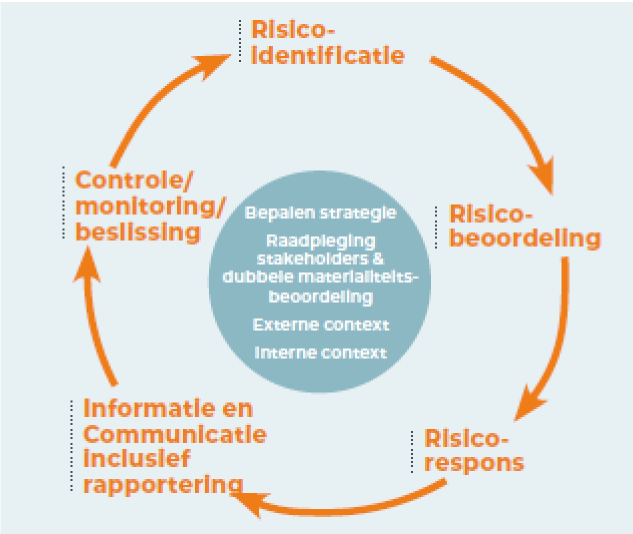
2.1.2. Outline of the group's approach to risk management

Uncertainties may be the source of desirable events (opportunities) and may also lead to unwanted events (risks). Both fall within the scope of risk management. The most relevant opportunities are integrated into our strategy. Its implementation as well as the achievement of our objectives could be adversely impacted by a number of risks. To ensure that they are comprehensively and systematically managed, their potential impact is analysed across a range of 'risk dimensions', including health and safety, continuity of supply and profitability.

2.1.3. Risk management process and framework

The reference framework for internal control and risk management, established by the Executive Management Board and approved by Elia Group's Board of Directors, is rooted in the COSO II Framework, which includes best practice related to the assessment of business risks and ISO frameworks (e.g. ISO31000). The COSO Framework has five basic components which are closely linked to one another: control environment, risk management, control activities, information and communication, and monitoring. These provide an integrated procedure for internal control and risk management systems. The use and inclusion of these concepts in the group's various procedures and activities enables the company to control its activities, improve the effectiveness of its operations, optimally deploy its resources, and ultimately achieve its objectives.

Far from being a fixed process, our risk management system is constantly improved, meaning it is adapted in line with the changing context and new insights. As an example, in 2022, the group conducted a double materiality assessment which considered the operating context, risks and opportunities and our needs and expectations. The output of this exercise was fed back into our risk and opportunity process. This supports the group's ability to create and sustain value over time. This improved approach also demonstrates how the group is applying integrated thinking in its processes and activities. It is illustrated by the graph below.



2.1.4. Risk management governance

In line with the above, risk management is carried out at different levels across the organisation (strategic, business/operational, project…) and relies on the group's strategy and risk appetite (or the level of risk our organisation is prepared to accept in pursuit of its objectives). Our risk management framework is intended to support decision-making. Our risk appetite is based on five dimensions which capture financial (impact on profit & loss and cashflow), reputational, health and safety and operational impacts as well as the estimated probability of each risk. Once a risk is identified as substantive based on the organisation's risk appetite, the risk owner, risk manager, experts and concerned stakeholders discuss it to ensure that all relevant contextual factors are adequately considered in its assessment, and analyse its impact on our strategy and value creation.

Risk Framework/documents	**Concerned actors**	**Action**	**Result**
Risk policy **Group risk report**	Board of Directors & Audit Committee	Challenge risk reporting Validation of the group's strategy	Oversight from the top of the organisation Tone setting
Risk policy **Group risk report**	Executive Management Boards (both at Group and TSO levels)	Challenge risk reporting Validation of the organisation's risk appetite Definition of the strategy	Oversight from the top Tone setting
Maintain corporate risk register	Group & local risk departments	Processing of contextual information[15] Preparation of the Group's risk reporting exercise Support for risk assessment Advice to business Monitoring of progress on action plans	Holistic view of risks and uncertainties Consistent risk assessment

Management of business risks **Maintain business risk register** **Business continuity plans**	Accountable directors and senior management	Translation of strategy into roadmaps Oversight of business risks Input to Group risk reporting Coordination of action plans	More resilient processes
Maintain business risk register	Action owners	Carrying out action plans	Risk reduction

Employing a simultaneously top-down and bottom-up approach enables Elia Group to identify and, where possible, anticipate forthcoming events and react to any incidents occurring inside or outside the organisation which might affect the attainment of objectives.

The Group Risk Reports were reviewed twice in 2022 by the Board of Directors and Audit Committee; alongside the Executive Management Boards, the latter contributed to the evaluation of the measures adopted in response to different risks. Action plans or specific, theme-based risk assessments are carried out whenever there is a perception of potential threats or opportunities.

With a view to identifying new risks or evaluating changes in existing risks, the Risk Manager and the Executive Management Board exchange views and look out for any changes that may call for the relevant risk assessment and associated action plans to be amended. This dialogue takes place in the frame of the risk management process, typically during the presentation of the Group risk reports or ad hoc risk exercises. Various criteria are used to determine the need to re-evaluate financial reporting procedures and associated risks. Operational management assesses the relevant risks and puts forward action plans. The Board of Directors, upon the advice of the Audit Committee, must approve any significant changes to assessment rules. Risk Management is instrumental for Elia Group to maintain its value for stakeholders and the community, works with all departments with a view to optimising its ability to achieve its strategic objectives, and advises the company regarding the nature and potential effects of future risks.

2.1.5. Monitoring

Elia Transmission Belgium SA/NV continually re-evaluates the adequacy of its risk management approach. Evaluation procedures include monitoring activities carried out as part of normal business operations and specific ad hoc assessments of selected topics.

The Internal Audit Team also plays a key role in these monitoring activities, as it conducts independent reviews of key financial and operational procedures, including risk mitigating actions. The findings of these reviews are reported to the Audit Committee to help it monitor internal control and risk management systems and corporate reporting procedures.

2.2. Risks and opportunities facing the company

2.2.1. Contextual factors

2022 has been characterized by high macroeconomic and geopolitical uncertainty, fueled by an incomplete economic recovery from the pandemic, the war in Ukraine, the energy crisis and rising inflation and interest rates.

2.2.1.1. Geopolitical context

There is a trend towards deglobalisation and more national protectionism. Amongst the most relevant geopolitical topics for our risk management, one can cite the strong European's dependency on China for a successful energy transition (raw materials, rare earths, magnesium, PV panels) and on Russia for oil and gas. Also, compared to other global competitors, the European Union owns a less favorable position for micro-and nanoelectronics including semi-conductors, cloud computing, AI, and robotics sectors. The adoption of the Inflation Reduction Act in the USA, which includes massive tax incentives related to energy security and climate change, raises concerns in the European Union where it is believed that the Act threatens the future of the European industry.

2.2.1.2. Macroeconomic context

Both interest rates and inflation have increased significantly in 2022. Combined with increases in salaries and production costs, this has led to higher capex costs. These are fully incorporated in the regulatory asset base and as such remunerated. Also depending on the type of opex costs (controllable / non-controllable), the regulatory framework covers the impact of inflation. Should interest rates increase, the financial charges approved by the regulator are passed through to consumers tariffs (embedded debt principle) for Elia Transmission Belgium SA/NV and partly passed through for 50Hertz Transmission GmbH (fully for offshore capex and for new onshore capex). The impact on long terms provisions (employee benefits/dismantling) is primarily accounted through OCI (other comprehensive income) under IFRS.

2.2.1.3. Energy crisis

Disruptions to Russian gas, limited French nuclear power availability and Norwegian hydroelectricity, combined with the acts of sabotage on Nord Stream 1 and 2 and the announcement of OPEC oil output cuts have resulted in a less favorable operational context for security of supply in both Belgium and Germany. This has led to close monitoring of the adequacy situation in Belgium, with weekly updates and power system stress tests in Germany, to ensure power grid stability during the 22/23 winter period.

In 2022, the average annual price per MWh on the day-ahead market reached historic highs. The electricity price increases generated a decline in electricity consumption by respectively 3.3% for Belgium and 4% for Germany compared to 2021.

The European Council has taken short term emergency interventions (gas storage requirements, electricity demand reduction, cap on market revenues from inframarginal technologies, retail measures, solidarity contribution from fossil-fuel sectors) and is working on structural reforms (market design) to both tackle the risk of insufficient (gas) supply and the high energy prices. On December 19th, 2022, EU energy ministers have reached an agreement to limit excessive gas prices. This leads to reduced uncertainty on the gas price and may eventually have a favorable impact on the electricity price.

2.2.1.4. Energy transition

Energy intensive industries and activities are severely affected by the increase in gas and electricity prices. This situation combined with higher interest rates incomplete post pandemic economic recovery may lead to disparities between industries and companies: some of them are able to accelerate their energy transition, while for others it is just not possible to invest in the short term in electrification &/or energy efficiency.

In July 2022, the EU parliament has voted to include nuclear energy in a list of green investment. This leads to a kind of revival for nuclear and delayed clarity on the long term energy mix for some European countries.

The Elia Group study 'Powering Industry towards Net Zero' issued in November 2022 confirms that electricity will play a key role in the transformation process of the European industry towards sustainable practices and processes. By 2030, industrial electricity consumption is expected to grow by 40% and 50% in the 50Hertz area and Belgium respectively.

2.2.2. Main risks

2.2.2.1. Climate risks

Description

The group is subject to certain physical and transitional climate risks. Physical climate risks may, if not adequately anticipated, lead to less favourable operating conditions for the group's assets or even damage them. Such circumstances may trigger risk factors related to contingency events and business continuity disruption. Next, the transition to a lower carbon economy implies extensive policy, legal, technology and market changes. Moreover, if the group is not able to meet relevant expectations in relation to the decarbonisation goals it has set, then this may have an adverse impact on its reputation.

Uncertainties

The occurrence of extreme weather events such as storms, cold snaps, heatwaves, flooding, drought, and wildfires that may all damage infrastructure constrain the operation of the network and trigger risk factors related to contingency events and business continuity disruptions.

The ESG regulatory environment is evolving really quickly. There is a risk that requirements might be interpreted differently and therefore the risk of a possible (perceived) failure to meet all requirements or expectations.

The introduction of stringent regulations related to greenhouse gas emissions such as SF6 may lead to increased maintenance costs, a difficulty to find alternative technologies or the writing off of assets that have not fully amortised.

More frequent or severe heatwaves may also lead to less optimal working conditions for teams in charge of executing our projects. Working procedures may need to be adapted to limit the impact on the people's wellbeing.

Main affected time horizon

Mid- to long-term time frame

Responses

Elia Group's sustainability program 'ActNow' focuses on five key dimensions that are aligned with the United Nations Sustainable Development Goals.

Infrastructure design, considering stringent climate conditions and rolled out across all our infrastructure projects.

Climate vulnerability assessments in line with EU taxonomy requirements.

2022 - Improvement of our climate scenarios: more detail, a more complete set of climate parameters and time horizons adapted to our needs and the lifetime of our infrastructure. This is an enabler for enhanced vulnerability assessment in the face of climate risks, in line with the reporting requirement to use state-of-the-art climate scenarios.

2.2.2.2. Security of supply

Description

The security of electricity supply may be impacted in a number of ways, including through risks related to balancing, a failure to maintain the balance between demand and supply, and risks related to adequacy if there should be a shortage of energy supply. These may lead to adverse impacts, such as load shedding.

Uncertainties

Balancing risk - The growth in the number of renewable energy units connected to distribution systems across Europe and the number of connections to large offshore wind farms is creating new challenges for operational grid management, particularly in terms of the increased volatility of energy flows across our network.

Adequacy risk - The electrification of additional sectors across society will lead to a growth in electricity demand; the growth in renewable energy sources may be too slow to cover this increased demand. A higher short-term adequacy risk driven by the gas crisis and the unavailability of nuclear power plants in neigbouring countries has emerged.

Main affected time horizon

Short- and mid-term time frames

Responses

National and international collaboration for grid control.

Balancing risk stress tests, winter/emergency plans at national and ENTSO-E level.

2022- weekly adequacy reporting in Belgium, in light of the limited availability of the French nuclear power plants and constrained gas supply. Power system stress tests (special analyses) were carried out in Germany to ensure power grid stability during the 22/23 winter period.

Reforms to the market design to unlock more flexibility.

Unlocking the potential held in flexible load management.

Preparing an integrated balancing market at EU level, thereby enabling new market players and technologies as well as digital and consumer-centric initiatives.

Adequacy and flexibility studies and the provision of highly relevant information to the authorities.

Capacity remuneration mechanism in Belgium to guarantee the country's security of supply in the longer term.

Dimension 1 of ActNow: accelerating the decarbonisation of the power sector.

2.2.2.3. Contingency events and business continuity disruption

Description

Even if the transmission systems operated by the group are very reliable, the unavailability of one or more network elements (also called contingency events) may occur as a result of unforeseen events. In most cases, thanks to the meshed structure of our grid, the smooth operation of the network is challenged - nothing more. However, in more exceptional cases, incidents across the electricity system could lead to business continuity disruption.

Uncertainties

Extreme weather events (see climate risks).

Cyber attacks (see ICT risks).

Sabotage and terrorism The transmission grids are spread across a large geographical area and are therefore exposed to possible acts of terrorism or sabotage.

Equipment failure - The probability of occurrence of contingency events may increase if insufficient means and resources are invested in the maintenance of equipment. Moreover, offshore equipment deserves particular attention since the group has less experience with the related technology and remedial actions are more complex.

Main affected time horizon

All time horizons

Responses

Physical access management which includes security screening for critical functions combined with limited access to control rooms and data rooms and additional security layers for critical infrastructure.

Implementation of (IT) security measures, such as redundancy, which is built in by design for physical infrastructure and servers while high availability is foreseen for critical applications.

Preventive, preparedness and emergency response measures, including business continuity plans and restoration plans, ensure solid prepration for facing crisis situations. Regular crisis exercises are held.

Asset condition monitoring also supports timely maintenance action and reduces the risk of unplanned failure

2.2.2.4. Permitting

Description

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

Uncertainties

Delay in permitting. The need to obtain approvals and permits within certain time frames represents an important challenge for the timely implementation of projects related to the energy transition. Moreover, permits and approvals may be challenged in court, causing further delays.

Complex and changing environmental & wildlife protection regulations. These regional, national and international regulations may change so that a stricter regulatory framework or enforcement policy might emerge, leading to additional costs for the group and delays to projects. 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.

Main affected time horizon

Short- and mid-term time frames for key projects supporting the energy transition

Responses

During the permitting phase of our projects, the group provides information in due time. Our permitting teams are in regular contact with the authorities. As part of key infrastructure projects, meetings are held with key political stakeholders. Information sessions are also organised for communities impacted by our projects. Transparency is ensured for external experts who are responsible for demonstrating the relevance of our projects and validity of the technical choices made.

The German Government has introduced changes in the law to speed up permitting procedures, aiming to help speed up the realisation of projects.

Bird diverters are installed on overhead lines to increase their visibility for birds. In September 2022, for the first time in Belgium, drones were deployed to install them.

In woodland areas, corridors are created on either side of power lines. An ecological corridor management scheme was developed within the framework of the European LIFE programme.

Elia Group's sustainability program 'ActNow' provides more concrete examples of actions that aim to avoid, reduce and offset environmental impacts.

2.2.2.5. Cyber & ICT

Description

Despite all of the many precautions taken by the group, significant system hardware and software failures, compliance process failures, ICT failures, computer viruses, malware, cyber attacks, accidents or security breaches could still occur. The risk of such events has been raised given the current geopolitical climate. Such events would have an adverse impact on continuity of supply or could result in a breach of legal or contractual obligations.

Uncertainties

Digitalisation and the adoption of new technologies and "real first" initiatives The energy transition will necessarily involve more digitalisation, IoT, connectivity, etc. This will lead to significant changes in terms of the cyber risks we face. Moreover, the adoption of new technologies such as long-distance drones or robots may, in turn, increase the potential risk of failure or human mistakes and the impact of potential ICT failures.

Data protection The group also collects and stores sensitive data, which includes its own 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 the General Data Protection Regulation, which covers personal data, as well as the NIS Directive.

Critical infrastructure As operator of essential services and managers of grid critical infrastructure, ELIA TRANSMISSION BELGIUM is subject to European, national and sector-specific regulations, such as the EPCIP directive, the NIS Directive and upcoming regulations such as the directive on Critical infrastructure Resilience and the Network Code on Cybersecurity which impose a higher burden on TSOs to identify, assess and manage potential physical security and cybersecurity risks.

Main affected time horizon

All time horizons

Responses

'See also 'Contingency events'

Implementation of preventive, detective and response IT security measures (e.g.: IT segmentation, redundancy, backups, failover mechanisms).

Compliance with relevant regulations and implementation of IT security frameworks (e.g. ISO 27000).

Employee awareness raising and training.

2.2.2.6. Supplier

Description

The group depends on a limited number of suppliers and their ability to deliver high-quality equipment and/or deliver infrastructure works in a timely manner.

Any cancellation or delay in the completion of the group's projects could have an adverse effect on the group's contribution to the energy transition or sustainability programme which, in turn, could have a negative effect on the group's reputation.

Uncertainties

Capacity issues Given the complexity of infrastructure works and electrical equipment, the increasing demand in the market for specialised skills and suppliers being in high demand, the group may not be able to find sufficient suppliers or supply capacity in order to realise its projects on time and within budget - or at all.

Supply chain bottlenecks, scarcity of (critical) raw materials and increases in the price of raw materials These elements have resulted in a significant increase in commodity and transportation prices, which have also affected supplier supply chains and have led to a general increase in the inflation rates. The increased geopolitical instability resulting from the war in Ukraine has amplified these effects. Furthermore, economic headwinds combined with increased inflation could lead to the insolvency of certain suppliers or partners on which suppliers rely. It must be noted that inflation is a pass through cost under the current tariff methodologies that Elia and 50Hertz are subject to.

Main affected time horizon

Short- and medium-term time frames

Responses

2022 - Improved capacity forecasts allowing earlier order placements to secure capacity for critical equipment.

Measures to explore new markets, widen the range of suppliers and improve support for new suppliers.

Further develop internal expertise related to critical technologies and tools.

Harmonisation of equipment specifications to achieve a greater weight amidst a context of saturated markets for electrical equipment. The development of harmonised standards also supports efficiency and simplification.

Elaboration of preparedness plans for future disruptions.

2.2.2.7. Regulatory

Description

Any modification to the tariff methodologies, the permits and certifications needed to operate the grids or the group trustee obligations could affect the revenue, profits and/or financial position of the group. This could, in turn, have an adverse effect on the implementation of the group's infrastructure programme and its timely contribution to the energy transition.

Uncertainties

Changes to the tariff methodologies About 94% of the group's revenue is generated by the tariffs, which apply to the electricity networks it operates. These are determined by the tariff methodologies set by the regulators, typically for periods of four years in Belgium and five years in Germany. Some parameters used for the determination of the regulatory return are subject to uncertainties. Unfavourable changes to tariffs can adversely impact the energy transition infrastructure programme.

In Belgium, a new tariff methodology has been approved for 2024-2027. The related tariff file will be submitted in 2023 and is subject to regulator's approval.

Modification of TSO permits and certifications The operation of the regulated activities of the group depends on licenses, authorisations, exemptions and dispensations. These may be withdrawn or amended or additional conditions may be imposed on the regulated activities of the group.

Main affected time horizon

Mid-term time frame

Responses

Regular contact with European & national authorities.

Proactive anticipation of new directives & regulations.

Membership of ENTSO-E, which can provide advocacy for changes which are aligned with our strategy.

Safeguarding security of supply and enhanced and accelerated CAPEX delivery are our top priorities.

Strong governance processes in place with a focus on compliance with regulatory decisions.

2.2.2.8. Financing

Description

The ability of the group and its affiliates 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. The group's financial position and (re-)financing capacity may be adversely impacted by a downgrading of the credit rating of any of its entities and/or a deterioration of the equity/debt ratio.

Next, the development of new activities outside of the group's regulated home markets may result in a lower predictability of results and cashflow as well as an impact on our funding needs.

Finally, there may be an adverse impact on the group working capital resulting from trustee obligations.

Uncertainties

If the credit rating of the group or its affiliates is downgraded, this could affect their ability to access capital markets and impact their financial position.

The impact of certain trustee obligations on the working capital As part of their role as TSOs, ETB and 50Hertz act as trustees. This covers the administration and coordination of certain national and regional levy systems on behalf of relevant authorities, mostly in relation to financial support for the development of renewable energy. To the extent that there may be a timing difference between the incurrence and recovery of related costs, these must be pre-financed by the group, leading to a temporary impact on its working capital. The current volatile energy markets may increase the costs incurred.

If the group's inorganic growth strategy succeeds, this may result in less predictability and higher volatility in its revenues and additional financial debt at company level.

Main affected time horizon

Short- and medium-term time frames

Responses

Ringfenced group structure with a separate S&P credit rating for Elia Group, Elia Transmission Belgium and Eurogrid.

Diversified (including green) financing sources in equity and debt instruments and good balancing of the maturities of its funding.

Daily short-term liquidity management with availability of credit lines and commercial paper programs to cover for urgent liquidity needs.

Involvement in the design of regulatory/trusteeship mechanisms.

2.2.2.9. Talent

Description

A lack of qualified staff may result in insufficient expertise and know-how which is needed to realise the group's strategic objectives. Given how highly specialised and complex the nature of its business is, if the group does not manage to acquire the human resources and expertise it needs, the risk of failing to implement its strategy will increase (delays, failure to manage the increasing complexity of network operation, delays in CAPEX realisation which supports the energy transition, etc.).

Uncertainties

Talent attraction and retention The group must succeed in attracting and retaining the necessary specific technical expertise to support its development and its digital transformation.

Wellbeing Society has great expectations for the group in terms of the energy transition. This, combined with volatile energy markets, puts significant pressure on our teams, which may have an adverse effect on the wellbeing of our staff and increase risks to their wellbeing.

Alignment between culture and strategy The group's culture and workforce must be fully aligned with the group's strategy, in order to successfully implement it. However, aligning corporate culture takes time.

Main affected time horizon

Short- and mid-term time frames

Responses

New Way of Working policies provide a flexible framework, which includes homeworking. This ensures a healthy balance between virtual and in-person, between work life and private life, while also supporting our sustainability ambitions by limiting transport-related CO_2 emissions.

Employee-employer discussions We regularly check in with employees about potential issues they have encountered at work, using these discussions to inform the development of our work policies..

Diversity, equity & inclusion initiatives Diversity and inclusion is a priority for our group. Our hiring processes are designed to support inclusive recruitment. Moreover, our organisation aims to foster inclusive leadership and an open and ethical company culture.

A reinforced focus on culture, a programme to enhance leadership skills, is currently being rolled out.

Wellbeing initiatives The wellbeing of our employees is essential for our group. It falls under the scope of our Care 4 Energy programme. Our employees may benefit from different resources, ranging from publications providing advice on how to work in an ergonomic way at home to tailored support delivered by a wellbeing officer or psychologists. The group also supports its employees to take part in sports activities and organises regular surveys to monitor the wellbeing of its employees.

2.2.2.10. Health & safety

Description

Accidents, asset failure or external attacks may cause harm to people which may lead to liabilities.

Uncertainties

Human errors Even the most qualified and trained staff can make mistakes.

Contractor's risk If the safety culture is not embedded into the working practices of our contractors, the risk of dangerous situations increases.

Offshore safety risk The accessibility constraints linked to offshore platforms makes it challenging to plan out timely interventions.

Wellbeing The wellbeing of people strongly supports their ability to focus and remain aware of hasardous situations

Main affected time horizon

All

Responses

Safety systems and processes The group and its relevant affiliates have put a Global Prevention Plan in place consisting of a Health and Safety system, process and procedure management and unwanted event follow-up applications, proactive site visits and a supported prevention attitude. 50Hertz is ISO450001 certified.

Strong Safety culture Action is taken to ensure a proper safety culture. This aims to create a constructive and trusting environment that encourages staff to adopt responsible behaviour (Safety Culture Ladder initiated at Elia Transmission Belgium). Alongside this, specific actions are taken which target specific situations and/or workforces (e.g. 'project safety with contractors' project).

Wellbeing initiatives see 'Talent risk'.

2.3. Internal control system

2.3.1. Organisation of internal control

The Elia group's internal control system supports the company's risk assurance processes and relies on clearly defined roles and responsibilities at all levels of the organisation. Pursuant to Elia Group's articles of association, the Board of Directors established an Executive Management Board as well as various committees to help it fulfil its duties: the Audit Committee, the Strategic Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee is, pursuant to Article 7:99 of the Belgian Code of Companies and Associations and the articles of association, responsible in particular for items (ii), (iii), (iv) and (v) below. The Board has charged the Audit Committee with the following main tasks:

(i) examining the accounts and exercising control over the budget;
(ii) monitoring the financial reporting process;
(iii) monitoring the effectiveness of the company's internal control and risk management systems;
(iv) monitoring the internal audit process and its effectiveness;
(v) monitoring the statutory audit of annual and consolidated accounts, including following up on any issues raised or recommendations made by external auditors;
(vi) reviewing and monitoring the independence of external auditors,
(vii) formulating a proposal for submission to the Board of Directors for the (re-)appointment of the statutory auditors, as well as making recommendations to the Board of Directors regarding the conditions of their appointment;
(viii) monitoring the nature and extent of the non-audit services provided by the statutory auditors;
(ix) reviewing the effectiveness of the external audit process.

The Audit Committee generally meets on a quarterly basis.

2.3.1.1. Main control activities

The Elia group has established internal control mechanisms across different organisational levels to ensure compliance with standards and internal procedures that are geared to the proper management of identified risks. These include:

(i) (clear task separation, preventing the same person from initiating, authorising and recording a transaction – policies have been drawn up regarding access to information systems and the delegation of powers;
(ii) an integrated audit approach, so as to link end results with the transactions supporting them;
(iii) data security and integrity through the appropriate allocation of rights;
(iv) appropriate documentation of procedures through the use of the Business Process Excellence Intranet, which centralises policies and procedures. Departmental managers are responsible for establishing activities that control the risks inherent to their departments.

2.3.2. Internal control and risk management system related to the financial reporting process

Financial reporting objectives include

(i) ensuring financial statements comply with widely accepted accounting principles;
(ii) ensuring that the information presented in financial results is both transparent and accurate;
(iii) using accounting principles appropriate to the sector and the company's transactions;
(iv) ensuring the accuracy and reliability of financial results.

The activities undertaken by Elia Transmission Belgium SA/NV and 50 Hertz Transmission GmbH, as electricity transmission system operators in relation to their physical installations, contribute significantly to the group's financial results. Therefore, appropriate procedures and control systems have been established to ensure an exhaustive and realistic inventory of physical installations.

2.3.2.1. Roles and responsibilities

Under the supervision of the Chief Financial Officer, the Accounting and Finance Department is responsible for statutory financial and tax reporting and the consolidation of Elia Group's subsidiaries. The Finance Department helps the Executive Board by providing, in a timely manner, correct and reliable financial information to aid decision-making (related to monitoring the profitability of activities) and the effective management of corporate financial services. External financial reporting – one of Elia Group's duties – includes (i) statutory financial and tax reporting; (ii) consolidated financial reporting; and (iii) specific reporting obligations applicable to listed companies. The Controlling Department monitors analytical accounting and reporting and assumes responsibility for all financial reporting in a regulatory context. The Investor Relations Department is responsible for specific reporting applicable to listed companies. With regard to the financial reporting process, the tasks and responsibilities of all employees in the Accounting and Finance Department are clearly defined, so enabling the production of financial results that accurately and honestly reflect Elia Group's financial transactions. A detailed framework of tasks and responsibilities identifies the main control duties and the frequency with which tasks and control duties are performed. An International Financial Reporting Standards (IFRS) Accounting Manual is used by all entities within the scope of consolidation as a reference for accounting principles and procedures, thus ensuring consistency, comparability and accurate accounting and reporting across the group. The Accounting and Finance Department has the appropriate means (including IT tools) to perform its tasks; all entities within the scope of consolidation use the same enterprise resource planning software, which has a range of integrated controls and supports task separation as appropriate. The roles and responsibilities of all employees are clearly defined in line with the Business Process Excellence methodology.

The structured approach developed by the Elia group helps to ensure that financial data is both exhaustive and precise, and takes into account the deadlines for activity reviews and the actions of key players, so as to ensure adequate control and accounting processes.

2.3.2.2. Risk management

Financial risk assessments primarily involve the identification of:

1. significant financial reporting data and its purpose;
2. major risks involved in the attainment of objectives;
3. risk control mechanisms, where possible.

2.3.2.3. Control activities

For all significant financial reporting risks, the Elia group adopts appropriate control mechanisms to minimise the probability of error. Clearly defined roles and responsibilities related to the closing procedure for financial results are in place. Measures that ensure each stage is appropriately followed up are in place - this includes the publication of a detailed agenda of all activities undertaken by group subsidiaries; control activities are performed to ensure quality and compliance with internal and external requirements and recommendations. During the financial closing period, a specific test is performed to ensure that unusual and significant transactions, accounting checks and adjustments and company transactions and critical estimates are all under control. The combination of all these elements ensures the reliability of our financial results. Regular internal and external audits also contribute to the quality of our financial reporting. As it identifies the risks that may affect the achievement of financial reporting objectives, the Executive Board takes into account the possibility of any misreporting associated with fraud and takes appropriate action where internal control needs to be strengthened. The Internal Audit Team performs specific audits based on the risk assessment related to potential fraud, with a view to avoiding and preventing any instances of fraud.

2.3.2.4. Information and communication

The members of staff who are responsible for financial reporting regularly meet with other internal departments (operational and control departments) to identify financial reporting data. They validate and document the critical assumptions underpinning booked reserves and the company's accounts. At a group level, the consolidated results are broken down into segments and validated by means of a comparison with historical figures and through a comparative analysis of forecasts and actual data. This financial information is sent to the Executive Board on a monthly basis and is discussed each quarter with the Audit Committee. The Chairman of the Audit Committee then reports to the Board of Directors.

2.3.2.5. Monitoring

Monitoring activities in the financial reporting process include: (i) the monthly reporting of strategic indicators to the Executive Board and management; (ii) following up on key operational indicators at a departmental level; (iii) a monthly financial report, including an assessment of variations as compared with the budget, comparisons with preceding periods and events which are liable to affect cost controlling.

Consideration is also given to third-party feedback from a range of sources, such as: (i) stock market indices and reports published by ratings agencies; (ii) the share value; (iii) reports published by federal and regional regulators relating to compliance with legal and regulatory frameworks; and (iv) reports published by security and insurance companies. Comparing information from external sources with internally generated data and ensuing analyses allows the Elia group to keep on making improvements.

Besides the activities performed by the Internal Audit Team that ensure the effectiveness of the internal control and risk management system of the financial reporting process, Elia Group's legal entities are also subject to external audits, which generally entail an evaluation of internal control processes and notes relating to (annual and quarterly) statutory and consolidated financial results. External auditors make recommendations for improving internal control systems. In entities that have an Audit Committee, the recommendations, action plans and their implementation are reported annually to that Committee, which in turn reports to the Board of Directors on the independence of the auditor or statutory audit firm and drafts a motion for a resolution on the appointment of external auditors.

2.3.3. Integrity and Ethics

Elia Group's integrity and ethics are a crucial aspect of our internal control environment. The Board of Directors and the Executive Management Board regularly communicate and revisit these principles in order to clarify the mutual rights and obligations of the company and our employees. These rules are shared with all new employees, and compliance with them is formally included in employment contracts.

Elia Group's Code of Ethics (the "Code of Ethics") defines what Elia Group regards as correct ethical conduct and sets out the policy and a number of principles related to the avoidance of conflicts of interest. Acting honestly and independently with respect to all stakeholders is a key guiding principle for all of our employees. The Code of Ethics expressly states that bribery in any form, the misuse of privileged information and market manipulation is prohibited. This is confirmed by Elia Group's Code of Conduct (the "Code of Conduct"), that helps to prevent employees from breaching any Belgian legislation with regard to the use of privileged information or market manipulation.

Senior management consistently ensures that employees comply with internal values and procedures and – where applicable – take any actions deemed necessary, as laid down in the company regulations and employment contracts.

Elia Group and its employees do not use gifts or entertainment to gain competitive advantage over other organisations. Facilitation payments are not permitted by the group. Disguising gifts or entertainment as charitable donations is also a violation of the Code of Ethics. Moreover, the Code of Ethics prohibits all forms of racism and discrimination, promotes equal opportunities for all employees, and ensures the protection and confidential use of IT systems.

All parties involved in procurement must abide by the group's Supplier Code of Conduct and all associated regulations. The Supplier Code of Conduct contains internationally accepted principles regarding ethical conduct, the protection of human rights, health and safety practices, and environmental and social considerations. In order to use this set of principles to positively impact our supply chain, a risk-based approach is in place. For all purchasing categories, we assess the risks based on traditional supply chain risks and supply chain sustainability risks.

The Elia group offers its employees the opportunity to express their concerns about possible breaches of the Code of Ethics without fear of negative repercussions or unfair treatment. In addition to internal reporting channels, external reporting systems exist that allow internal employees and external stakeholders to anonymously raise issues about possible breaches of the Code of Ethics which may harm the group's reputation and/or interests.

Issues can also be raised with local management teams, HR, and the Compliance Officer. Following this, they will be handled in an objective and confidential manner, in line with the whistleblowing procedure.

The Internal Audit Team's annual activities include a number of actions and verification audits designed to act as specific safeguards against fraud. Any findings are reported to the Audit Committee. In 2022, no relevant findings relating to financial fraud were reported in the audits that were part of 2022's annual audit plan.

3. Elia Transmission Belgium Consolidated Financial Statements

DECLARATION BY RESPONSIBLE PERSONS

The undersigned declare that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with applicable accounting policies for financial statements, give a true and fair view of the assets, the financial position and results of Elia and of its subsidiaries included in the consolidation;
- the annual report gives a true and fair view of the evolution and the results of the Company and of the situation of Elia and of its subsidiaries included in the consolidation, as well as a description of the most significant risks and uncertainties they are facing.

Brussels, 31 March 2023

Catherine Vandenborre
Chief Financial Officer

Chris Peeters
Chairman of the Management Committee
Chief Executive Officer

Consolidated statement of profit or loss

(in € million) – Year ended 31 December	Notes	2022	2021
Revenue	(5.1)	1,420.4	1,009.8
Raw materials, consumables and goods for resale	(5.2)	(5.0)	(5.4)
Other income	(5.1)	180.0	89.6
Net income (expense) from settlement mechanism	(5.1)	(6.7)	121.4
Services and other goods	(5.2)	(894.2)	(591.1)
Personnel expenses	(5.2)	(193.9)	(173.9)
Depreciation, amortisation and impairment	(5.2)	(215.5)	(206.8)
Changes in provisions	(5.2)	1.1	1.7
Other expenses	(5.2)	(26.6)	(21.7)
Results from operating activities		**259.7**	**223.6**
Share of net income of equity method entities (net of tax)	(6.5)	39.5	49.4
Earnings before interest and tax (EBIT)		**299.2**	**273.0**
Net finance costs	(5.3)	**(65.2)**	**(66.1)**
Finance income		1.3	1.6
Finance costs		(66.6)	(67.7)
Profit before income tax		**233.9**	**206.9**
Income tax expense	(5.4)	(42.0)	(32.0)
Net profit		**191.9**	**174.9**
Net profit attributable to:			
The group		191.9	174.9
Non-controlling interests		0.0	0.0
Net profit		**191.9**	**174.9**
Earnings per share (in €)	(5.5)		
Basic earnings per share		0.89	0.85
Diluted earnings per share		0.89	0.85

The accompanying notes (1-9) form an integral part of these consolidated financial statements.

Rounding – in general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Consolidated statement of profit or loss and comprehensive income

(in € million) − Year ended 31 December	Notes	2022	2021
Profit for the period		**191.9**	**174.9**
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	(5.6)	65.3	0.0
Effective portion of changes in fair value of investments		0.1	0.0
Related tax		(16.3)	0.0
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	(6.14)	(1.1)	24.1
Related tax		0.3	(6.0)
Other comprehensive income for the period, net of tax		**48.2**	**18.1**
Total comprehensive income for the period		**240.1**	**193.0**
Total comprehensive income attributable to:			
Equity holders of ordinary shares		240.1	193.0
Non-controlling interest		0.0	0.0
Total comprehensive income for the period		**240.1**	**193.0**

The accompanying notes (1-9) form an integral part of these consolidated financial statements.

Rounding – in general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Consolidated statement of financial position

(in € million) - As at	Notes	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS		**6,990.7**	**6,739.4**
Property, plant and equipment	(6.1)	4,785.3	4,600.5
Goodwill	(6.3)	1,707.8	1,707.8
Intangible assets	(6.2)	100.4	68.0
Trade and other receivables	(6.4)	95.0	0.0
Equity-accounted investees	(6.5)	260.9	309.4
Other financial assets	(6.6)	41.0	53.4
Deferred tax assets	(6.7)	0.3	0.3
CURRENT ASSETS		**1,101.5**	**681.6**
Inventories	(6.8)	14.4	15.0
Trade and other receivables	(6.9)	399.1	515.7
Current tax assets	(6.10)	14.4	7.2
Other financial assets	(6.6)	65.3	0.0
Cash and cash equivalents	(6.11)	601.6	137.4
Deferred charges and accrued revenues	(6.9)	6.7	6.3
Total assets		**8,092.1**	**7,421.0**
EQUITY AND LIABILITIES			
EQUITY		**2,946.1**	**2,499.9**
Equity attributable to owners of the Company	(6.12)	2,946.1	2,499.9
Share capital		2,264.7	2,062.5
Share premium		91.0	0.0
Reserves		13.0	9.1
Hedging reserve		49.0	0.0
Retained earnings		528.4	428.3
Non-controlling interest		0.0	0.0
NON-CURRENT LIABILITIES		**3,920.8**	**3,837.4**
Loans and borrowings	(6.13)	3,582.6	3,604.6
Employee benefits	(6.14)	51.5	64.4
Provisions	(6.15)	30.6	34.8
Deferred tax liabilities	(6.7)	67.3	26.5
Other liabilities	(6.16)	188.8	107.1
CURRENT LIABILITIES		**1,225.2**	**1,083.7**
Loans and borrowings	(6.13)	76.2	158.7
Provisions	(6.15)	1.3	1.5
Trade and other payables	(6.17)	697.6	562.2
Current tax liabilities	(6.10)	2.6	1.5
Accruals and deferred income	(6.20)	447.5	359.8
Total equity and liabilities		**8,092.1**	**7,421.0**

The accompanying notes (1-9) form an integral part of these consolidated financial statements.

Rounding – in general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Consolidated statement of changes in equity

(in € million) - Year ended 31 December	Share capital	Share premium	Hedging reserve	Reserves	Retained earnings	Equity attributable to ordinary shares	Non-controlling interests	Total equity
Balance at 1 January 2021	**2,061.9**			**2.8**	**247.5**	**2,312.3**		**2,312.3**
Profit for the period					174.9	174.9		174.9
Other comprehensive income					18.1	18.1		18.1
Total comprehensive income for the period					**193.0**	**193.0**		**193.0**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Shares issued	0.6					0.6		0.6
Transfer to legal reserves				6.3	(6.3)			
Dividends					(6.0)	(6.0)		(6.0)
Total contributions and distributions	**0.6**			**6.3**	**(12.3)**	**(5.4)**		**(5.4)**
Balance at 31 December 2021	**2,062.5**			**9.1**	**428.3**	**2,499.9**		**2,499.9**
Balance at 1 January 2022	**2,062.5**			**9.1**	**428.3**	**2,499.9**		**2,499.9**
Profit for the period					191.9	191.9		191.9
Other comprehensive income			49.0		(0.8)	48.2		48.2
Total comprehensive income for the period			**49.0**		**191.1**	**240.1**		**240.1**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Shares issued	204.1	91.0				295.1		295.1
Issuance costs	(3.6)					(3.6)		(3.6)
Share-based payment expenses	1.7					1.7		1.7
Transfer to legal reserves				3.9	(3.9)			
Dividends					(87.1)	(87.1)		(87.1)
Total contributions and distributions	**202.2**	**91.0**		**3.9**	**(91.0)**	**206.1**		**206.1**
Balance at 31 December 2022	**2,264.7**	**91.0**	**49.0**	**13.0**	**528.4**	**2,946.1**		**2,946.1**

The accompanying notes (1-9) form an integral part of these consolidated financial statements.

Rounding – in general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

Consolidated statement of cash flows

(in € million) − period ended 31 December	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		**191.9**	**174.9**
Adjustments for:			
Net finance costs	(5.3)	65.2	66.1
Other non-cash items		1.7	(0.2)
Current income tax expense	(5.4)	41.6	34.0
Profit or loss of equity accounted investees, net of tax		(39.5)	(49.4)
Depreciation of property, plant and equipment and amortisation of intangible assets	(5.2)	215.6	206.8
Loss / proceeds on sale of property, plant and equipment and intangible assets		(11.3)	7.5
Impairment losses of current assets		0.2	(0.1)
Change in provisions		(5.8)	0.0
Change in deferred taxes		0.5	(2.0)
Cash flow from operating activities		**460.1**	**437.6**
Change in inventories		0.2	(0.7)
Change in trade and other receivables		117.0	2.6
Change in other current assets		3.1	2.9
Change in trade and other payables		135.3	42.7
Change in other current liabilities		79.6	(126.7)
Changes in working capital		**335.2**	**(79.2)**
Interest paid	(6.13)	(70.3)	(68.4)
Interest received	(5.3)	1.3	1.6
Income tax paid		(47.8)	(46.2)
Net cash from operating activities		**678.5**	**245.4**
Acquisition of intangible assets	(6.2)	(45.3)	(35.1)
Acquisition of property, plant and equipment	(6.1)	(396.8)	(350.5)
Proceeds from sale of property, plant and equipment		23.9	2.2
Proceeds from sales of associate		0.0	1.6
Proceeds from capital decrease from equity accounted investees	(6.5)	53.8	30.5
Dividend received	(6.5)	34.2	30.9
Net cash used in investing activities		**(330.2)**	**(320.4)**
Proceeds from the issue of share capital	(6.12)	295.1	0.6
Expenses related to the issue of share capital	(6.12)	(3.6)	0.0
Dividends paid (-)	(6.12)	(87.1)	(6.0)
Repayment of borrowings (-)	(6.13)	(88.5)	(30.8)
Proceeds from withdrawal of borrowings (+)	(6.13)	0.0	60.0
Net cash flow from (used in) financing activities		**115.9**	**23.8**
Net increase (decrease) in cash and cash equivalents		**464.2**	**(51.2)**
Cash & Cash equivalents at 1 January		137.4	188.6
Cash & Cash equivalents at 31 December		601.6	137.4
Net variations in cash & cash equivalents		**464.2**	**(51.2)**

The accompanying notes (1-9) form an integral part of these consolidated financial statements.

Rounding – in general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Established in Belgium, Elia Transmission Belgium SA/NV (the 'Company' or 'Elia') has its registered office at Boulevard de l'Empereur 20, B-1000 Brussels. The consolidated financial statements for the financial year 2022 include those of Elia Transmission Belgium SA/NV and its subsidiaries (together referred to as the 'group' or 'Elia Transmission Belgium Group') and the group's interest in joint ventures and associates.

The Company is a public limited company and is a subsidiary of Elia Group SA/NV, whose shares are listed on Euronext Brussels, under the symbol ELI and whose reference shareholder is municipal holding company Publi-T SC.

Elia Transmission Belgium NV/SA has been designated as Belgian electricity transmission system operator (TSO) and should comply with the regulatory framework/legislation applicable for the TSO. (see section 9).

The group also has a 50% stake in Nemo Link Ltd, which has constructed an electrical interconnector between the UK and Belgium: the Nemo Link interconnector. Nemo Link Ltd is a joint venture with National Grid Ventures (UK) and began commercial operations on 30 January 2019, with a transfer capacity of 1000 MW.

Elia Transmission Belgium Group has around 1,500 employees and a transmission grid comprising whole Belgium of high-voltage connections serving 11 million consumers. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. In doing so, the group applied all new and revised standards and interpretations published by the International Accounting Standards Board (IASB), including those which came into effect for the financial year starting on 1 January 2022, which are applicable to the group's activities.

New and amended standards and interpretations

The standards, amendments and interpretations listed below came into effect in 2022, with little or limited impact on the group:

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Onerous Contracts – Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022);
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022).

The **standards, amendments and interpretations** listed below did not yet take effect in by 2022. The changes to the standards, amendments and interpretations listed below are not expected to have a material impact on the annual accounts and are therefore not outlined in any great detail:

- IFRS 17: Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU).

2.2 Functional and presentation currency

These consolidated financial statements are presented in millions of euro, rounded to the nearest hundred thousand, unless stated otherwise.

2.3 Basis of measurement

In general, these consolidated financial statements were prepared on a historical cost basis. However, reporting related to the following categories deviate from this general rule:

- Equity accounted investees: the equity method was applied to determine the value of a shareholding over which the group has a significant influence;
- Other shareholdings: entities in which the group has a shareholding but over which it does not have a significant influence were valued at fair value through other comprehensive income (OCI);
- Current and non-current receivables are valued at the lowest of the carrying amount and the recoverable amount.
- Employee benefits were valued at the present value of the defined benefit obligations, minus the fair value of the plan assets (see also Note 6.14);
- Derivative financial instruments were measured at fair value through OCI or profit and loss (P&L), depending on whether the derivative could be designated as a hedging instrument (see also Note 8.1);
- Decommissioning provisions were valued at present value.

2.4 Going concern

The directors reassessed the going concern assumption of the Company and, at the time of approving the financial statements, held a reasonable expectation that the group had adequate resources to continue in operational existence for the foreseeable future. The directors will therefore continue to adopt the going concern basis of accounting in the preparation of the financial statements.

In the current context of inflation (energy crisis) and volatile market conditions, the group paid particular attention to adequately reflecting the current and expected impact of the situation on the financial position, performance and cash flows of the company, applying the IFRS accounting principles in a consistent manner. In general, since Elia Group is acting in accordance with the regulatory framework in Belgium and Germany, the profitability and the financial position of the group have not been affected.

2.5 Use of estimates and judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that could affect the reported amounts of assets and liabilities and revenue and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of these estimates and assumptions form the basis for making judgements regarding the carrying amounts of assets and liabilities. Actual results could therefore differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised either in the period during which the estimate is revised if the revision only affects this period, or during the period in which the estimate is revised and throughout future periods if the revision affects both current and future periods.

The following points include information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements:

- The total allowed remuneration for the group's role as TSO in the Belgian segment is mainly determined by calculation methods set by the Belgian federal regulator (the Commission for Electricity and Gas Regulation or CREG). The recognition of deferral regulatory accounts is also based on the different regulatory schemes. For certain calculations, a certain level of professional judgement needs to be applied. More disclosures are provided in Notes 6.20, 9.1.4 and 9.2.
- Entities in which the group holds less than 20% of the voting rights but has significant influence are accounted for under the equity method. Following the guidance in IAS 28, the group assesses whether it has significant influence over its associates and therefore needs to account for them under the equity method (rather than applying IFRS 9) and reassesses this in each reporting period (see also Note 6.5).
- Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits in so far as it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. In making its judgement, management takes into account elements such as long-term business strategy and tax planning opportunities (see Note 6.7).
- Credit risk related to customers: management closely reviews the outstanding trade receivables, including by considering ageing, payment history and credit risk coverage (see Note 8.1).
- Employee benefits including reimbursement rights – see Note 6.14:
  - The group has defined benefit plans and defined contribution plans which are disclosed in Note 6.14. The calculation of the liabilities or assets related to these plans is based on actuarial and statistical assumptions. For example, this is the case for the present value of future pension liabilities. The present value is, among other factors, impacted by changes in discount rates, and financial assumptions such as future increases in salary. In addition, demographic assumptions, such as average assumed retirement age, also affect the present value of future pension liabilities.
  - In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with currencies of the post-employment benefit obligation, i.e. euro, with at least an AA rating or above, as set by at least one leading rating agency and extrapolated along the yield curve to correspond with the expected term of the defined benefit obligation. Higher and lower yielding bonds are excluded in developing the appropriate yield curve.
  - Each plan's projected cash flow is matched to the spot rates of the yield curve to calculate an associated present value. A single equivalent discount rate is then determined that produces that same present value. The resulting discount rate therefore reflects both the current interest rate environment and the plan's distinct liability characteristics.
- Provisions for environmental remediation costs: at each year-end, an estimate is made regarding future expenses with respect of soil remediation, based on the expert advice. The extent of remediation costs is dependent on a limited number of uncertainties, including newly identified cases of soil contamination (see Note 6.15).
- Other provisions are based on the value of the claims filed or on the estimated amount of the risk exposure. The expected timing of the related cash outflow depends on the progress and duration of the associated process/procedures (see Note 6.15).
- In determining the appropriate discount rate to discount the future dismantling obligation, management considers the interest rates of corporate bonds in euros with at least an AA rating or above as set by at least one leading rating agency and extrapolated along the yield curve to correspond with the expected term of the dismantling obligation. A sensitivity analysis is performed to measure the impact of a differing discount rate.
- Goodwill impairment testing: the group performs impairment tests on goodwill and on cash-generating units (CGUs) at the reporting date, and whenever there are indications that the carrying amount might be higher than the recoverable amount. This analysis is based on assumptions such as estimated investment plans, remuneration defined in the regulatory frameworks, market evolution, market share, margin evolution and discount rates (see Note 6.3).
- Fair value measurement of financial instruments: when the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs for these valuation techniques are taken from observable markets where possible. Where this is not feasible, a certain level of professional judgement is required in establishing fair values. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income (OCI) to the extent that the hedge is effective. If the hedge is ineffective, changes in fair value are recognised in profit or loss (see Note 6.18).

- The useful life of the fixed assets is defined to reflect the real depreciation of each asset. The depreciation of property, plant and equipment is mainly calculated based on the useful lives determined by the regulatory framework in Belgium, which are considered to be the best possible approximation of actual events in terms of economic utilisation. (see Note 3.3.1 and 6.1)
- The group makes use of practical expedients when applying IFRS 16 (Leasing):
  - The group applies a single discount rate per type of contracts, summarised per their duration. Those leases are assumed to have similar characteristics. The discount rate used is the group's best estimate of the weighted average incremental borrowing rate. Each lease contract is classified in a duration bucket (<5 years, between 5 and 10 years, etc.) for which an interest rate is derived equal to the interest rate of a traded bond with the same rating as Elia Group SA/NV in the same sector with a similar duration. The interest rate is fixed over the lifetime of the lease contract.
  - The group assesses the non-cancellable period of each of the contracts falling within the scope of IFRS 16. This includes the period covered by an option to extend the lease, if the lessee is reasonably certain that they will exercise that option. Certainly, where it relates to office rent contracts, the group makes its best estimate of the non-cancellable period based on all information at its disposal (see Note 6.19).

- The impacts of the COVID-19 pandemic and macroeconomic developments were taken into account by the group to assess potential effects on Elia's financial performance. In general, as Elia is acting in accordance with regulatory frameworks in Belgium and Germany, its profitability was not significantly affected in 2021 or 2022. During these two years, the COVID-19 pandemic did not significantly impact the group neither in terms of financial performance or in terms of the execution of the onshore and offshore infrastructure projects in Belgium and Germany. The only exception to this was, in 2021, Elia Grid International's activities decreased, since the international consulting business was negatively impacted by the COVID-19 restrictions, in turn, this led to a drop in its revenues. This situation was nevertheless offset by cost control measures that were adopted during the period when, COVID-19 measures were in place. Effects on macro-economic metrics, such as the interest rate, discount rate, etc, were taken into account.

  The year 2022 has been more impacted by the war in Ukraine and its consequences on energy prices (inflation).

  Given the nature and location of its operations and the fact that Elia does not currently have activities in Russia nor in Ukraine or with Russian companies, Elia has not observed a direct impact of the Ukrainian conflict on its business. However, there was a strong push at the European level to become less dependent from Russian gas and fossil fuels with a willingness among the authorities in Belgium and Germany to accelerate the energy transition. This led to an increase of the Group's investment program over the mid-term.

  With regard to the increasing inflation rates, this is a matter of concern for the group even if it operates under regulatory framework to offset major cost increases. The impacts of the current market volatility and macroeconomic developments were taken into account by the group to assess potential effects on Elia's financial performance and the valuation of its assets and liabilities (see note 4.4, 5.2, 5.3, 6.15 and 6.17). In particular, key assumptions used in the calculation of the post employments obligations have been reviewed to ensure a proper valuation as per 31 December 2022 (see note 6.14). The group assessed whether its non-financial assets might be impaired: it carried out an analysis of potential impairment indicators, in accordance with the provisions of IAS 36 – Impairment of Assets. The impairment test was carried out based on the last business plan; this identified no impairment risks as per 31 December 2022.

  The different crisis and, in 2022, the strong increase of electricity prices could result in a potentially increased credit risk and may therefore affect the amount of impairment losses to be recognised with respect to expected credit losses. The group has since monitored payment receipts and counterparty risk more closely, noting no significant deterioration.

  We refer to the following notes for more information: 6.3, 6.9, 6.19 and 8.1.

2.6 Approval by the Board of Directors

These consolidated financial statements were authorised for publication by the Board of Directors on 30 March 2023.

3. Significant accounting policies

3.1 Basis of consolidation

SUBSIDIARIES
A subsidiary is an entity that is controlled by the Company. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date this control commences until the date that it ceases. The accounting policies of subsidiaries are changed when necessary in order to align them with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in a deficit balance of the non-controlling interests. Changes to the group's interest in a non-wholly-owned subsidiary that do not result in a loss of control are accounted for as equity transactions.

ASSOCIATES
Associates are those companies in which the Company exerts significant influence, but not control, in terms of their financial and operating policies. Investments in associates are accounted for in the consolidated financial statements in accordance with the equity method. They are initially recognised in the consolidated statement of financial position at cost, with all transaction costs incurred with the acquisition included, and are adjusted thereafter to reflect the group's share of the profit or loss and other comprehensive income of the associate. This accounting under the equity method is done from the date that significant influence commences until the date that it ceases. When the group's share of the losses exceeds its interest in an associate, its carrying amount is reduced to nil and further losses are not recognised except to the extent that the group has incurred legal or constructive obligations or has made payments on behalf of an associate.

INTERESTS IN JOINT VENTURES
A joint venture is an arrangement under which the group has joint control and has rights to the net assets of the arrangement, as opposed to joint operations, under which the group has rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost price, with all transaction costs incurred with the acquisition included. Subsequent to initial recognition, the consolidated financial statements include the group's share of the total recognised profits and losses of joint ventures on the basis of the equity method, from the date that joint control commences until the date that it ceases. When the group's share of the losses exceeds its interest in joint ventures, its carrying amount is reduced to nil and further losses are not recognised except to the extent that the group has incurred legal or constructive obligations or has made payments on behalf of a joint venture.

NON-CONTROLING INTERESTS
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets on the acquisition date.

LOSS OF CONTROL
Upon the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of other comprehensive income related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the former subsidiary, then such interest is measured at fair value on the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value financial asset depending on the level of influence retained.

ELIMINATION OF INTRA-GROUP TRANSACTIONS
Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements.
Unrealised gains from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

BUSINESS COMBINATION AND GOODWILL
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.
The group measures goodwill on date of acquisition as:

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is completed in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities at acquisition date.

When the excess is negative, a gain on a bargain purchase is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs incurred by the group in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.2 Foreign currency translation

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are converted into the functional currency of the Company at the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the reporting date are converted at the foreign exchange rate on that date. Foreign exchange differences arising on conversion are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are valued in terms of historical cost are converted at the exchange rate on the date of the transaction.

FOREIGN OPERATIONS

A foreign operation is an entity that is a subsidiary, an associate, an interest in a joint venture or a branch of the reporting entity whose activities are based or conducted in a country or currency other than those of the reporting entity.

The financial statements of all group entities that have a functional currency which differ from the group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the exchange rate at the reporting date;
- income and expenses are translated at the average exchange rate of the year.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, interests in joint ventures and associates at closing exchange rates are included in shareholder's equity under OCI. Upon the (partial) disposal of foreign subsidiaries, joint ventures and associates, (partial) cumulative translation adjustments are recognised in profit or loss as part of the gain or loss on the sale.

3.3 Statement of financial position

3.3.1 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at historical cost (including the directly allocated costs such as finance costs), less accumulated depreciation and impairment losses (see Section 3.3.7. 'Impairment of non-financial assets'). The cost of self-produced assets comprises the cost of materials, direct labour and, where relevant, the initial estimate of the costs of dismantling and removing the assets and restoring the site on which the assets were located. If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Borrowing costs that are directly attributable to the construction of the qualifying asset are capitalised as part of the cost of that asset.

Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the subsequent costs of replacing part of such an item when that cost is incurred, but only when it is probable that the future economic benefits embodied in the item will flow to the group and the cost of the item can be measured reliably. All other costs, such as repair and maintenance costs, are recognised in profit or loss as and when they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated. The applied depreciation percentages can be found in the table below.

Depreciation methods, remaining useful lives and residual values of property, plant and equipment are reassessed annually and are prospectively adjusted as the occasion arises.

• Administrative buildings	1.67 – 2.00%
• Industrial buildings	2.00 – 4.00%
• Overhead lines	2.00 – 4.00%
• Underground cables	2.00 – 5.00%
• Substations (facilities and machines)	2.50 – 6.67%
• Remote control	3.00 – 12.50%
• Dispatching	4.00 – 10.00%
• Other PPE (fitting out rented buildings)	contractual period
• Vehicles	6.67 – 20.00%
• Tools and office furniture	6.67 – 20.00%
• Hardware	25.00 – 33.00%
• Right of use assets	contractual period

Decommissioning an asset

In accordance with IAS 16, when the entity has a present, legal or constructive obligation to dismantle the item or restore the site, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. A corresponding provision for this obligation is recorded for the amount of the asset component (the dismantling asset) and depreciated over the asset's entire useful life (see also 3.3.13 Provisions).

Derecognition

An asset is no longer recognised when it is subject to disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of the asset (determined as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss, under other income or other expenses, during the year in which the asset was derecognised.

3.3.2 Intangible assets

Computer software

Software licences acquired by the group are stated at cost, less accumulated amortisation (see below) and impairment losses (see Section 3.3.7. 'Impairment').

Expenditure on research activities undertaken with the purpose of developing software within the group is recognised in profit or loss as expenditure as it is incurred. Expenditure related to the development phase of software developed within the group is capitalised if:

- the costs of development can be measured reliably;
- the software is technically and commercially feasible and future economic benefits are probable;
- the group plans – and has sufficient resources – to complete development;
- the group plans to use the software.

The capitalised expenditure includes the cost of material(s), direct labour costs and overhead costs that are directly attributable to preparing the software for its use. Other costs are recognised in profit or loss as they are incurred.

Licences, patents and similar rights

Expenditure on acquired licences, patents, trademarks and similar rights are capitalised and amortised on a straight-line basis over the contractual period, if any, or the estimated useful life.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets, unless the useful life is indefinite. Goodwill and intangible assets with indefinite useful lives are tested systematically for impairment at each end of the reporting period. Software is amortised from the date it becomes available for use. The estimated useful lives are as follows:

• Licences	20.00%
• Concessions	contractual period
• Computer software	20.00 – 25.00%

Depreciation methods, remaining useful lives and residual values of intangible assets are reassessed annually and are prospectively adjusted as the occasion arises.

Derecognition

An intangible asset is derecognised upon disposal (i.e., the date upon which the recipient obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.3.3 Goodwill

Goodwill is stated at cost, less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see Section 3.3.7 'Impairment of non-financial assets'). In the case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

3.3.4 Trade and other receivables

Contract assets

Revenue arising from third party services (see Note 3.4.1) and associated costs are recognised over time as we have the right to consideration for work performed but not billed. Progress is determined based on the costs incurred.

The contract assets primarily relate to the group's rights to consideration for work completed but not billed at the reporting date on project work. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the group issues an invoice to the customer. Contract assets are included in trade and other receivables.

Levies

In its role as TSO, Elia is subject to various public service obligations imposed by the government and/or by regulation mechanisms. These identify public service obligations in various fields (such promoting the use of renewable energy, social support, fees for the use of the public domain, offshore liability) for fulfilment by TSO's. The costs incurred by TSO's in accordance with these obligations are fully covered by the tariff 'levies' approved by the regulator. The outstanding amounts (deficit) are reported as a trade and other receivables. In this process, as the TSO's are agents, the Group opted for a net presentation both at profit or loss and at balance sheet level. These transactions are fully "passed through".
See also Note 9.1.4.

Trade and other receivables

Trade receivables and other receivables are measured at amortised cost minus the appropriate allowance for amounts regarded as unrecoverable.

Impairment

For trade receivables and contract assets, the group applies a simplified approach when calculating the Expected Credit Losses (ECLs). The impairment model is based on the expected credit loss model. An individual approach is used for customers and other counterparties, for which the change in credit risk is monitored on an individual basis.

See Note 8.1 'Credit risk', for a detailed description of the model.

3.3.5 Inventories

Inventories (spare parts) are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price minus the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average cost-price method. The cost includes the expenditure incurred in acquiring the inventories and the direct costs of bringing them to their location and making them operational.

Write-downs of inventories to net realisable value are recognised in the period in which the write-offs occurred.

3.3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank balances, commercial paper and deposits that can be withdrawn on demand. Overdrafts that are repayable on demand form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.3.7 Impairment of non-financial assets

The carrying amount of the group's assets, excluding inventories and deferred taxes, is reviewed at the end of the reporting period for each asset to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of goodwill and intangible assets with an indefinite useful life and intangible assets that are not yet available for use is estimated at the end of each reporting period.

An impairment loss is recognised whenever the carrying amount of such an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Recognised impairment losses relating to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the units on a pro-rata basis.

After recognition of impairment losses, the depreciation costs for the asset will be prospectively adjusted.

Calculation of the recoverable amount

The recoverable amount of intangible assets and property, plant and equipment is determined as the higher of their fair value less costs of disposal and their value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset.

The group's assets do not generate cash flows that are independent from other assets. The recoverable amount is therefore determined for the cash-generating unit (i.e. the entire high-voltage grid) to which the asset belongs. This is also the level at which the group administers its goodwill and gathers the economic benefits of acquired goodwill.

Reversals of impairment

An impairment loss with respect to goodwill is not reversed. Impairment loss on other assets is reversed if there have been changes in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3.8 FINANCIAL ASSETS

Initial recognition and measurement

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the group’s business model for managing them. The group initially measures a financial asset at its fair value plus transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets fall into one of the following three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets measured at fair value through OCI (equity instruments)
- Financial assets measured at fair value through profit and loss

Financial assets at amortised cost

Financial assets at amortised cost are managed with a view to holding them to maturity and collecting contractual cash flows. The financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost include loans to third parties.

Financial assets measured at fair value through OCI (equity instruments FVOCI)

Upon initial recognition, the group irrevocably classifies its equity investments as equity instruments measured at fair value through OCI when the group does not have significant influence and the assets are not held for trading. This classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case any such gains are recorded in OCI. Equity instruments measured at fair value through OCI are not subject to impairment assessment.

The group has elected to irrevocably classify non-listed equity investments over which the group does not have significant influence in this category.

Financial assets measured at fair value through profit and loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for its debt instruments. See Note 8.1 'Credit risk', for a detailed description of the approach.

3.3.9 Derivative financial instruments and hedge accounting

Derivative financial instruments

The group sometimes uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investment activities. In accordance with its treasury policy, the group neither holds nor issues derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as instruments held for trading purposes.

Derivative financial instruments are initially recognised at fair value. Any gain or loss resulting from changes in the fair value is immediately booked in the statement of profit or loss. Where derivative financial instruments qualify for hedge accounting, the reflection of any resulting gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties and the group. The fair value of forward exchange contracts is their quoted market price at the end of the reporting period, i.e. the present value of the quoted forward price.

Derivatives used as hedging instruments

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash-flow hedge are recognised directly in other comprehensive income (OCI) to the extent that the hedge is effective. If the hedge is ineffective, changes in fair value are recognised in profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and other firm commitments. The group designates only the spot element of forward contracts as a hedged risk. The forward element is considered the cost of hedging and is recognised in OCI and accumulated in a separate component of the statement of financial position under hedging reserves.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is prospectively discontinued. The cumulative gain or loss previously recognised in OCI remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in OCI is transferred, where justified, to the carrying amount of the asset. In other cases, the amount recognised in OCI is transferred to profit or loss in the same period that the hedged item affects profit or loss.

When a derivative or hedge relationship is terminated, cumulative gains or losses still remain in OCI, provided that the hedged transaction is still expected to occur. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is removed from OCI and is immediately recognised in profit or loss.

Hedging of monetary assets and liabilities

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as foreign currency gains and losses.

3.3.10 Equity

Share capital – transaction costs

Transaction costs related to the issuing of capital are deducted from the capital received.

Share capital – share-based payment expenses

Share-based payment expenses are added to the capital received.

Dividends

Dividends are recognised as a liability in the period in which they are declared (see Note 6.12.1).

3.3.11 Financial liabilities

Financial liabilities consist of interest-bearing loans and borrowings in the group. They are initially recognised at fair value, less related transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost price with any difference between amount at initial recognition and redemption value being recognised in profit or loss over the period of the loans on an effective interest basis.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.3.12 Employee benefits

Defined contribution plans

In Belgium, contribution based promises, called defined contribution pension plans under Belgian pension legislation, are classified as defined benefit plans for accounting purposes due to the legal minimum return to be guaranteed by the employer.

Before 1 January 2016, the legal minimum return was 3.75% on employee contributions, 3.25% on employer contributions and 0% for inactive plan participants.

From 1 January 2016 onwards, the legal minimum return has been a variable rate between 1.75% and 3.75%. The interest rate is automatically adapted on 1 January each year based on the average return OLO 10 years over 24 months, with 1.75% as a minimum. As of 1 January 2016, the legal minimum return has been 1.75% on employee and employer contributions and 0% for inactive plan participants.

As the plans are funded via a pension fund, the vertical approach is applied, meaning that 1.75% is applied on all the reserves (even before 2016).

The employer needs to finance the deficits related to the Law on Supplementary Pensions (LSP) guarantee at any time for the employee contract and at the moment the vested reserves are transferred in case of departure, retirement or liquidation of the pension for the employer contract.

For each plan, the fair value of assets equals the sum of the accrued individual reserves (if any) and the value of the collective fund(s) (if any).

The Defined Benefit Obligation (DBO) was determined following the Projected Unit Credit (PUC) method. The plan formula (backloaded or not) determines whether the premiums are projected.

The calculation is performed by an accredited actuary.

Defined benefit plans

For defined benefit plans, pension expenses are assessed separately on an annual basis by accredited actuaries using the PUC method. The estimated future benefit that employees have earned in return for their service in the current and previous periods is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the interest rate, at the end of the reporting period, on high quality bonds that have maturity dates approximately equivalent to the terms of the group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service undertaken by employees is recognised as an expense in profit or loss on the earlier of the following two dates:

- when the plan amendment or curtailment occurs; or
- when the entity recognises related restructuring costs under IAS 37 or termination benefits.

Where the calculation results in a benefit to the group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements – comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) – are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Reimbursement rights (Belgium)

Reimbursement rights are recognised as a separate asset when, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle the corresponding benefit obligation. Reimbursement rights are presented as non-current assets under other financial assets and are measured at fair value. These rights are handled the same way as the corresponding defined benefit obligation. When the changes in the period result from changes in financial assumptions or from experience adjustments or changes in demographic assumptions, then the asset is adjusted through OCI. The components of the defined benefit cost are recognised net of amounts relating to changes in the carrying amount of the rights to reimbursement.

Other long-term employee benefits

The group's net obligation regarding long-term service benefits other than pension plans is assessed on an annual basis by accredited actuaries. The net obligation is calculated using the PUC method and is the amount of future benefit that employees have earned in return for their service in the current and previous periods. The obligation is discounted to its present value, and the fair value of any related assets is deducted. The discount rate is the yield, at the end of the reporting period, on high quality bonds that have maturity dates approximately equivalent to the terms of the group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid out under a short-term cash bonus or profit-sharing plans if the group has a legal or constructive obligation to pay this amount as a result of the employee’s past service and the obligation can be reliably estimated.

3.3.13 Provisions

A provision is recognised in the balance sheet when the group has a current legal or constructive obligation as a result of a past event and it is likely that an outflow of economic benefits – of which a reliable estimate can be made – will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, of the risks specific to the liability.

The group’s main long-term provisions are provisions for dismantling obligations. The present value of the obligation at the time of commissioning represents the initial amount of the provision for dismantling with, as the counterpart, an asset for the same amount, which is included in the carrying amount of the related property, plant and equipment and is depreciated over the asset's entire useful life.

Factors having a significant influence on the amount of provisions include:

- cost estimates;
- the timing of expenditure; and
- the discount rate applied to cash flows.

These factors are based on information and estimates deemed by the group to be the most appropriate as of today.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.3.14 Trade and other payables

Trade and other payables are stated at amortised cost.

Levies

In its role as a TSO, Elia is subject to various public service obligations imposed by the Government and/or by regulation mechanisms. These identify public service obligations in various fields (such as promoting the use of renewable energy, social support, fees for the use of the public domain, offshore liability) for fulfilment by TSO's. The costs incurred by TSO's in accordance with these obligations are fully covered by the tariff 'levies' approved by the regulator. The outstanding amounts outstanding (surplus) are reported as a trade and other payable.

In this process, as the TSO's are agents, the **group** opted for a net presentation both at profit or loss and at balance sheet level. These transactions are fully "passed through".

See also Note 9.1.4.

3.3.15 Other non-current liabilities

Government grants

Government grants are recognised when it is reasonably certain that the group will receive such grants and that all underlying conditions will be met. Grants related to an asset are presented under other liabilities and will be recognised in the statement of profit or loss on a systematic basis over the expected useful life of the asset in question. Grants related to expense items are recognised in the statement of profit or loss in the same period as the expenses for which the grant was received. Government grants are presented as other operating income in the statement of profit or loss.

Contract liabilities – last-mile connection

The consideration of the last mile connection is paid upfront, whilst the revenues are recognised over the lifetime of the underlying asset. The amounts to be released in future are reflected in this section. See also Note 3.4.1.

3.3.16 Leases

Upon the inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease included in IFRS 16.

The group as a lessee

The group recognises a right-of-use asset and a lease liability on the lease commencement date. Assets and liabilities arising from a lease are initially measured on a present value basis and discounted using the group's best estimate for the weighted average incremental borrowing rate, in case the rate implicit in the lease cannot be readily determined. The group applies a single discount rate per group of similar contracts, summarised per their duration.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments. Variable lease payments are expensed as incurred. As a practical expedient, no distinction is made between lease and non-lease components. Components that do not transfer any goods or services (initial direct costs, prepayments) are excluded from the lease price.

Right of use assets are subsequently reduced by accumulated depreciation, impairment losses and any adjustments resulting from the remeasurement of the lease liability. These assets are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects the fact that the group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment.

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the reassessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option not to be exercised.

The group presents right-of-use assets within 'property, plant and equipment' and lease liabilities within 'loans and borrowings' (current and non-current) in the statement of financial position.

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The group as a lessor

Leases that substantially transfer all the risks and rewards incidental to ownership of an underlying asset are recognised as finance leases.

All other leases that do not transfer all such risks and rewards are recognised as operating leases. As a lessor, the group has only operating lease contracts. The lease payments received are recognised as other income on a straight-line basis over the lease term.

3.3.17 Regulatory deferral accounts

The group operates in a regulated environment in which tariffs are meant to realise total revenue/income consisting of:

- a reasonable return on invested capital;
- all reasonable costs which are incurred by the group.

Since the tariffs are based on estimates, there is always a difference between the tariffs that are actually charged and the tariffs that should have been charged (tariff setting agreed with regulator) to cover all reasonable costs of the system operator including a reasonable profit margin for its shareholders.

If the applied tariffs result in a surplus or a deficit at the end of the year, this means that the tariffs charged to end consumers should have been lower or higher respectively (and vice versa). This surplus or deficit is therefore reported in the regulatory deferral account.

The release of the regulatory deferral account will impact future tariffs: incurred regulatory liabilities will decrease future tariffs, whilst incurred regulatory assets will increase future tariffs.

In the absence of an IFRS standard which specifically applies to the treatment of these regulatory deferral accounts, Elia management referred to the requirements of IFRS 14 and the Conceptual Framework for Financial Reporting alongside the latest evolutions of the IASB project on Rate-regulated Activities to develop the following accounting policy in that respect:

- a liability is recognised in the statement of financial position and presented as part of "accruals and deferred income" with respect to the Elia group's obligation to deduct an amount from the tariffs to be charged to customers in future periods because the total allowed compensation for goods or services already supplied is lower than the amount already charged to customers, or excess revenues have been generated due to higher volumes than initially estimated (regulatory liability);
- an asset is recognised in the statement of financial position with respect to the Elia group's right to add an amount to the tariffs to be charged to customers in future periods because the total allowed compensation for the goods or services already supplied exceeds the amount already charged to customers or a shortage in revenues has been occurred due to lower volumes than initially estimated (regulatory asset); and
- the net movement in the regulatory deferral accounts for the period is presented separately in the statement of profit or loss within the line item "net regulatory income (expense)".

The amount in the regulatory deferral accounts is reported on an annual basis and assessed by the regulator.

The sum of revenue from contracts with customers (as defined in IFRS 15), other income and the net income (expense) from the settlement mechanism is also presented as a subtotal headed "Revenue, other income and net income (expense) from settlement mechanism", as in substance it represents the revenue that is economically earned during the period taking into account the regulated environment in which the Elia Group operates. The effect of discounting is reflected in the financial result. See Note 9.

3.4 Items in the statement of profit or loss

3.4.1 Income

Revenues

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. These are the five steps to consider for each customer contract:

1. Identifying the contract(s) with a customer;
2. Identifying the performance obligations in the contract(s);
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when performance obligations are satisfied, or when control of goods or services is transferred to the customer.

The group's main revenues are realised by Transmission System Operators (TSOs) which operate in accordance with a regulatory framework and which have a de facto/legal monopolies. The frameworks which apply in the group's main countries of activity are detailed in Note 9 'Regulatory framework and tariffs'.

With regard to regulated business, each service is based on a standard contract with the customer, mostly with a predefined regulated tariff (unit price multiplied by the volume (injection or offtake) or the reserve capacity (depending on the type of service)), so pricing is not variable. The allocation of the transaction price over the different performance obligations is therefore straightforward (one-to-one relationship). Most of these contracts are concluded for an indefinite period and have general payment terms of 15-30 days.

Considering the business of the Elia Group, there are no relevant right-of-return and warranty obligations.

For all services provided by the group, Elia is the sole and primary party responsible for executing the service and is thus the principal.

However, in its role as a TSO, Elia is subject to public service obligations imposed by the government/regulation mechanisms. These obligations mainly relate to financial support for the development of renewable energy. TSO's act as agents for these activities, and since the expense/income streams are fully covered by tariffs, they have no impact on the statement of profit and loss. See section 'Levies' of Note 3.3.14 for more information on the accounting treatment.

The group's main performance obligations/contract types, their pricing and the revenue recognition method for 2022 can be summarised as follows:

Revenue by category for Elia Transmission Belgium

Revenue stream	Nature, customer and timing of satisfaction of performance obligations	Contract – Price setting
Grid revenues		
Grid connection	**Technical studies** conducted at the request of grid users, connected directly to the grid with a view to having a new connection built or an existing connection altered. The revenue is recognised at the point in time when the study is delivered.	Contract and tariff approved by regulator. Fixed amount per type of study.
	Last-mile connection is a component of the grid connection contract. At the request of a future grid user, Elia constructs/adjusts a dedicated/ physical connection, known as a last-mile connection, to connect the customer's facility to Elia's grid. Although control of the asset is not transferred as such to the grid user, the grid user obtains direct access to the high-voltage grid. The access right transferred by Elia is valuable to the grid user, hence why the grid user compensates Elia in cash. Since the grid user simultaneously enters into a grid connection contract, the two activities (access right and grid connection services) are not distinct and constitute a single performance obligation and interdependence between the contracts. As the total amount of revenue recognised for this single performance obligation, which includes grid connection services, is recognised over the life of the assets, the contract has no specific end date.	Standard contract approved by regulator, but the price is set on the basis of the budget for implementing the connection.
	The fees charged to grid users/distribution system operators (DSOs) cover the **maintenance and operating** costs relating to the **dedicated connection facilities.** The revenue is recognised over time, as this service is performed continuously throughout the contractual term.	Contract and tariff approved by regulator. Tariff is set per asset type (e.g. bay, km of cable).
Management and development of grid infrastructure	This component of the access contract signed with access holders/DSOs covers the development and management of the grid with a view to meeting capacity needs and satisfying demand for electricity transmission. The revenue is recognised over time, as providing sufficient capacity and a resilient	Contract and tariff approved by regulator. EUR per kW/KVA for yearly/monthly peak and power
Management of the electricity system	This component of the access contract signed with access holders/DSOs covers the management and operation of the electricity system and the offtake of additional reactive energy relating to Elia's grid (different from the connection assets). The revenue is recognised over time, as these services are performed continuously	Contract and tariff approved by regulator. EUR per kW/ kVArh at access point.
Market integration	This component is part of the access contract signed with access holders/DSOs, and covers (i) services to facilitate the energy market; (ii) services to develop and enhance the integration of an effective and efficient electricity market; (iii) the management of interconnectiors and coordination with neighbouring countries and the European authorities; and (iv) the publication of data, as required by transparency obligations.	Contract and tariff approved by regulator. EUR per kW at access point.
Compensation for imbalances	As defined in the BRP contract, the BRP (Balance Responsible Party) has a commitment to ensure a perfect balance between offtake and injection on the grid. In the event of an imbalance caused by a BRP, Elia has to activate the ancillary services, which are then invoiced to the BRP. The revenue is recognised at the point in time when an imbalance occurs.	Contract and tariff/mechanism approved by regulator. Based on market prices, EUR per kW imbalance at access point.
International revenues	Grid use along borders is organised through half-yearly, quarterly, monthly, weekly, weekend, daily and intra-day auctions. Elia and the regulators decide which auctions are conducted along each border. Auctions are organised through an auction office,	Framework agreement with parties and auction office.

	which acts as an agent. The auction office collects the revenues paid by the European energy traders, which are ultimately shared between neighbouring TSO's based on the volumes imported/exported on the border. The revenue is recognised at the point in time when an import/export activity occurs.	Price is set based on price difference in cross-border market prices.

Other revenues

Revenue stream	Nature and timing of satisfaction of performance obligations	Contract – Price setting
Other revenues		
Others	This mainly covers other services than those described above. The revenue is recognised at the point in time when the service is complete.	

Consequently, all revenue components contain revenue from contracts with customers, i.e. parties that have contracts in place with the group to obtain services resulting from the group's ordinary activities in exchange for a consideration.

Other income

Other income is recognised when the related service is performed and no further performance obligations arise.

Net regulatory income (expense) from settlement mechanism

Since the tariffs are based on estimates, there is always a difference between the tariffs that are actually charged and the tariffs that should have been charged (tariff setting is agreed with regulator) to cover all the system operator's reasonable costs, including a reasonable profit margin for shareholders.

If the applied tariffs result in a surplus or deficit at the end of the year, this means that the tariffs charged to consumers/the general public could have been lower or higher. This surplus or deficit is therefore reported in the settlement mechanism deferral account.

The release of this deferral account will impact future tariffs: where regulatory liabilities are incurred, future tariffs will be lower, and where regulatory assets are incurred, future tariffs will be higher. The net movement in the regulatory deferral accounts for the period is presented separately in the statement of profit or loss in the following line: 'Net income (expense) from settlement mechanism'. See also Note 3.3.17.

3.4.2 Expenses

Other expenses

Property taxes are directly recognised in full as soon as ownership is certain (generally on 1 January of the year in question). However, these costs, which are considered to be non-controllable costs under the regulatory framework, are recorded as revenue through the settlement mechanism for the same amount, resulting in zero impact in terms of profit or loss.

Finance income and expenses

Finance expenses comprise interest payable on borrowings (calculated using the effective interest rate method), interest on lease liabilities, foreign-exchange losses, gains on currency hedging instruments that offset currency losses, results on interest-rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as being for trading purposes and impairment losses on financial assets as well as any losses from hedge ineffectiveness.

Finance income includes interest receivables on bank deposits, which are recognised in profit or loss using the effective interest rate method as they accrue.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Income taxes

Income taxes comprise current and deferred tax. Income tax expense is recognised in profit or loss, except where it relates to items recognised directly in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to tax payable in relation to previous years.

Deferred tax is recognised, using the balance sheet method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and joint ventures where these will probably not be reversed in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising from initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred items relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they are intended to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is likely that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer likely that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

3.5 Statement of comprehensive income and statement of changes in equity

The statement of comprehensive income presents an overview of all revenues and expenses recognised in the consolidated statement of profit or loss and in the consolidated statement of changes in equity. The group has elected to present comprehensive income using the two-statement approach, i.e. the statement of profit or loss is immediately followed by the statement of other comprehensive income. As a result of this approach, the content of the statement of changes in equity is restricted to owner-related changes.

4. Segment reporting

4.1 Basis for segment reporting

The group has opted for segment reporting, in conformity with the different regulatory frameworks that currently exist within the group. This reporting approach closely reflects the Group's operational activities and is also in line with the group's internal reporting to the Chief Operating Decision Maker (CODM), enabling the CODM to better evaluate and assess the group's performance and activities in a transparent way.

Pursuant to IFRS 8, the group has identified the following operating segments based on the aforementioned criteria:

- Elia Transmission (Belgium), which comprises the activities undertaken in line with the Belgian regulatory framework: the regulated activities of Elia Transmission Belgium NV/SA, Elia Asset NV/SA, Elia Engineering NV/SA, Elia Re SA, HGRT SAS and Coreso NV/SA, whose activities are directly linked to the role of the Belgian transmission system operator and are subject to the regulatory framework applicable in Belgium – see Section 9.1.3.
- Non-regulated activities and Nemo Link, comprising:
  - the holding activities in Nemo Link Ltd. This company comprises and manages the Nemo Link interconnector, which connects the UK and Belgium using high-voltage electricity cables, enabling power to be exchanged between the two countries and for which a specific regulatory framework has been set-up - See Section 9.2 for more details
  - the non-regulated activities of the Elia Transmission (Belgium) segment. 'Non-regulated activities' refers to activities which are not directly related to the role of a TSO - see Section 9.1;

The CODM has been identified by the group as the Boards of Directors, CEOs and Management Committees of each segment. The CODM periodically reviews the performance of the group's segments using various indicators such as revenue, EBITDA and operating profit.

The information presented to the CODM follows the group's IFRS accounting policies, so no reconciling items have to be disclosed.

4.2 Elia Transmission (Belgium)

The table below shows the 2022 consolidated results for Elia Transmission (Belgium)

Results Elia Transmission (in € million) − year ended 31 December	**2022**	**2021**
Revenue, other income and net income (expense) from settlement mechanism	*1,561.3*	*1,199.5*
Revenues	*1,420.4*	*1,009.8*
Other income	*147.6*	*68.3*
Net income (expense) from settlement mechanism	*(6.7)*	*121.4*
Depreciation, amortisation, impairment and changes in provisions	(214.4)	(205.1)
Results from operating activities	259.6	224.8
Equity accounted investees	2.4	2.3
Earnings before interest and tax (EBIT)	262.0	227.1
Earnings before depreciations, amortisations, interest and tax (EBITDA)	476.4	432.2
Finance income	1.3	1.7
Finance costs	(63.7)	(64.8)

Income tax expenses	(42.7)	(32.9)
Profit Net	**156.9**	**131.0**
Consolidated statement of financial position (in € million)	**31 December 2022**	**31 December 2021**
Total assets	7,793.2	7,098.1
Capital expenditures	461.9	417.2
Net financial debt	2,916.2	3,441.0

The tariff methodology approved by the CREG on 7 November 2019 came into force in 2020. The methodology is applicable for a four-year period (2020 – 2023). See Note 9.1 for more information about the new regulatory framework.

Financial

Elia Transmission's revenue was up by 30.2% compared with last year, increasing from €1,199.5 million to €1,561.3 million. Revenue was impacted by a higher regulated net profit, higher depreciations linked to the growing asset base, one-off tariff compensation for the financial cost linked to the capital increase (i.e. portion allocated to ETB) and higher costs for ancillary services. Higher ancillary services resulted from the high gas prices caused by the war in Ukraine and, to a lesser extent, the increase in imbalance volume caused by the increase in the share occupied by renewables in the energy mix.

The table below provides more details about revenue component changes:

(in € million)	2022	2021	Difference (%)
Grid revenue:	**1,415.8**	**1,006.0**	**40.7%**
Grid connection	44.8	45.1	(0.6%)
Management and development of grid infrastructure	475.3	480.6	(1.1%)
Management of the electrical system	149.8	149.0	0.6%
Compensation for imbalances	365.0	220.6	65.4%
Market integration	22.2	23.2	(4.0%)
International revenue	358.6	87.5	309.6%
Last mile connection	3.5	2.9	19.6%
Other revenue	1.1	0.8	27.3%
Subtotal revenue	1,420.4	1,009.8	40.7%
Other income	147.6	68.3	116.1%
Net income (expense) from settlement mechanism	(6.7)	121.4	(105.5%)
Total revenue and other income	**1,561.3**	**1,199.5**	**30.2%**

Revenues from the **management and development of grid infrastructure**, the **management of the electrical system**, **market integration** and **grid connection** remained stable compared with 2021.

Services rendered in the area of energy management and the individual balancing of balancing groups are paid under **revenues from compensation for imbalances**. These revenues, which increased from €220.6 million to €365.0 million (+65.4%), were largely due to the tariff for maintaining and restoring the residual balance of individual access responsible parties (+€147.8 million). The higher balance activation costs due to the increase in gas prices caused by the war in Ukraine and, to a lesser extent, the increase in imbalance volume caused by the increase in the share occupied by renewables (in particular offshore wind) - which are more heavily influenced by forecast differences in the generation mix - were the main drivers of the revenue increase.

International revenue increased to €358.6 million (+309.6%), mainly due to increasing congestion income on the border with France. Indeed, the prices in France are higher than in the rest of Europe due to nuclear outages, and Belgium, as direct neighbour of France, has a big share of the congestion revenues linked to price spread with France.

The **last mile connection (previously called transfer of asset from customers)** increased compared with the previous year, so driving the further electrification of the power sector, while **other revenues** also increased, mainly due to works delivered to third parties.

The **settlement mechanism** decreased from €121.4 million in 2021 to -€6.7 million in 2022 and encompassed both deviations in the current year from the budget approved by the regulator (-€132.4 million) and the settlement of net surpluses from the previous tariff period (€125.7 million). The operating surplus (-€132.4 million), with respect to budgeted costs and revenue authorised by the regulator, will be returned to consumers in a future tariff period. The surplus was primarily the result of higher costs for ancillary services (+€228.6 million), higher influenceable costs (+€212.7 million) and a higher net profit (+€28.7 million). This was more than offset by an increase in tariff sales (-€247.0 million), which was mainly driven by imbalance compensations, and higher international and other sales (-€396.7 million), including the within-period Cap & Floor adjustment for Nemo Link (€69.1 million), as the cap surplus needs to be returned to the tariffs.

EBITDA rose to €476.4 million (+10.2%) due to a higher regulated net profit, higher depreciations linked to the growing asset base and higher financial costs all passed through into revenue. The **EBIT** increase was more pronounced (+15.4%), mainly due the lower depreciations of assets not covered by tariffs, being the intangible assets expensed during the previous regulatory period and activated under IFRS and for leasing contracts. The contribution of equity-accounted investments remained flat at €2.4 million, linked to the contribution from HGRT.

Net finance cost slightly decreased (-1.1%) compared with the previous year. This was mainly driven by the higher activation of borrowing costs due to the growth of the asset base (€2.1 million) and partially offset by other financial costs. The financial costs linked to Elia Group's capital increase were allocated to the Belgian regulated activities on a pro-rata basis in accordance with the use of proceeds. Under IFRS, these costs (€3.6 million) are directly accounted through equity. During 2022, ETB did not tap into the debt market and had a well-balanced debt maturity profile. The average cost of debt remained at 1.9% at the end 2022 and all outstanding debt had a fixed coupon.

Net profit rose by 19.8% to €156.9 million, mainly due to the following:

- A higher **fair remuneration** (+€12.1 million) due to asset growth and higher equity. The increase in equity was mainly driven by the proceeds allocated to the Belgian regulated activities (€290.1 million) following Elia Group's capital increase. Additionally, the fair remuneration benefitted from the capital grant received from the Federal Government in relation to the Princess Elisabeth Island (€73.1 million net of deferred tax) and recognised as part of the regulated equity.
- Increase in **incentives** (+€1.4 million), reflecting a solid operational performance, primarily linked to a better performance on the incentive for innovation, customer satisfaction and influenceable costs and partially offset by lower incentive for interconnection capacity. Driven by the growth of the activities, the efficiency gain on controllable costs slightly decreased compared with the previous year, while the net contribution from incentives benefitted from a reduction in the average tax rate due to a higher innovation income deduction.
- **Employee and other provisions** (+€7.9 million), mainly driven by higher contributions to plan assets.
- Higher **capitalised borrowing costs** due to a higher level of assets under construction (+€1.7 million).
- A one-off **tariff compensation** for the financial costs linked to the capital increase (+€3.6 million).
- **Regulatory settlements** and the reversal of provision for the influenceable incentive following the Saldi 2021 review (+€2.2 million).
- **Other** (-€3.0 million): this was primarily due to share-based payment expenses linked to the capital increase in favour of members of staff (-€1.7 million) and deferred tax effects (-€2.4 million), partially offset by the lower depreciation of software and hardware (+€1.4 million) and less damage to electrical installations compared with the previous year (+€0.3 million).

Total assets increased by €695.1 million to €7,848.6 million due to the realisation of the investment programme and higher liquidity.

Net financial debt dropped to €2,916.2 million (-15.3%), as ETB's CAPEX programme was fully financed by the proceeds from the capital increase and by cash flows from operating activities, which were positively impacted by higher cash inflows from levies and the cap surplus paid by Nemo Link (€69.1 million, which needs to be returned to the tariffs). The sustainability-linked RCF (€650 million) and the commercial paper (€300 million) were fully undrawn at the end of 2022. S&P Global confirmed ETB's rating at BBB+ with a stable outlook at the end of 2022.

4.3 Non-regulated activities and Nemo Link

The table below shows the 2022 consolidated results for the 'Non-regulated activities and Nemo Link' segment.

Results non-regulated activities and Nemo Link (in € million) − year ended 31 December	2022	2021
Other income	32.4	21.3
Results from operating activities	0.1	(1.2)
Share of profit of equity accounted investees (net of income tax)	37.1	47.0
Earnings before interest and tax (EBIT)	37.2	45.9
Earnings before depreciations, amortisations, interest and tax (EBITDA)	37.2	45.9
Finance costs	(2.8)	(3.0)
Income tax expenses	0.6	1.0
Profit attributable to the Owners of the Company	**35.0**	**43.9**
Consolidated statement of financial position (in € million)	**31 December 2022**	**31 December 2021**
Total assets	298.9	323.0
Net financial debt	140.9	184.8

Equity-accounted investments contributed €37.1 million to the Group's result, which is almost entirely attributable to **Nemo Link**. With an availability rate of 99.1%, Nemo Link remains one of the highest performing assets of its kind in the world.

In 2022, geopolitical tensions put pressure on electricity markets, especially across the European continent because of the region's dependence on Russian gas. This pressure was increased by the historically low level of nuclear availability in France. The spot NBP gas, which drives the UK electricity price, was traded from May to October with a significant discount compared to TTF gas, the reference gas price in Europe. This was because Great Brittan was better supplied by gas compared to the continent. As a result, Nemo Link was used very frequently for exports towards Belgium; it demonstrated its value to Belgian consumers by providing them with electricity at lower prices to help with the energy crisis. The Nemo Link interconnector highlights the importance of similar links in providing Belgium with access to energy that is produced outside of the country whilst contributing to the functioning of competitive international market operations.

This exceptional situation during 2022 led to revenues of Nemo Link amounting to €282.6 million, so exceeding (for the first time since it began operating) the cumulative revenue cap by €137.6 million. Its total net profit reached €74.2 million for 2022, with a contribution to Elia Group's net profit amounting to €37.1 million.

EBIT reached €37.2 million (-€8.7 million). This decrease was almost entirely due to the lower contribution from Nemo Link (-€9.9. million).

Net finance cost remained quit stable at €2.9 million, primarily comprising the cost linked to the Nemo Link private placement (€2.9 million).

Net profit decreased by €8.9 million to €35.0 million, mainly as a result of the lower contribution of Nemo Link.

Total assets decreased to €298.9 million because of the capital decrease completed by Nemo Link Ltd. in 2022 for a total of €53.8 million partly offset by dividend pay-outs (€34.2 million).

4.4 Reconciliation of information on reportable segments to IFRS amounts

Consolidated results (in € million) – period ended 31 December	**2022**	**2022**	**2022**
	Elia Transmission	Non-regulated activities and Nemo Link	Elia Transmission Belgium Group
	(a)	(b)	(a) + (b)
Total revenues	1,420.4	0.0	1,420.4
Other income	147.6	32.4	180.0
Net income (expense) from settlement mechanism	(6.7)	0.0	(6.7)
Depreciation, amortisation, impairment and changes in provisions	(214.4)	0.0	(214.4)
Results from operating activities	259.6	0.1	259.7
Share of profit of equity accounted investees, net of tax	2.4	37.1	39.5
Earnings before interest and tax (EBIT)	262.0	37.2	299.2
Earnings before depreciations, amortisations, interest and tax (EBITDA)	476.4	37.2	513.6
Finance income	1.3	0.0	1.3
Finance costs	(63.7)	(2.8)	(66.6)
Income tax expenses	(42.7)	0.6	(42.0)
Profit attributable to the owners of the company	**156.9**	**35.0**	**191.9**
Consolidated statement of financial position (in € million)	**31.12.2022**	**31.12.2022**	**31.12.2022**
Total assets	7,793.2	298.9	8,092.1
Capital expenditures	461.9	0.0	461.9
Net financial debt	2,916.2	140.9	3,057.1

Consolidated results (in € million) – period ended 31 December	**2021**	**2021**	**2021**
	Elia Transmission	Non-regulated activities and Nemo Link	Elia Transmission Belgium Group
	(a)	(b)	(a) + (b)
Total revenues	1,009.8	0.0	1,009.8
Other income	68.3	21.3	89.6
Net income (expense) from settlement mechanism	121.4	0.0	121.4
Depreciation, amortisation, impairment and changes in provisions	(205.1)	0.0	(205.1)
Results from operating activities	224.8	(1.2)	223.6
Share of profit of equity accounted investees, net of tax	2.3	47.0	49.4
Earnings before interest and tax (EBIT)	227.1	45.9	273.0
Earnings before depreciations, amortisations, interest and tax (EBITDA)	432.2	45.9	478.1
Finance income	1.7	0.0	1.7
Finance costs	(64.8)	(3.0)	(67.7)
Income tax expenses	(32.9)	1.0	(31.9)
Profit attributable to the owners of the company	**131.0**	**43.9**	**174.9**
Consolidated statement of financial position (in € million)	**31.12.2021**	**31.12.2021**	**31.12.2021**
Total assets	7,098.1	323.0	7,421.0
Capital expenditures	417.2	0.0	417.2
Net financial debt	3,441.0	184.8	3,625.9

There are no significant intersegment transactions.

The group has no concentration of customers in either of the operating segments.

5. Items in the consolidated statement of profit or loss and other comprehensive income

There were no changes to the basis of preparation and therefore no restatements of figures from previous years were required.

5.1. Revenue, net income (expense) from settlement mechanism and other income

(in € million)	2022	2021
Revenue, excluding net income from settlement mechanism	**1,420.4**	**1,009.8**
Grid revenue:	1,415.8	1,006.0
Last mile connection	3.5	2.9
Other revenue	1.1	0.8
Net income (expense) from settlement mechanism	**(6.7)**	**121.4**
Other income	**180.0**	**89.6**
Services and technical expertise	0.2	(0.1)
Own production	34.2	28.2
Optimal use of assets	13.3	13.5
Other	131.7	46.4
Gain on sale PPE	0.7	1.5

We refer to the segment reports for a detailed analysis of the group's recognised revenues at segment level. The Elia Transmission (Belgium) segment reported revenues and other income amounting to €1,561.3 million (Note 4.2) and the 'Non-regulated activities and Nemo Link' segment reported revenues and other income amounting to €32.4 million (Note 4.3). The reported revenues and other income amounted to €1,593.7 million.

No further geographical information is provided as revenues are generated in the countries where the grid infrastructure is located, which largely cooresonds to the segments mentioned above.

The group's own production relates to time spent on investment projects by group employees.

The group has recognised €3.5 million in revenue in the reporting period that was included in the contract liability balance at the beginning of the period (€103.8 million). Additional information is provided in Note 6.16. The group did not recognise any substantial revenues in the reporting period in respect of performance obligations in previous periods.

5.2. Operating expenses

COST OF MATERIALS, SERVICES AND OTHER GOODS

(in € million)	2022	2021
Raw materials, consumables and goods for resale	5.0	5.4
Purchase of ancillary services	606.4	332.5
Services and other goods (excl. purchase of ancillary services)	287.9	258.6
Total	**899.2**	**596.5**

The group's costs for 'Raw materials, consumables and goods for resale' decreased to €5.0 million for the financial year 2022.

Purchase of ancillary services' includes the costs for services which enable the group to balance generation with demand, maintain constant voltage levels and manage congestion across its grids. The cost incurred in 2022 increased to €606.4 million (up from €332.5 million in 2021) mainly because of increased prices to cover electricity losses and increased activations needed to balance the grid against a background of high energy prices.

'Services and other goods' relates to maintenance of the grid, services provided by third parties, insurance and consultancy fees, and other costs. The cost of these increased by €29.3 million to €287.9 million. The increase is mainly explained by the increased level of activities in an inflationary environment.

PERSONNEL EXPENSES

(in € million)	2022	2021
Salaries and wages	134.7	118.5
Social security contributions	33.8	29.9
Pension costs	21.4	14.8
Other personnel expenses	4.7	5.0
Share-based payments expenses	1.7	0.0
Employee benefits (excl. pensions)	(2.5)	5.7
Total	**193.9**	**173.9**

A new capital increase in favour of the Elia employees was completed in December 2022. The capital increase resulted in the creation of 499.997 additional shares without nominal value. The Group's employees were granted a 16.66% reduction on the quoted share price, which resulted in a €1.7 million reduction overall.

Personnel expenses for Elia Transmission (Belgium) amounted to a total of €183.5 in 2022 compared to €166.5 million in 2021. The non-regulated activities and Nemo Link segment accounted for €10.4 million (previous year: €7.4 million). Both segments have experienced an increase of the expenses as a consequence of the indexation and the continued growth in headcount.

See Note 6.14 'Employee benefits' for more information about pension costs and employee benefits.

DEPRECIATION, AMORTISATION, IMPAIRMENT AND CHANGES IN PROVISIONS

(in € million)	2022	2021
Amortisation of intangible assets	13.4	10.1
Depreciation of property, plant and equipment	202.1	196.7
Total depreciation and amortisation	**215.5**	**206.8**
Provisions for litigations	(1.3)	(1.5)
Environmental provisions	0.3	(0.2)
Changes in provisions	**(1.1)**	**(1.7)**
Depreciation, amortisation and changes in provisions	**214.4**	**205.1**

The total 'depreciation, amortisation, impairment and changes in provisions' increased from €205.1 million in 2021 to €214.4 million in 2022, mainly because of an increase in depreciation of property, plant and equipment due to increasing fixed assets.

A detailed description and movement schedule is provided in other sections for 'Intangible assets' (see Note 6.2), 'Property, plant and equipment' (see Note 6.1) and 'Provisions' (see Note 6.15).

OTHER EXPENSES

(in € million)	2022	2021
Taxes other than income tax	13.1	12.6
Loss on disposal/sale of property, plant and equipment	12.8	9.0
Impairment on receivables	0.6	(0.5)
Impairment of inventories	0.0	0.6
Other	0.0	0.0

Total	**26.6**	**21.7**

Taxes other than income tax mainly consist of property taxes.

The amount of impairment on trade receivables is explained in Note 8.1 'Financial risk and derivative management'.

5.3. Net finance costs

(in € million)	2022	2021
Finance income	**1.3**	**1.6**
Other financial income	1.3	1.6
Finance costs	**(66.6)**	**(67.7)**
Interest expense on eurobonds and other bank borrowings	(63.2)	(65.7)
Interest expense on derivatives	0.0	0.0
Interest cost on leasing	(0.4)	(0.5)
Other financial costs	(3.0)	(1.6)
Net finance costs	**(65.2)**	**(66.1)**

Finance income decreased from €1.6 million in 2021 to €1.3 million in 2022.

The interest expenses on Eurobonds and other bank borrowings decreased by €2.5 million compared to the previous year. See Note 6.13 for more details regarding the loans outstanding and the interest paid in 2022.

The interest cost on leasing remained stable in comparison with the previous year.

Other financial costs increased from €1.6 million in 2021 to €3.0 million in 2022.

Please see Note 6.13 for more details of net debt and loans.

5.4. Income taxes

RECOGNISED IN PROFIT OR LOSS

The consolidated income statement includes the following taxes:

(in € million)	2022	2021
Current year	(42.8)	(38.2)
Adjustments for prior years	1.2	4.3
Total current income tax expenses	**(41.6)**	**(34.0)**
Origination from and reversal of temporary differences	(0.5)	2.0
Total deferred taxes expenses	**(0.5)**	**2.0**
Total income taxes and deferred taxes recognised in profit and loss	**(42.0)**	**(32.0)**

Total income tax expenses were higher in 2022 than in 2021. The increase in tax expenses is mainly driven by the higher profit generated in Belgium.

RECONCILIATION OF THE EFFECTIVE TAX RATE

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the Belgian statutory tax rate applicable to profits (losses) of the consolidated companies:

(in € million)	2022	2021
Profit before income tax	233.9	206.9
Domestic corporate income tax	25%	25%
Income tax, using the domestic corporate tax rate	**(58.5)**	**(51.7)**
Share of profit of equity accounted investees, net of tax	9.9	12.3
Non-deductible expenses	(2.6)	(2.4)
Adjustments for prior years	1.2	4.3
Tax credits and other reductions	7.1	5.3
Tax shelter investments	0.0	0.1
Other	0.8	0.1
Total income taxes and deferred taxes recognised in profit and loss	**(42.0)**	**(32.0)**

In 2022, the income tax expenses were lower than the theoretical income tax expense (calculated using the nominal tax rate) mainly due to the impact of the Innovation Income Deduction reported under “Adjustment for prior years” and “Tax credits and other tax reductions”.

Deferred income taxes are discussed further in Note 6.7.

5.5. Earnings per share (EPS)

BASIC EPS

Basic earnings per share are calculated by dividing the net profit attributable to the Company’s shareholders (amounting to €191.9 million) by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Profit attributable to equity holders of ordinary shares	**191.9**	**174.9**
Effect of dilutive potential ordinary shares	0	0
Earnings for the purposes of diluted earnings per share	**191.9**	**174.9**
Ordinary shares issued on 1 January	206,133,122	206,071,931
Ordinary shares issued in July 2021		61,191
Ordinary shares issued in July 2022	19,911,672	
Ordinary shares issued in December 2022	499,997	
Outstanding ordinary shares as at 31 December	**226,544,791**	**206,133,122**
Weighted average of outstanding ordinary shares (basic)	**214,722,526**	**206,097,916**
Effect of dilutive potential ordinary shares	0	0
Weighted average number of outstanding ordinary shares (diluted)	**214,722,526**	**206,097,916**
Basic earnings per share (in €)	**0.89**	**0.85**
Diluted earnings per share (in €)	**0.89**	**0.85**

DILUTED EPS

Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and convertible bonds.

Diluted earnings per share are equal to basic earnings per share, since there are no share options or convertible bonds.

5.6. Other comprehensive income

Total comprehensive income includes both the result of the period recognised in the statement of profit or loss and other comprehensive income recognised in equity. 'Other comprehensive income' includes all changes in equity other than owner-related changes, which are reported in the statement of changes in equity.

The total other comprehensive income for 2022 amounts to a €48.2 million positive impact, representing a significant increase compared with the previous year (€30.1 million positive impact). The most important drivers are described below.

Remeasurements of post-employment benefit obligations

The other comprehensive income on post-employment obligations had a negative impact of €1.1 million. This impact is mainly explained by the evolution of the discount rate and the negative return of the plan assets. See Note 6.14 for more details.

The related tax on these elements amounts to €0.3 million.

Cash flow hedges

In 2022, the other comprehensive income on cash flow hedge is a positive impact due to the IRS in which the group entered into for pre-hedging of probable forecast debt transactions (bonds issuance). The fair value of these derivatives amounted to €65.3 million.

The related tax on these elements amounts to -€16.3 million.

6. Items in the consolidated statement of financial position

6.1. Property, plant and equipment

(in € million)	Land and buildings	Machinery and equipment	Furniture and vehicles	Other tangible assets	Leasing and similar rights	Assets under construction	Total
ACQUISITION VALUE							
Balance at 1 January 2021	**212.5**	**6,775.6**	**200.1**	**31.3**	**53.4**	**377.9**	**7,650.9**
Additions	0.7	66.2	11.8	0.9	27.1	275.1	381.9
Disposals	(0.8)	(54.0)	(3.4)	(0.2)	(0.4)	0.0	(58.7)
Transfers	1.2	250.5	0.0	2.9	0.0	(254.7)	0.1
Balance at 31 December 2021	**213.7**	**7,038.3**	**208.6**	**35.0**	**80.2**	**398.4**	**7,974.1**
Balance at 1 January 2022	**213.7**	**7,038.3**	**208.6**	**35.0**	**80.2**	**398.4**	**7,974.1**
Additions	4.1	102.5	13.2	0.1	(19.6)	302.8	403.2
Disposals	(0.1)	(43.8)	(3.0)	0.0	0.5	(0.8)	(47.1)
Transfers	0.3	278.1	0.0	11.1	0.0	(289.6)	0.0
Balance at 31 December 2022	**218.1**	**7,375.1**	**218.9**	**46.2**	**61.1**	**410.7**	**8,330.1**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
Balance at 1 January 2021	**(29.1)**	**(2,987.0)**	**(157.2)**	**(29.1)**	**(21.0)**	**0.0**	**(3,223.4)**
Depreciation	(2.0)	(174.8)	(11.5)	(1.1)	(7.9)		(197.3)
Disposals	0.1	43.3	3.3	0.1	0.4		47.2
Transfers	0.0	2.3	0.0	(2.3)	0.0		0.0
Balance at 31 December 2021	**(31.1)**	**(3,116.1)**	**(165.5)**	**(32.3)**	**(28.6)**	**0.0**	**(3,373.5)**
Balance at 1 January 2022	**(31.1)**	**(3,116.1)**	**(165.5)**	**(32.3)**	**(28.6)**	**0.0**	**(3,373.5)**
Depreciation	(1.9)	(182.7)	(11.1)	(0.6)	(5.7)		(202.1)
Disposals	0.0	28.4	2.9	0.0	(0.5)		30.8
Transfers	0.0	11.0	0.0	(11.0)	0.0		0.0
Balance at 31 December 2022	**(33.0)**	**(3,259.4)**	**(173.7)**	**(43.9)**	**(34.9)**	**0.0**	**(3,544.8)**
CARRYING AMOUNT							
Balance at 1 January 2021	183.4	3,788.6	42.9	2.3	32.4	377.9	4,427.5
Balance at 31 December 2021	182.6	3,922.1	43.2	2.7	51.6	398.4	4,600.5
Balance at 1 January 2022	182.6	3,922.1	43.2	2.7	51.6	398.4	4,600.5
Balance at 31 December 2022	185.1	4,115.7	45.2	2.3	26.3	410.7	4,785.3

Large-scale (onshore and offshore) infrastructure projects in Belgium are underway. These projects are focusing on strengthening the Belgian grid, developing the necessary offshore infrastructures to allow the integration of increasing amounts of renewable energy into the grid and the digitalization of the infrastructure. The acceleration of the energy transition and the current inflationary environment are driving the investments of Elia Transmission Belgium.

Elia Transmission made investments totalling €403.2 million in property, plant and equipment. In 2022, 159 replacement projects occurred across the Belgian grid, amounting to a total investment of €113.4 million. Around €60 million was invested in supporting the digitalisation of our infrastructure and the development of new tools. The reinforcement works between Avelgem and Avelin, which forms part of the 380 kV backbone between Mercator and France, had been successfully finalised by the end of the year. Construction works continued along the Massenhoven Van Eyck Corridor (€32.7 million) and the Mercator Bruegel Corridor (€33.9 million). An important milestone was reached with the commissioning of a new 380 kV GIS substation, two 380 kV phase shifters and a 380 kV compensator in Zandvliet (€12.1 million). In Q3-2022, work began in Rimière on the construction of a new 380 kV substation and the extension of the existing 220 kV substation (€11.9 million); this project aims to create the required hosting capacity for the new CRM power plants in Les Awirs & Seraing by 2025.

During 2022, €6.1 million of borrowing costs were capitalised on assets under construction, based on an average interest rate of 1.91% (€4.3 million at 1.92% in 2021).

There were no mortgages, pledges or similar securities on PP&E relating to loans.

Outstanding capital expenditure commitments are described in Note 8.2. The analysis of lease liabilities is presented in Note 6.19.

6.2. Intangible assets

(in € million)	Development costs of software	Licenses/concessions	Total
ACQUISITION VALUE			
Balance at 1 January 2021	**136.5**	**7.4**	**143.9**
Additions	30.6	4.7	35.2
Disposals	0.0	0.0	0.0
Transfers	0.0	0.5	0.5
Balance at 31 December 2021	**167.1**	**12.5**	**179.6**
Balance at 1 January 2022	**167.1**	**12.5**	**179.6**
Additions	42.7	3.1	45.8
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Balance at 31 December 2022	**209.8**	**15.6**	**225.5**
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
Balance at 1 January 2021	**(97.4)**	**(3.6)**	**(101.0)**
Depreciation	(8.7)	(1.4)	(10.1)
Disposals	0.0	0.0	0.0
Transfers	0.0	(0.5)	(0.5)
Balance at 31 December 2021	**(106.1)**	**(5.5)**	**(111.6)**
Balance at 1 January 2022	**(106.1)**	**(5.5)**	**(111.6)**
Depreciation	(11.3)	(2.1)	(13.4)
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Balance at 31 December 2022	**(117.4)**	**(7.6)**	**(125.0)**

CARRYING AMOUNT			
Balance at 1 January 2021	39.0	3.8	42.8
Balance at 31 December 2021	61.0	7.0	68.0
Balance at 1 January 2022	61.0	7.0	68.0
Balance at 31 December 2022	92.4	8.0	100.4

Software comprises both IT applications developed by the Company for operating the grid and software for the Group's normal business operations.

The group invested a total amount of €45.8 million. During 2022, €0.6 million in borrowing costs were capitalised on software in development (compared with €0.3 million in 2021) based on an average interest rate of 1.91% (1.92% in 2021).

The group does not hold individual intangible asset that is material to its financial statements.

6.3. Goodwill

There were no changes in goodwill during the years 2021-2022. The carrying amount was the following:

CARRYING AMOUNT	
Balance at 1 January 2021	1,707.8
Balance at 31 December 2021	1,707.8
Balance at 1 January 2022	1,707.8
Balance at 31 December 2022	1,707.8

Goodwill relates to the following business combinations and is allocated to the cash-generating-unit (CGU) Elia Transmission for the acquisition of Elia Asset and Elia Engineering:

(in € million)	2022
Acquisition Elia Asset – 2002	1,700.1
Acquisition Elia Engineering – 2004	7.7
Total	**1,707.8**

IMPAIRMENT TEST FOR CASH-GENERATING UNITS CONTAINING GOODWILL

According to IFRS rules, goodwill should be tested for impairment on at least an annual basis or upon the occurrence of a triggering event. Goodwill is allocated to the CGU Elia Transmission for impairment testing. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually.

The recoverable amount of CGUs is determined by reference to a value in use that is calculated based on different methods (Discounted Cash Flow and Discounted Dividend Model) using **cash flow projections** drawn up on the basis of the 2022 reforecast and the 2023-2027 business plan, as approved by the Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.
The forecasts and projections included in the reference scenario were determined on the basis of the estimated investment plans, remuneration defined in the regulatory frameworks, market evolution, market share and margin evolution. As the group's asset base consists of assets with long useful lives, the business plan's projection period was set to encompass the coming two regulatory periods.

The **discount rates** used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, market, country and currency risk relating to each goodwill CGU reviewed. The discount rates used are consistent with available external information sources.

The **growth rates** associated with the terminal values do not exceed the inflation rate or the long-term average growth rate for the market to which the CGU is dedicated.

More details are provided below by CGU.

Acquisition of Elia Asset and Elia Engineering

In 2002, the acquisition of Elia Asset by the Company for €3,304.1 million resulted in a positive consolidation difference of €1,700.1 million. This positive consolidation difference was the result of the difference between the acquisition value of this entity and the carrying amount of its assets. This difference consists of various aspects such as the fact that (i) Elia was appointed as a TSO for a period of 20 years (ii) Elia had unique resources in Belgium as it owns the whole of extra-high-voltage grid and owns 94% of the high-voltage grid (or has the right to use this), and hence only Elia is entitled to put forward a development plan and (iii) Elia had the relevant TSO know-how.

At the date of acquisition, the description or the quantification in euros of these aspects could not be performed on an objective, transparent and reliable basis and, the difference could not therefore be allocated to specific assets and was considered unallocated. This difference has consequently been recognised as goodwill since the initial adoption of IFRS in 2005. The regulatory framework, in particular the offsetting in the tariffs of the decommissioning of fixed assets, applicable from 2008 onwards, did not have an impact on this accounting treatment. The goodwill described above and the goodwill resulting from the acquisition of Elia Engineering in 2004 were allocated to the single cash-generating unit for the impairment test determined, since the income and expenses were generated by one activity, specifically 'regulated activity in Belgium', which will also be considered one CGU.

As a result, the group assigned the carrying amount of the goodwill to one unit, namely the regulated activity in Belgium. Since 2004, annual impairment tests have been conducted and have not resulted in the recognition of any impairment losses.

The impairment test was conducted by an independent expert. This impairment test is based on the value in use and uses two main valuation methods to estimate the recoverable amount: 1) a discounted cash flows method (DCF) and 2) a dividend discount model (DDM), both of which are further detached in valuation variants depending on the terminal value calculation.

Future cash flows and future dividends are based on a business plan for the period 2022-2032. As the group's asset base consists of assets with long useful lives, the business plan's projection period was set to encompass the coming two regulatory periods. Note that the regulatory framework within which Elia operates is characterised by an allowed revenues basis structured around 1) a fair remuneration of the regulated asset base and 2) incentives to guarantee the continuity of supply and improve efficiency. Considering that the regulator will allow a fair remuneration of the regulated asset base consistent with market expectations, the estimated regulated asset base for the last forecast year can be considered an indication of the terminal value. This approach does not take into account potential cash flows generated by meeting or beating future efficiency targets.

The valuation methods are subject to different assumptions, the most important of which are outlined below.

1. Discounting of future cash flows (DCF-models):
   - Discount rate:
     - Cost of Equity of 9.3%;
       - Risk-free-rate: 2.2%
       - Beta 0.93
       - Equity market risk premium 5.5%
       - Country risk premium 1.0%
       - Small firm premium 1.0%
     - Pre-tax Cost of Debt of 3.8%;
     - Corporate tax rate of 25%;
     - Target gearing (D/(D+E)): 60%;
     - Post-tax WACC: 5.4%.
   - Terminal value based on two variants:
     - Terminal value based on a 1.13x RAB multiple in 2032

     NB: as such, the RAB itself does not take into account the contribution that the incentive remuneration makes to the value creation process.
     - Terminal value based on a perpetual growth rate of 3.3%. This long term growth rate is higher than long term expected inflation to capture the returns generated from the significant investments in the business plan.

2. Discounting of future dividends (DDM-models):
   - Discount rate:
     - Cost of Equity of 9.3%
   - Terminal value based on two variants:
     - Terminal value based on 1.13x RAB multiple in 2032.

     NB: as such, the RAB itself does not take into account the contribution of the incentive remuneration to the value creation process.
     - Terminal value based on a perpetual growth rate of 3.3%. This approach assumes that the residual value consists of profit after tax less investments and considers net borrowings (in relation to the investments). However, profit and thus dividend payments in FY32 most likely does not yet reflect the (positive) impact of the investments planned in FY26-FY32.

Conclusion:

- The independent analysis, which was based on a (€3,127 million) midpoint of the different valuation approaches and variants used did not result in the identification of an impairment of goodwill in the financial year 2022. Moreover, market multiples (based on current enterprise values and current/forecasted EBITDA) were applied for plausibility.

- As the median and the average of the different methods presented above were relatively far apart (€2.625 million and €4.635 million respectively), mainly due to differences in assumptions for the terminal value, the expert's mid-point is based on 75% of the median and 25% of the average, bearing in mind, among other factors, that the median alone might not appropriately reflect the impact of incentive remuneration on the terminal value (see above for more details).

- Due to the increase in 2022 in the interest rates, the discount rate has increased significantly compared to last year. This increase has been fully taken into account in the cost of equity without considering that it could be more linked to the maximum allowed return. This approach results in conservative values. The valorisation is also impacted by the significant investments (and related cash outs) expected on the horizon of the plan (acceleration of the energy transition) whereas the returns on these investments will materialise over a longer period. In this context, and all other things being equal, an increase of 1% of the cost of equity/ 50 basis point in the WACC (market reference) would result in a 22% lower value in use and a potential impairment loss of around €385.0 million. The evolution of market parameters is closely monitored by the group with the regulator in order to secure the realization of the expected investments and allow ETB to keep a strong position in the market. A decrease of 1% of the cost of equity/ 50 basis points in the discount rates used would lead to an increase in the value of the CGU of around €1,205.0 million.

6.4. Non current trade and other receivables

On 20 November 2022, a Royal Decree has granted an investment subsidy for the creation of an offshore artificial island (The Princess Elisabeth Island) within the framework of the Recovery and Resilience Facility (EU instrument to support project of Member States and help the EU emerge stronger and more resilient from the current crisis). This island will serve as a multifunctional energy hub/an extension of the electricity grid in the North Sea. It will connect wind farms from the sea to the mainland and create new connections with neighbouring countries. The text of the RD provides that the practical details will be agreed upon by a “Protocol” between the State and Elia. This Protocol was signed on 14 December 2022, providing for the intervention of the SPF Economy up to a subsidy of €99,7 million out of a total budgeted investment of circa €600.0 million.

Out of this amount, €97.5 million are classified as an investment grant against €2.2 million as operational grant. Cash will be collected as predefined milestones are reached. The agreed planning results in a split €95.0 million classified as long term and €4.7 million in short term.

The recoverability of this amount is contractually guaranteed. No credit risk has been considered on this long-term receivable.

6.5. Equity-accounted investees

The movements in the equity-accounted investees are summarised as follows:

(in € million)	2022	2021
Equity accounted investees (opening balance)	**309.4**	**322.9**
Profit for the year	39.5	49.4
Dividends received	(34.2)	(30.9)
Capital repayment of equity accounted investee	(53.8)	(30.5)
Investment in equity accounted investee		0.0
Sale of equity accounted investee	0.0	(1.5)
Equity accounted investees (closing balance)	**260.9**	**309.4**

Details are presented in the subchapters below.

6.5.1. Joint ventures

Nemo Link Ltd
On 27 February 2015, Elia System Operator and National Grid signed a joint venture agreement to build the Nemo Link Interconnector between Belgium and the UK. This project consists of subsea and underground cables connected to a converter station and an electricity substation in each country, allowing electricity to flow in either direction between the two countries and give the UK and Belgium improved reliability and access to electricity and sustainable generation. Each shareholder holds a 50% stake in Nemo Link Ltd, a UK company. The interconnection was commissioned in late January 2019.

To finance the project, both shareholders have provided funding to Nemo Link Ltd since 2016 via equity contributions and loans (divided on a 50/50 basis). In June 2019, the loans were incorporated in the share capital (loan swap to equity).

In 2022, Nemo Link Ltd reduced its share capital by €107.6 million (€61.0 million in 2021). In addition to these capital reduction rounds, dividends totalling €64.0 million (€58.0 million in 2021) were paid out to its shareholders.

The following table summarises the financial information of the joint venture, based on its IFRS financial statements and reconciliation with the carrying amount for the Group's interest in the consolidated financial statements.

(in € million)	2022	2021
Percentage ownership interest	**50.0%**	**50.0%**
Non-current assets	591.3	617.4
Current assets	29.1	19.5
Non-current liabilities	111.2	41.0
Current liabilities	22.3	11.6
Equity	486.9	584.2
Group's carrying amount for the interest	**243.4**	**292.1**
Revenues and other income	122.0	151.1
Total depreciation and amortisation	(27.1)	(27.0)
Other operating expenses	2.9	(7.7)
Net finance costs	(5.6)	(1.0)
Profit before income tax	92.3	115.3
Income tax expense	(18.1)	(21.2)
Profit for the year	74.2	94.0
Total comprehensive income for the year	74.2	94.0
Group's share of profit for the year	**37.1**	**47.0**
Dividends received by the Group	32.0	29.0

6.5.2. Associates

As of 31 December 2022, the group has 2 associates, both being equity-accounted investees:

- The group has a 15.8% stake in Coreso SA/NV. Coreso SA/NV is a company that provides coordination services aimed at facilitating the secure operation of the high-voltage grid in several European countries.

- The group holds a 17.0% stake in HGRT. HGRT SAS is a French company with a 49.0% stake in Epex Spot, the exchange for power spot trading in Germany, France, Austria, Switzerland, Luxembourg and (through its 100% associate APX) the UK, Netherlands and Belgium. As one of the founding partners of HGRT, the Group has a 'golden share', securing it a minimum number of representatives on HGRT's Board of Directors. This constitutes a significant influence and therefore HGRT is accounted for using the equity method. In 2022, the Group received a dividend of €2.2 million from HGRT (€1.9 million in 2021).

None of these companies are listed on any public exchange.

The following scope changes are to be reported:

- 2022: none
- 2021: The investment in Enervalis NV (16,5%), a start-up that develops innovative software for smart control of energy sources, was sold in April 2021 resulting in a gain of €0.15 million

The following table illustrates the summarised financial information of the Group's investment in these companies, based on their respective financial statements prepared in accordance with IFRS.

(in € million)	**Coreso 2022**	**HGRT 2022**
Percentage ownership interest	**15.8%**	**17.0%**
Non-current assets	10.1	96.9
Current assets	3.1	0.7
Current liabilities	7.9	0.0
Equity	5.3	97.5
Group's carrying amount for the interest	**0.8**	**16.6**
Revenue	28.3	0.0
Other operating expenses	(27.1)	13.4
Profit before income tax	1.3	13.4
Income tax expense	(0.5)	(0.1)
Profit for the year	0.8	13.2
Total comprehensive income for the year	0.8	13.2
Group's share of profit for the year	**0.1**	**2.2**
Dividends received by the Group		2.2

(in € million)	**Coreso 2021**	**HGRT 2021**
Percentage ownership interest	**15.8%**	**17.0%**
Non-current assets	8.2	96.5
Current assets	4.5	0.8
Current liabilities	8.2	0.0
Equity	4.5	97.3
Group's carrying amount for the interest	**0.7**	**16.5**
Revenue	25.7	0.0
Other operating expenses	(24.6)	13.2
Profit before income tax	1.1	13.2
Income tax expense	(0.4)	(0.1)
Profit for the year	0.7	13.1
Total comprehensive income for the year	0.7	13.1
Group's share of profit for the year	**0.1**	**2.2**
Dividends received by the Group		1.9

6.6. Other financial assets

(in € million)	2022	2021
Reimbursement rights	33.7	46.2
Immediately claimable deposits	7.0	7.0
Other shareholdings	0.3	0.2
Trade and other receivables	0.0	0.0
Total - Non current	**41.0**	**53.4**
Derivatives	65.3	0.0
Total - Current	**65.3**	**0.0**
Total	**106.3**	**53.4**

The non-current other financial assets decreased by €12.4 million compared with the previous year. The variation is mainly the result of the decrease of the reimbursement rights due to the higher discount rate. See also note 6.14 for more information.

Immediately claimable deposits are measured at fair value. The risk profile of these investments is discussed in Note 8.1. The value as at 31 December 2022 is stable compared to 2021.

Reimbursement rights are linked to the obligations regarding (i) the retired employees falling under specific benefit schemes (Scheme B - unfunded plan); and for (ii) medical plans and reduced energy pricing plans for retired staff members. See Note 6.14: 'Employee benefits'. The reimbursement rights are recoverable through the regulated tariffs. The following principle applies: all incurred pension costs for 'Scheme B' retired employees and the costs linked to healthcare and reduced energy pricing plans for retired Elia staff members are defined by the regulator (CREG) as non-controllable expenses that are recoverable through the regulatory tariffs. The increase in the carrying value of this asset is disclosed in Note 6.14: 'Employee benefits'. Considering the nature (regulatory asset) of these financial assets, they are not considered to be at risk of impairment.

Other shareholdings consists of a stake of 4.0% in JAO Joint Allocation Office SA. This investment is measured at fair value through other comprehensive income.

The current other financial assets relate to financial derivatives in which the company entered for the pre-hedging of probable forecasted debt transactions. The fair value of the 5 IRS amounted to €65.3 million (recognized in OCI).

6.7. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

(in € million)	2022		2021	
	Assets	Liability	Assets	Liability
Property, plant and equipment	1.4	(55.6)	1.4	(59.8)
Intangible assets	0.0	(2.8)	0.0	(4.4)
Interest-bearing loans and other non-current financial liabilities	6.7	(1.7)	13.0	(2.1)
Employee benefits	15.0	(10.8)	16.3	(11.8)
Provisions	3.7	0.0	4.8	0.0
Derivatives	0.0	(16.3)	0.0	0.0
Deferred revenue	28.2	0.0	25.9	0.0
Deferred tax on investment grants	0.0	(25.4)	0.0	(1.1)
Other items	0.1	(9.4)	0.1	(8.5)
Tax asset/liability before offsetting	**54.9**	**(122.0)**	**61.5**	**(87.7)**
Offsetting of tax	(54.6)	54.6	(61.2)	61.2

Net tax asset/(liability)	**0.3**	**(67.3)**	**0.3**	**(26.5)**

The changes in deferred tax assets and liabilities can be presented as follows:

CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES RESULTING FROM MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

(in € million)	Net tax asset/(liability)	Recognised in income statement	Recognised in comprehensive income	Total
2021				
Property, plant and equipment	(52.5)	(5.8)	0.0	(58.3)
Intangible assets	(6.3)	1.9	0.0	(4.4)
Interest-bearing loans and other non-current financial liabilities	5.7	5.2	0.0	10.9
Employee benefits	9.2	1.3	(6.0)	4.5
Provisions	5.6	(0.8)	0.0	4.8
Deferred revenue	24.4	1.5	0.0	25.9
Deferred tax on investment grants	(1.1)	0.0	0.0	(1.1)
Losses carried forward	0.0	0.0	0.0	0.0
Other items	(7.1)	(1.3)	0.0	(8.4)
Total	**(22.2)**	**2.0**	**(6.0)**	**(26.2)**
2022				
Property, plant and equipment	(58.3)	4.1	0.0	(54.2)
Intangible assets	(4.4)	1.6	0.0	(2.8)
Interest-bearing loans and other non-current financial liabilities	10.9	(5.9)	0.0	4.9
Employee benefits	4.5	(0.5)	0.3	4.2
Provisions	4.8	(1.1)	0.0	3.7
Derivatives	0.0	0.0	(16.3)	(16.3)
Deferred revenue	25.9	2.2	0.0	28.2
Deferred tax on investment grants	(25.4)	0.0	0.0	(25.4)
Other items	(8.4)	(0.9)	0.0	(9.4)
Total	**(50.6)**	**(0.5)**	**(16.0)**	**(67.1)**

The deferred tax liability on right-of-use assets from IFRS 16 leases is shown under ‘Property, plant and equipment’, whilst the deferred tax asset on finance lease liability is shown under ’Interest-bearing loans and other non-current financial liabilities’.

UNRECOGNISED DEFERRED TAX ASSETS OR LIABILITIES

There are no unrecognised deferred tax assets or liabilities at 31 December 2022.

6.8. Inventories

(in € million)	2022	2021
Raw materials and consumables	31.1	30.9
Write-downs	(16.7)	(15.9)
Total	**14.4**	**15.0**

The warehouse primarily stores replacement and spare parts for maintenance and repair work carried out along the Group's high-voltage substations, overhead lines and underground cables.

The value of inventories remains stable compared to 31 December 2021.

Write-downs are recorded following the non-utilisation of stock items based on their underlying rotation. These were slightly higher than in 2021.

6.9. Current trade and other receivables, deferred charges and accrued revenues

(in € million)	2022	2021
Contract assets	0.5	0.3
Trade receivables	327.7	433.3
Levies	5.4	36.6
VAT and other taxes	56.7	41.7
Other	8.7	3.7
Trade and other receivables	**399.0**	**515.7**
Deferred charges and accrued revenues	6.7	6.3
Deferred charges and accrued revenues	**6.7**	**6.3**
Total	**405.7**	**522.0**

The total current trade and other receivables, deferred charges and accrued revenues decreased by €116.2 million compared to the previous year.

Trade receivables are non-interest-bearing and generally have payment terms of 15 to 30 days.

The levies decreased from €36.6 million to €5.4 million. The decrease in levies is explained by a new system implemented in 2022 which allows the group to be pre-funded for its green certificate buybacks in a 2022 context where wind production has been significantly lower than expected.

Other receivables mainly relate to indemnities to receive from insurance companies.

The Group's exposure to credit and currency risks, and impairment losses related to trade receivables are shown in Note 8.1.

At 31 December, the ageing analysis of trade receivables is as follows:

(in € million)	2022	2021
Not past due	267.8	415.0
Past due 0-30 days	32.8	14.3
Past due 31-60 days	28.5	0.5
Past due 61 days - one year	(4.5)	1.3
Past due one year - two years	2.8	2.1
Total (excl. impairment)	**327.4**	**433.3**
Doubtful amounts	3.9	3.9
Amounts write-offs	(3.4)	(3.4)
Allowance for expected credit losses	(0.2)	(0.4)
Total	**327.7**	**433.3**

See Note 8.1 for a detailed analysis of the credit risk incurred in connection with these trade receivables.

Considering the nature (as regulatory assets) and/or the risk profile of the counterparties (Belgian state) of the most significant other receivables, there is a low impairment risk and thus it is no needed to record a loss allowance.

6.10. Current tax assets and liabilities

(in € million)	2022	2021
Tax receivables	14.4	7.2
Tax liabilities	(2.6)	(1.5)
Net tax asset/(liability)	**11.8**	**5.8**

The net tax position went from €5.8 million asset to €11.8 million asset, because of higher advance payments done on corporate tax which will be recovered in financial year 2023. The income tax liabilities remained more or less stable.

6.11. Cash and cash equivalents

(in € million)	2022	2021
Short-term deposits	179.4	28.9
Balance at bank	422.3	108.5
Total	**601.6**	**137.4**

Cash and cash equivalents have strongly increased by €464.2 million. This increase is mainly due to the higher position in levies (surplus of €167.0 million as per 31 December 2022) and the capital increases carried out by the company (€295.1 million).

Short-term deposits are invested for periods varying from a few days or weeks to several months (generally not exceeding three months), depending on immediate cash requirements, and earn interest in accordance with the interest rates for short-term deposits.

Bank account balances earn or pay interest in line with the variable rates of interest on the basis of daily bank deposit interest rates. The Group's interest rate risk and the sensitivity analysis for financial assets and liabilities are discussed in Note 8.1.

The cash and cash equivalents disclosed above and in the statement of cash flows include €37.6 million held by Elia RE of which €1.4 million is restricted in use.

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6.12. Shareholders' equity

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6.12.1. Equity attributable to the owners of the Company

SHARE CAPITAL AND SHARE PREMIUM

Number of shares	2022	2021
Outstanding on 1 January	206,133,122	206,071,931
Issued against cash payment	20,411,669	61,191
Number of shares (end of period)	**226,544,791**	**206,133,122**

The capital has been modified twice during the year 2022:

- On 26 July 2022, Elia Transmission Belgium SA/NV increased its capital by an amount of €290.1 million along with an increase in share premium of €91.0 million for which 19.911.672 new shares have been issued at a subscription price of €14.57 per share;
- The extraordinary shareholders' meeting of Elia Group held on 21 June 2022 decided to execute a capital increase in two steps/periods (one in 2022 for a maximum of €5.0 million and the other in 2023 for a maximum of €1.0 million), for a total maximum amount of €6.0 million for its Belgian employees. The first tranche of this capital increase for employees took place in December 2022. In this context, it has been decided that Elia Transmission Belgium proceeds with a capital increase of the same amount. The transaction resulted in the creation of 499.997 new shares for a total amount of €5.0 million fully recorded in issued capital.

In 2021, the change was related to the second tranche of the 2020 capital increase for Elia employees completed in July 2021. The capital increase resulted in the creation of 61,191 additional shares amounting to €0.6 million capital increase.

RESERVES

In line with Belgian legislation, 5% of the Company's statutory net profit must be transferred to the legal reserve each year until the legal reserve represents 10% of the capital. From the statutory net profit of 2021, €3.9 million was transferred to the legal reserve in 2022.

The Board of Directors can propose the pay-out of a dividend to shareholders up to a maximum of the available reserves plus the profit carried forward from the Company's previous financial years, including the profit for the financial year ending on 31 December 2022. Shareholders must approve the dividend payment at the Annual General Meeting of Shareholders.

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments with regard to hedged transactions that have not yet occurred.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash-flow hedging instruments with regard to hedged transactions that have not yet occurred. In 2022, a hedging reserve with a fair value of €49.0 million was recognized in connection with new instruments (IRS) in which the company entered for pre-hedging of probable forecasted debt transactions. See note 8.1 for more details.

DIVIDEND

After the reporting date, the Board of Directors will put forward the dividend proposal indicated below.

Dividend (in €)	2022	2021
Per ordinary share entitled to dividend	0.80	0.13

It was proposed and approved, at the Shareholders' Meeting convened to approve the Elia Transmission Belgium NV/SA financial statements for the year ending on 31 December 2021 to pay a dividend of €0.13 per share, representing a total payout of €25.9 million.

The Board of Directors meeting on 30 March 2023 proposed a gross dividend of €0.80 per share with respect of 2022. An interim dividend of €61,2 million was already paid on 20 December 2022. The total dividend (interim dividend included) calculated based on the number of shares outstanding on 30 March 2023 corresponds to a total of €180.8 million.

The remaining amount of dividend (€119.6 million) is subject to approval by shareholders at the Annual General Meeting on 16 May 2023 and is not included as a liability in the Group's consolidated financial statements.

6.13. Interest-bearing loans, borrowings and lease liabilities

(in € million)	2022	2021
Non-current borrowings	3,561.1	3,580.3
Lease liabilities − non-current	21.4	24.3
Subtotal non-current borrowings	**3,582.6**	**3,604.6**
Current borrowings	22.3	82.3
Lease liabilities − current	5.4	27.7
Accrued interest	48.4	48.6
Subtotal current loans and borrowings	**76.2**	**158.7**
Total	**3,658.7**	**3,763.3**

The tables below show the changes in the Group's liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes.

(in € million)	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Total
Balance at 1 January 2021	3,624.7	77.9	3,702.6
Cash flow: repayment of borrowings	0.0	(30.8)	(30.8)
Cash flow: proceeds from withdrawal borrowings	0.0	60.0	60.0
Accrued interest	0.0	0.7	0.7
Other	(20.1)	50.8	30.7
Balance at 31 December 2021	**3,604.6**	**158.7**	**3,763.3**
Balance at 1 January 2022	3,604.6	158.7	3,763.3
Cash flow: repayment of borrowings	(6.2)	(82.3)	(88.5)
Cash flow: proceeds from withdrawal borrowings	0.0	0.0	0.0
Accrued interest	0.0	(0.2)	(0.2)
Other	(15.9)	0.0	(15.9)
Balance at 31 December 2022	**3,582.6**	**76.1**	**3,658.7**

In 2021, the group issued commercial papers for total amount of €60.0 million with a maturity date of 2022 and an interest rate of -0.15% under its commercial paper program of €300.0 million. This amount was repaid in 2022.

Movements in 'Other' during the financial year 2022 mainly relates to reclassifications of long-term debt to short-term debt based on when instruments become due in 2023 and the repayment of a lease debt.

Information on the terms and conditions related to outstanding interest-bearing loans and borrowings is outlined below:

31 December 2022:

(in € million)	Maturity	At maturity	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	548.0	3.25%
Eurobond issues 2013/20 years	2033	At maturity	199.3	3.50%
Eurobond issues 2014/15 years	2029	At maturity	347.6	3.00%
Eurobond issues 2015/8.5 years	2024	At maturity	499.6	1.38%
Eurobond issues 2017/10 years	2027	At maturity	248.5	1.38%
Eurobond issues 2019/7 years	2026	At maturity	499.0	1.38%
Eurobond issues 2020/10 years	2030	At maturity	790.9	0.88%
Amortising term loan	2033	Linear	167.8	1.80%
Amortising bond - 7,7 years	2028	Linear	50.3	1.56%
Amortising bond - 23,7 years	2044	Linear	132.4	1.56%
European Investment Bank	2025	At maturity	100.0	1.08%
Total			**3,583.4**	
Lease debts			26.9	
Accrued interests			48.4	
Total Loans and Borrowings			**3,658.7**	

31 December 2021:

(in € million)	Maturity	At maturity	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	547.7	3.25%
Eurobond issues 2013/20 years	2033	At maturity	199.2	3.50%
Eurobond issues 2014/15 years	2029	At maturity	347.2	3.00%
Eurobond issues 2015/8.5 years	2024	At maturity	499.1	1.38%
Eurobond issues 2017/10 years	2027	At maturity	248.2	1.38%
Eurobond issues 2019/7 years	2026	At maturity	498.6	1.38%
Eurobond issues 2020/10 years	2030	At maturity	789.7	0.88%
Amortising term loan	2033	Linear	181.7	1.80%
Amortising bond - 7,7 years	2028	Linear	58.7	1.56%
Amortising bond - 23,7 years	2044	Linear	132.3	1.56%
European Investment Bank	2025	At maturity	100.0	1.08%
Dematerialised treasury notes	2022	At maturity	60.0	-0.15%
Total			**3,662.6**	
Lease debts			52.1	
Accrued interests			48.6	
Total Loans and Borrowings			**3,763.3**	

6.14. Employee benefits

The group has various legal and constructive defined benefit obligations linked to its Belgian and German operations.

The total net liability for employee-benefit obligations is as follows:

(in € million)	2022	2021
Defined benefit plans	4.1	28.5
Post-employment benefits other than pensions	47.4	35.9
Total provisions for employee benefits	**51.5**	**64.4**

DEFINED CONTRIBUTION PLANS

Employees remunerated based on a salary scale and recruited after 1 June 2002, as well as management staff recruited after 1 May 1999 are covered by two defined contribution pension plans (Powerbel and Enerbel):

- The Enerbel plan is a plan for salaried employees hired after 1 June 2002, to which the employee and the employer contribute based on predefined formula.
- The Powerbel plan is a plan for managers hired after 1 May 1999. The contributions of the employee and employer are based on a fixed percentage of the employee's salary.

The new law regarding occupational pension plans, published at the end of 2015, made various changes to the guaranteed return on defined contribution plans. For payments made after 1 January 2016, the law requires employers to guarantee an average annual return of at least 1.75% (up to 3.75% depending on who contributes) over the course of the individual's career.

For insured plans the minimum guaranteed return until 31 December 2015 still needs to be equivalent to at least 3.25% for the employer's contribution and 3.75% for the employee's contribution, with any shortfall being covered by the employer.

As a result of the above change and as mentioned in the accounting policies, all defined contribution pension plans under Belgian pension legislation are classified as defined benefit plans for accounting purposes due to the legal minimum return to be guaranteed by the employer, which represents a plan amendment. They are accounted for using the Projected Unit Credit method (PUC-method). For each plan, the fair value of assets equals the sum of the accrued individual reserves (if any) and the value of the collective fund(s) (if any), hence no application of IAS 19 § 115 is undertaken. In addition, with the exception of Enerbel, the defined contributions (DC) plans are not backloaded, as such these plans are valued without projection of future contributions. The Enerbel DC plan is backloaded and this plan is valued with a projection of future contributions.

Elia Transmission Belgium has transferred certain acquired reserves guaranteed by the insurers to 'Cash balance – best off' plans since 2016. The main objective of these plans is to guarantee for every subscriber a minimum guaranteed return of 3.25% on the acquired reserves until retirement age.

Both employee' and employer' contributions are paid on a monthly basis for the base plans. The employee' contribution is deducted from the salary and paid to the insurer by the employer. The amount of future cash flows depends on wage growth.

DEFINED BENEFIT PLANS

For a closed population, collective agreements in the electricity and gas industries provide 'pension supplements' based on the employee's annual salary and their career at a company (partially revertible to the inheritor should be the early death of the employee occur).The benefits granted are linked to Elia's operating result. There is no external pension fund or group insurance for these liabilities, which means that no reserves are constituted with third parties. The obligations are classified as a defined benefit.

The collective agreement determines that active staff hired between 1 January 1993 and 31 December 2001 and all managerial/executive staff hired prior to 1 May 1999 will be granted the same guarantees via a defined benefit pension scheme (Elgabel and Pensiobel – closed plans). Obligations under these defined benefit pension plans are funded by a number of pension funds for the electricity and gas industries and by insurance companies.

As mentioned above, Elia Transmission Belgium has transferred certain acquired reserves guaranteed by the insurers to 'Cash balance – best off' plans since 2016. As this guarantee is an obligation that the employer must adhere to, these plans represent defined benefit plans.

Both employees and employers contributions are paid on a monthly basis for the base plans. The employee's contribution is deducted from the salary and paid to the insurer by the employer.

OTHER PERSONNEL OBLIGATIONS

Elia Transmission (Belgium) also offers its staff certain early-retirement schemes and other post-employment benefits such as the re-payment of their medical expenses and a contribution to their energy bills, as well as other long-term benefits (seniority payments). Not all of these benefits are funded and, in accordance with IAS 19, these post-employment benefits are classified as defined benefit plans.

EMPLOYEE BENEFIT OBLIGATIONS AT GROUP LEVEL

The Group's net liability for employee benefit obligations is as follows:

(in € million)	Pensions		Other	
	2022	2021	2022	2021
Present value of funded defined benefit obligation	(226.8)	(251.5)	(51.9)	(71.0)
Fair value of plan assets	222.6	253.4	4.5	4.8
Net employee benefit liability	**(4.1)**	**1.9**	**(47.4)**	**(66.3)**

The net employee benefit liability decreased in total by €12.9 million. The impact is mainly explained by the increase in discount rate compared with 2021 and the lower (negative) return on plan assets.

Movement in the present value of the defined benefit obligation	Pensions		Other	
(in € million)	2022	2021	2022	2021
At the beginning of the period	**(251.5)**	**(257.1)**	**(71.0)**	**(77.4)**
Current service cost	(11.3)	(12.3)	(2.1)	(2.2)
Interest cost/income	(2.5)	(1.2)	(0.8)	(0.5)
Contributions from plan participants	(1.0)	(0.9)	0.0	0.0
Including remeasurement gains/(losses) in OCI and in Statement of profit or loss, arising from				
Changes in demographic assumptions	0.0	0	0.0	0
Changes in financial assumptions	41.3	13.2	19.7	5.0
Changes from experience adjustments	(17.4)	(6.7)	(0.7)	1.3
Past service cost	0.0	0.1	0.0	0
Payments from the plan	15.6	16.1	3.0	2.8
Transfers	0.0	(2.7)	0.0	(0.0)
At the end of the period	**(226.8)**	**(251.5)**	**(51.9)**	**(71.0)**

Movement in the fair value of the plan assets	Pensions		Other	
(in € million)	2022	2021	2022	2021
At the beginning of the period	**253.3**	**239.5**	**4.8**	**4.0**
Interest income	2.4	1.1	0.0	0.0
Remeasurement gains/losses in OCI arising from:				
Return of plan assets (excluding interest income on plan assets)	(35.0)	14.5	(0.3)	0.9
Contributions from employer	14.2	10.8	0.9	2.6
Contributions from plan participants	1.0	0.9	0.0	0.0
Transfers	0.0	2.7	(0.0)	0.0
Benefit payments	(13.3)	(16.1)	(0.9)	(2.8)
At the end of the period	**222.6**	**253.3**	**4.5**	**4.8**

Amounts recognised in comprehensive income	Pensions		Other	
(in € million)	2022	2021	2022	2021
Service cost				
Current service cost	(11.3)	(12.3)	(2.1)	(2.2)
Past service cost	0.0	0.1	0.0	0.0
Settlements	0.0	0.0	0.0	0.0
Net interest on the net defined-benefit liability/(asset)	**(0.1)**	**(0.1)**	**(0.7)**	**(0.4)**
Interest cost on defined-benefit obligation	(2.5)	(1.2)	(0.8)	(0.5)

Interest income on plan assets	2.4	1.1	0.0	0.0
Other	**0.0**	**0.0**	**0.0**	**0.3**
Defined-benefit costs recognised in profit or loss	**(11.4)**	**(12.3)**	**(2.8)**	**(2.3)**
Actuarial gains(/losses) on defined obligations arising from:				
1) Changes in demographic assumptions	0.0	0.0	0.0	0.0
2) Changes in financial assumptions	41.3	13.2	19.7	4.4
3) Changes from experience adjustments	(17.4)	(6.7)	(0.7)	1.5
0				
Return on plan assets (excluding interest income on plan assets)	(35.0)	14.5	(0.3)	0.9
Remeasurements of net defined benefit (liability)/asset recognised in other comprehensive income (OCI)	**(11.1)**	**21.0**	**18.7**	**6.9**
Total	**(22.5)**	**8.7**	**15.9**	**4.6**

Considering the actuarial gains or losses recognised in other comprehensive income for the reimbursement rights (-€8.9 million for 2022 - see hereafter), the net impact of the remeasurement of post employments benefit obligations amounts to -€1.1 million.

(in € million)	**2022**	**2021**
Breakdown of defined-benefit obligation by type of plan participants	**(280.8)**	**(322.5)**
Active plan participants	(218.8)	(248.4)
Terminated plan participants with def.-benefit entitlements	(21.1)	(24.0)
Retired plan participants and beneficiaries	(41.0)	(50.1)
Breakdown of defined-benefit obligation by type of benefits	**(280.8)**	**(322.6)**
Retirement and death benefits	(227.5)	(251.6)
Other post-employment benefits	(42.0)	(18.2)
Seniority payments	(11.4)	(52.6)

When determining the appropriate discount rate, the group considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

A stress test is performed annually. This test verifies that the minimum funding requirements are covered to deal with 'shocks' with probability of occurrence of 0.5%.

The members (mostly) contribute to the financing of the retirement benefits by paying a personal contribution.

The annual balance of the defined benefit lump sum is financed by the employer through a recurrent allowance expressed as a percentage of the total payroll of the participants. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing involves smoothing future costs over the remaining period of the plan. The costs are estimated on a projected basis (taking into account salary growth and inflation). The assumptions related to salary increase, inflation, employee turnover and age term are defined on the basis of historical data from the Company. The mortality tables used are those corresponding to the observed experience within the financing vehicle and take into consideration expected changes in mortality. The Group calculates the net interest on the net defined benefit liability (asset) using the same high-quality bond discount rate (see above) used to measure the defined benefit obligation (net interest approach). These assumptions are challenged on a regular basis.

Exceptional events (such as modifications made to the plan, changes in assumptions and overly short coverage terms) can eventually lead to outstanding payments from the sponsor.

The defined benefit plans expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined based on high-quality corporate bonds. The difference between the actual return on assets and the interest income on plan assets is included in the remeasurements component (OCI). Currently the plan has a relatively balanced range of investments, as shown in the table below:

(in € million)	**2022**	**2021**
Investments quoted in an active market	**92.25%**	**79.68%**
Shares - Eurozone	13.53%	15.72%

Shares - outside Eurozone	15.45%	20.18%
Government bonds - Eurozone	0.80%	1.45%
Other bonds - Eurozone	28.59%	27.85%
Other bonds - outside Eurozone	33.89%	14.47%
Unquoted investments	**7.75%**	**20.32%**
Property	4.76%	2.80%
Cash and cash equivalents	1.45%	3.16%
Other	0.00%	14.36%
Total (in %)	**100.00%**	**100.00%**

Due to the long-term nature of the plan liabilities, it is considered appropriate that a reasonable portion of the plan assets be invested in equity securities to leverage the return generated by the fund. In Germany, all plan assets are invested in insurance agreements.

Interest risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's assets, of which approximately 93.5% is now invested in pension funds with an expected return of 3.12%.

Longevity risk

The present value of the defined benefit plan liability is calculated based on the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. The prospective mortality tables from the IA/BE are used in Belgium.

Salary risk

The present value of the defined benefit plan liability has been calculated based on the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

ACTUARIAL ASSUMPTIONS

(in % and years)	Belgium	
	2022	2021
Discount rate		
- Pensions - defined benefit plans and cash balance - best off plans	3.75%	0.83%
- Pensions - defined contribution plans	3.77%	1.12%
- Other	3.75%	1.14%
Expected average salary increase (excluding inflation)	1.00%	1.00%
Expected inflation	2.10%	1.75%
Expected increase in health benefits (including inflation)	3.10%	2.75%
Expected increase in tariff advantages	2.10%	1.75%
Average assumed retirement age		
- Employee	63	63
- Manager	65	65
Life expectancy in years of a pensioner retiring at age 65 at closing date:*		
Life expectancy for a 65 year old male	19.9	19.9
Life expectancy for a 65 year old female	23.6	23.6

**Mortality tables used: IABE in Belgium*

(in years)	Belgium	
	2022	2021
Weighted average duration of the defined benefit obligation	8.0	8.5
Weighted average duration of the defined contribution plans	9.7	9.7
Weighted average duration of the post-employment benefits other than pensions	13.2	13.2

The actual return on plan assets in percentage terms for 2022, ranged between -2.6% and -18.0% (compared with a range of 2.7% to 12.0% in 2021).

Below is an overview of the expected cash outflows for the DB plans:

Future expected cash outflows	< 12 months	1-5 years	6 - 10 years
Pensions	(4.6)	(20.4)	(25.3)
Other	(0.1)	(0.3)	(0.4)
Total (in € million)	**(4.7)**	**(20.7)**	**(25.7)**

There is some degree of uncertainty linked to the above expected cash outflows which can be explained by the following factors:

- differences between assumptions and actual data can occur, e.g. retirement age and future salary increase;
- the expected cash outflows shown above are based on a closed population and therefore do not include future new hires;
- future premiums are calculated based on the last known aggregate cost rate, which is reviewed on an annual basis and varies depending on the return on plan assets, the actual salary increase as opposed to the assumptions, and unexpected changes in the population.

SENSITIVITY ANALYSIS

Effect on defined benefit obligation (in € million)	**Increase (+) / Decrease (-)**
Impact on the net defined-benefit obligation of an increase in:	
Discount rate (0.5% movement)	14.1
Average salary increase - excl. inflation (0.5% movement)	(9.2)
Inflation (0.25% movement)	(5.5)
Increase of healthcare care benefits (1.0% movement)	(0.1)
Life expectancy of pensions (1 year)	(3.4)

REIMBURSEMENT RIGHTS (BELGIUM)

As described in Note 6.6, a non-current asset (within other financial assets) is recognised as reimbursement rights linked to the defined benefit obligation for the population benefitting from the interest scheme and medical plan liabilities and tariff benefits for retired Elia employees. Each change in these liabilities equally affects the corresponding reimbursement rights under non-current other financial assets.

The change in reimbursement rights is presented in the table below:

Movement in the present value of the reimbursement rights	**Pensions**		**Other**	
(in € million)	**2022**	**2021**	**2022**	**2021**
At the beginning of the period	**(19.0)**	**(22.6)**	**(27.2)**	**(31.2)**
Current service costs				
Interest cost/income	(0.1)	(0.1)	(0.3)	(0.2)
Actuarial gains(/losses) on defined obligations arising				
1) Changes in demographic assumptions	0.0	0.0	0.0	0.0
2) Changes in financial assumptions	3.0	0.7	8.4	2.2
3) Changes from experience adjustments	0.0	0.4	(2.4)	0.5
Payments from the plan	2.2	2.5	1.8	1.6
At the end of the period	**(14.0)**	**(19.0)**	**(19.7)**	**(27.2)**

The sum of 'Pensions' (€14.0 million) and 'Other' (€19.7 million) reimbursement rights amounted to €33.7 million in 2022 (2021: € 46.2 million), which reconciles with the reimbursement rights listed in Note 6.6.

6.15. Provisions

(in € million)	Environment	Elia Re	Dismantling Obligations	Other	Total
Balance at 1 January 2021	9.2	5.4	23.4	2.3	40.3
Increase	0.3	1.0	1.1	0.8	3.2
Reversals	(0.4)	(2.0)	(3.3)	(0.7)	(6.5)
Utilisation	(0.1)	(0.4)	0.0	(0.2)	(0.7)
Discounting of provisions	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2021	**9.0**	**4.1**	**21.2**	**2.1**	**36.3**
Long-term portion	7.5	4.1	21.2	2.1	34.8
Short-term portion	1.5	0.0	0.0	0.0	1.5
Balance at 1 January 2022	9.0	4.1	21.2	2.1	36.3
Increase	1.4	2.0	0.0	1.1	4.7
Reversals	(1.0)	(2.9)	(3.3)	(1.0)	(8.2)
Utilisation	(0.1)	(0.4)	0.0	(0.3)	(0.8)
Discounting of provisions	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2022	**9.3**	**2.9**	**17.8**	**1.9**	**31.9**
Long-term portion	7.9	2.9	17.8	1.9	30.6
Short-term portion	1.3	0.0	0.0	0.0	1.3

The group has recognised provisions for the following:

Environment: The environmental provision provides for existing exposure in relation to land decontamination. There were no significant movements in the environmental provisions in 2022.

Elia has conducted soil surveys on over 200 sites in Flanders in accordance with contractual agreements and Flemish legislation. Significant soil contamination was found on a number of sites, with this being mainly attributable to historical pollution arising from earlier or nearby industrial activities (gas plants, incinerators, chemicals, etc.). In the Brussels-Capital and Walloon Regions, Elia also carried out analyses and studies to detect contamination at a number of substations and a number of plots occupied by pylons for overhead power lines. Based on the analyses and studies it conducted, Elia has made provisions for possible future soil remediation costs in line with the relevant legislation.

Environmental provisions are recognised and measured based on an expert appraisal bearing in mind Best Available Techniques Not Entailing Excessive Costs (BATNEEC) as well as on the circumstances known at the end of the reporting period. The timing of the settlement is unclear but for the premises where utilisations occur, the underlying provision is classified as a short-term provision.

Elia Re: An amount of €2.9 million is included at year-end for Elia Re, a captive reinsurance company. €0.1 million of this is linked to claims for overhead lines, whilst €2.8 million is linked to electrical installations. The expected timing of the related cash outflow depends on the progress and duration of the respective procedures.

Dismantling provisions: As part of the group's CAPEX programme, the Group is exposed to decommissioning obligations; most of which are related to offshore projects. These provisions take into account the effect of discounting and the expected cost of dismantling and removing the equipment from sites or from the sea. The carrying amount of the provision as at 31 December 2022 was €17.8 million. The group has applied a case-by-case approach to estimate the cash outflow needed to settle the liability. The decrease is mainly due to the higher discount rate for discounting of the provisions.

Elia Transmission Belgium uses corporate bond rates (minimum AA rating) and sets them out to match the lifetime of the provisions in order to discount the dismantling provisions. In case the discount rate is below 0%, the rate is floored at 0%. The discount rates used in

2022 was 3.79% and depends on the lifetime of the asset to dismantle. In case where the discount rate fell to 0% the dismantling provisions would increase by €31.3 million.

'**Other**' consists of various provisions for litigation to cover likely payment where legal proceedings have been instituted against the group by a third party or where the group is involved in legal proceedings. These estimates are based on the value of claims filed or on the estimated level of risk exposure. The expected timing of the related cash outflow depends on the progress and duration of the associated proceedings.

No assets have been recognised in connection with the recovery of certain provisions.

6.16. Other non-current liabilities

(in € million)	2022	2021
Investment grants	76.2	3.3
Contract liabilities	112.7	103.8
Total	**188.8**	**107.1**

In 2022, a new investment grant has been recognised by the company for a total €73,1 million (post tax). It relates to the Princess Elisabeth energy island which will serve as an extension of the electricity grid in the North Sea. This grant has been signed in December 2022 for a total amount of €99,7 million (pre-tax), out of which €73,1 million are reported in the Other non-current liability (post-tax). This is a project subsidized by the European Union.

All the grants are released in profit and loss based on the useful lives of the assets to which they relate. Terms and conditions of the grants were monitored and met as per 31 December 2022.

Contract liabilities remained stable. They related to upfront payment for last mile connection. The income is released over the lifetime of the asset where the last mile connection relates to. As already disclosed in Note 5.1, the Group has recognised €3.5 million of revenue in the reporting period that was included in the contract liability balance at the beginning of the period (€103.8 million).

6.17. Trade and other payables

(in € million)	2022	2021
Trade debts	396.4	421.8
VAT and other taxes	16.5	16.7
Remuneration and social security	38.3	33.9
Levies	165.9	24.6
Other	80.4	65.2
Total	**697.6**	**562.2**

The trade debts decreased by €25.2 million due to a timing effect and a high volatility of the energy prices (decrease over the last months of the year).

The levies for Elia Transmission increased compared with the previous year (€+141.3 million). The levies include federal levies, which totalled €150.0 million on 31 December 2022 (€6.2 million in 2021). Levies for the Walloon government decreased to €13.8 million, (€17.0 million in 2021). The remaining balance mainly consists of strategic reserves (€0.7 million). The significant increase in federal leview is explained by a new system implemented in 2022 which allows the group to be pre-funded for its green certificate buybacks in a 2022 context where wind production has been significantly lower than expected.

Other payables relate to guarantees and other liabilities, in particular to related companies.

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6.18. Financial instruments – fair values

The following table outlines the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

(in € million)	Carrying amount					Fair value			
	Designated at fair value	Fair value through OCI	Amortised cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Balance at 31 December 2021									
Other financial assets (Current and non current)	**7.0**	**0.2**	**46.2**	**0.0**	**53.4**	**7.0**	**0.0**	**0.2**	**7.2**
Equity instruments at fair value through other comprehensive income		*0.2*			***0.2***			*0.2*	***0.2***
Equity instruments at fair value through income	*7.0*				***7.0***	*7.0*			***7.0***
Regulatory assets			*46.2*		***46.2***				
Trade and other receivables			**515.7**		**515.7**				
Cash and cash equivalents			**137.4**		**137.4**				
Loans and borrowings (Current and Non-Current)				**(3,763.3)**	**(3,763.3)**	**(3,981.3)**			**(3,981.3)**
Unsecured bond issues				*(3,320.6)*	***(3,320.6)***	*(3,639.3)*			***(3,639.3)***
Unsecured financial bank loans and other loans				*(342.0)*	***(342.0)***	*(342.0)*			***(342.0)***
Lease liabilities				*(52.1)*	***(52.1)***				
Accrued interests				*(48.6)*	***(48.6)***				
Trade and other payables				**(562.2)**	**(562.2)**				
Total	**7.0**	**0.2**	**699.3**	**(4,325.5)**	**(3,619.0)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**
Balance at 31 December 2022									
Other financial assets (Current and non current)	**7.0**	**65.6**	**33.7**		**106.3**	**72.3**		**0.2**	**72.5**
Equity instruments at fair value through other comprehensive income		*0.3*			*0.3*			*0.2*	*0.2*
Equity instruments at fair value through income	*7.0*				*7.0*	*7.0*			*7.0*
Derivatives		65.3			*65.3*	65.3			
Regulatory assets			33.7		*33.7*				
Trade and other receivables (Current +Non current)			**494.1**		**494.1**				
Cash and cash equivalents			**601.6**		**601.6**				
Loans and borrowings (Current and Non-Current)				**(3,658.7)**	**(3,658.7)**	**2,781.0**			**2,781.0**
Unsecured bond issues				*(3,315.7)*	*(3,315.7)*	*3,048.8*			***3,048.8***
Unsecured financial bank loans and other loans				*(267.8)*	*(267.8)*	*(267.8)*			***(267.8)***
Lease liabilities				*(26.9)*	*(26.9)*				
Accrued interests				*(48.4)*	*(48.4)*				

Trade and other payables				**(697.6)**	**(697.6)**				
Total	**7.0**	**65.6**	**1,129.5**	**(4,356.3)**	**(3,154.3)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**

The above tables do not include fair value information for financial assets and liabilities not measured at fair value, such as cash and cash equivalents, trade and other receivables, and trade and other payables, as their carrying amount is a reasonable approximation of fair value. The fair value of finance lease liabilities does not need to be disclosed.

FAIR VALUE HIERARCHY

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's-length transaction. IFRS 7 requires, for financial instruments that are measured in the statement of financial position at fair value and for financial instruments measured at amortised cost for which the fair value has been disclosed, the disclosure of fair value measurements by level according to the fair value measurement hierarchy below:

- **Level 1:** The fair value of a financial instrument that is traded in an active market is measured based on quoted (unadjusted) prices for identical assets or liabilities. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These maximise the use of observable market data where these are available and rely as little as possible on entity-specific estimates. If all significant inputs required to assess the fair value of an instrument are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in level 3. The fair value amount included under 'Other financial assets' has been determined by referring to either (i) recent transaction prices, known by the Group, for similar financial assets or (ii) valuation reports issued by third parties.

The fair value of financial assets and liabilities, other than those presented in the above table, approximates to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the other financial assets increased. This is due to the positive value accounted for in Belgium in connection with the pre-hedging of probable forecast debt transactions (bonds issuance). The fair value of these derivatives amounted to €65.3 million (classified in short-term).

The fair value of the bank loans and bond issues decreased mainly due to a lower pricing of the bonds on the market.

The fair value of 'sicavs' falls under level 1, i.e. valuation is based on the listed market price on an active market for identical instruments.

The fair value of the bonds was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

The fair value of other bank loans approximates to their carrying amounts largely due to the short-term maturities of these instruments.

Brokers' statements are used for valuations of the interest-rate and foreign-currency rate swaps. The statements are controlled using valuation models or techniques based on discounted cash flows. The models incorporate various inputs including the credit quality of counterparties and interest-rate curves at the end of the reporting period. As at 31 December 2022, the counterparty risk was considered to be close to zero as a result of the negative market value of the IRS. The Group's own non-performance risk was also estimated as being close to zero.

6.19. Leasing

THE GROUP AS A LESSEE

The group mainly leases buildings, cars and optical fibres. It also has some rights to use (portions) of land and overhead lines. The valuation period used is based on the contractual term. Where a fixed term has not been set and an ongoing extension is subject to the contract, the relevant department has set an assumed termination date. In the event that the lease contract contains a lease extension option, the group assesses whether it is reasonably certain of exercising the option and makes its best estimate of the termination date.

The COVID-19 pandemic did not affected the contractual clauses of the group's lease contracts and there were no indications leading to to changes in the assessment (which was used in previous reporting period) related to the extension of the contracts.

Information about leases for which the group is a lessee is presented below.

Right-of-use assets

Right-of-use assets are presented separately within 'Property, plant and equipment' and can be broken down as demonstrated in the table below (with the discounted lease liability for comparison). The split between current and non-current lease liabilities is also provided below:

(in € million)	Use of land and overhead lines	Rent of buildings / offices	Cars	Optical fiber	Other	Total
As of 1 January 2021	**2.0**	**19.7**	**8.5**	**2.3**	**0.0**	**32.4**
Additions and remeasurements	0.1	0.2	3.7	23.1	0.0	27.1
Depreciation	(0.0)	(2.1)	(3.6)	(2.3)	(0.0)	(7.9)
Derecognition of right-of-use assets	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)
As of 31 December 2021	**2.0**	**17.8**	**8.7**	**23.0**	**0.0**	**51.6**

(in € million)	Use of land and overhead lines	Rent of buildings / offices	Cars	Optical fiber	Other	Total
As of 1 January 2022	**2.0**	**17.8**	**8.7**	**23.0**	**0.0**	**51.6**
Additions and remeasurements	0.0	0.0	2.4	0.0		2.4
Depreciation	(0.0)	(2.0)	(3.7)	(0.1)	0.0	(5.8)
Derecognition of right-of-use assets	0.0	0.0	0.0	(22.0)	0.0	(22.0)
As of 31 December 2022	**2.0**	**15.8**	**7.4**	**1.0**	**0.1**	**26.3**

The right-of-use assets are briefly described below:

- The use of land and overhead lines constitutes a right for the group to use a well identified piece of land to build on someone's property. Only the contracts under which the group has the full right to control the use of the identified asset are in scope.
- The Group leases buildings and offices in which corporate functions are performed.
- The Group has car leasing contracts which are used by employees for business and private activities.
- The Group leases optical fibres to transmit data. Only cables that are clearly identified are in scope.
- Other lease contracts: printer lease contracts and strategic reserves contracts. Strategic reserves are contracts where the Group has the right to control the use of a power plant to maintain a balance on the grid

The Group only has lease contracts with fixed lease payments and assesses whether it is reasonable to extend a lease contract. If so, the lease contract is valued as if the extension has been exercised.

Lease liabilities

Information concerning the maturity of the contractual undiscounted cash flows is provided in the table below:

Maturity analysis - contractual undiscounted cash flows (in € million)	2022	2021
< 1 year	5.5	27.8
1-5 years	13.8	15.0
> 5 years	9.8	12.4
Total undiscounted lease liabilities at 31 December	**29.1**	**55.3**
Lease liabilities in the statement of financial position at 31 December	**26.9**	**52.1**
Current	5.4	27.7
Non-current	21.4	24.3

The discount rate used to discount the lease liabilities provides the group with its best estimate of the weighted average incremental borrowing rate. The group made use of the practical expedients, i.e. a single discount rate per group of contracts, summarised per their duration.

The group has assessed the extension options concluded in the lease contracts and considers it to be reasonably likely that these extension options will be executed. The group has therefore considered the lease contract as if the extension option is exercised in the lease liability.

The group has no lease contracts with variable payments nor residual value guarantees. The group did not commit to any lease that has not yet commenced. The group has no contracts which include contingent rental payments or any escalation clauses or restrictions that are significant regarding the use of the asset in question.

In 2021, an optical fibre lease contract coming to maturity was prolonged and a purchase option for a value of €22.0 million was added. The purchase option came to maturity at the end of February 2022 and the group exercised the option.

Amounts recognised in profit and loss

The following amounts were recognised in profit and loss for the financial year:

(in € million)	2022	2021
Depreciation expense of right-of-use assets	(5.7)	(7.9)
Interest on lease liabilities	(0.4)	(0.5)
Expenses relating to short-term leases	(0.0)	(0.6)
Expenses relating to low-value assets	(0.0)	(0.0)
Total recognised in profit and loss	**(6.2)**	**(9.0)**

A total of €6.2 million in lease expenses was recognised in the statement of profit or loss in 2022. There were no variable lease payments included in the measurement of lease liabilities.

The total cash outflow for leases amounted to €6.2 million in 2022 (compared with €9.0 million in 2021). This amount is included in the "Repayment of borrowings" of the cash flow statement.

THE GROUP AS A LESSOR

The group leases out optical fibres, land and buildings, which are presented as part of 'Property, plant and equipment'. Leasing is only an ancillary business. Rental income is presented under 'Other income'.

Contracts that do not relate to separately identifiable assets or under which the customer cannot directly use the asset or does not substantially obtain all the economic benefits associated with the use of the asset do not constitute a lease. The new lease definition led to the exclusion of some telecommunication equipment.

The group has classified these leases as operating leases as they do not substantially transfer all the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date and considering the best estimate of the contractual term:

(in € million)	2022	2021
Within 1 year	11.3	11.4
1 to 2 years	11.3	11.3
2 to 3 years	13.7	11.3
3 to 4 years	11.1	11.2
4 to 5 years	15.9	11.1
More than 5 years	300.3	305.1
Total	**363.8**	**361.5**

The COVID-19 pandemic did not affected the contractual clauses of the group's contracts as a lessor and there were no indicators to change the cash flows as mentioned here above.

The group recognised €13.3 million in rental income in 2022 (2021: €13.7 million).

6.20. Accruals and deferred income

(in € million)	2022	2021
Accruals and deferred income	87.0	6.3
Deferral account from settlement mechanism Belgian regulatory framework	360.6	353.5
Total	**447.5**	**359.8**

The movements in deferral account from settlement mechanism are as follows:

(in € million)	Regulatory claims	Regulatory obligations	Total
Balance at 1 January 2022	87.0	(440.5)	(353.5)
Increase	514.2	(642.5)	(128.3)
Reversals	0.0	1.7	1.7
Utilisation	0.0	125.7	125.7
Other (e.g. discounting)	0.0	(6.2)	(6.2)
Balance at 31 December 2022	**601.1**	**(961.7)**	**(360.6)**

The deferral account from settlement mechanism (€360.6 million) decreased compared with year end 2021 (€353.5 million). The decrease in deferral account from settlement mechanism encompasses the settlement of net surpluses from the prior tariff period (-€125.7 million), the review of the regulator on previous year's settlement mechanism (+€6.2 million) and the operating surplus generated in the current year over the budget approved by the regulator (+€130.8 million). Any operating surplus/deficit, in relation to the budget of the costs and revenues authorised by the regulator, needs to be returned to/refunded by the consumers and therefore does not form part of the revenues.

In 2022, there was an operational surplus (€ 130.8 million), reported as an additional regulatory obligation. This operating excess is primarily a result of higher tariff sales (€247.0 million) and non-controllable revenue (€396.7 million) driven by the cross-border revenue partly offset by increased non controllable costs.

The release of the deferral account is determined during the tariff setting process. The amounts on the deferral account are recognised on a yearly basis and the release depends on the source of the deferral. Some are released in T+1, whilst others are released in T+2 and some are released after a longer period of time.

The future release of the deferral account from the settlement mechanism to the future tariffs is set out in the table below (situation at 31 December 2022):

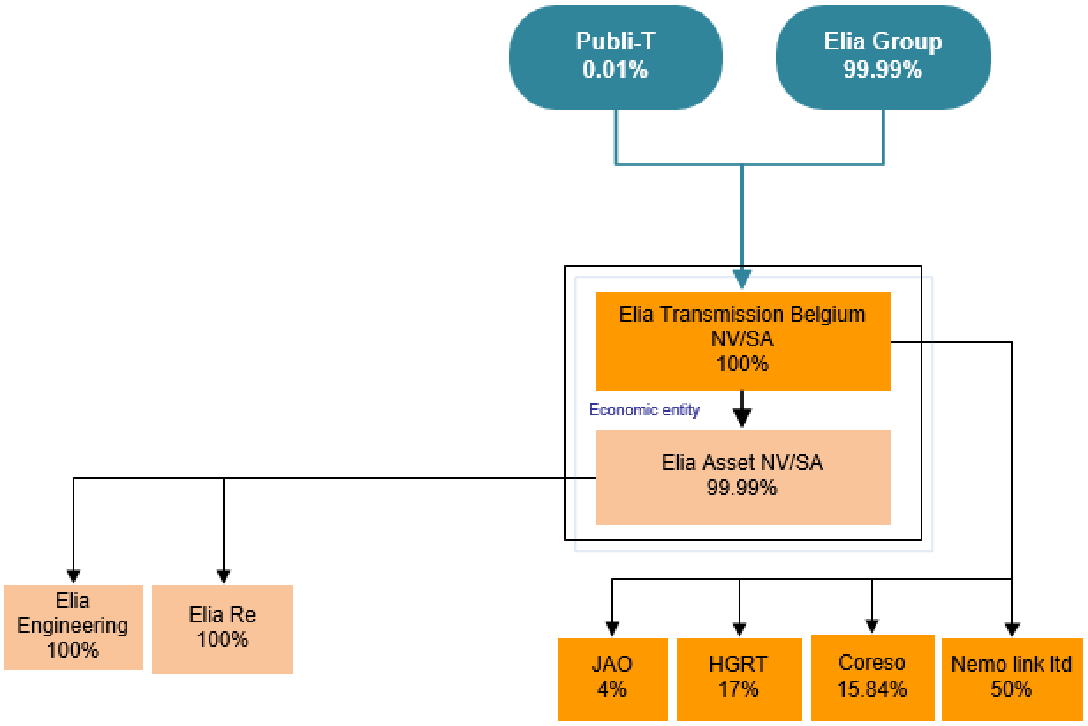
(in € million)	Belgian regulatory framework
To be refunded to the tariffs in the current regulatory period	156.7
To be refunded to the tariffs in the next regulatory period (or after)	200.8
Other regulatory transfer	3.1
Total regulatory deferral account	**360.6**

**Belgium: from 2020 to 2023*

The other regulatory transfer relates to a revenue from incentive regulation which is subject to uncertainty uncertainty against the background of a significant increase in energy prices and for which the calculation method should be further assessed with the Belgian regulator.

7. Group structure

OVERVIEW OF GROUP STRUCTURE



SUBSIDIARIES

Elia Transmission Belgium SA/NV has direct and indirect control of the subsidiaries listed below.

All the entities keep their accounts in euros and have the same reporting date as Elia Transmission Belgium SA/NV.

Name	Country of establishment	Headquarters	Stake % 2022	Stake % 2021
Subsidiaries				
Elia Asset NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Engineering NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Elia Re SA	Luxembourg	Rue de Merl 65, 2146 Luxembourg	100.00	100.00
Investments accounted for using the equity-method – Joint Ventures				
Nemo Link Ltd.	United Kingdom	Strand 1-3, London WC2N 5EH	50.00	50.00
Investments accounted for using the equity-method – Associates				
H.G.R.T S.A.S.	France	1 Terrasse Bellini, 92919 La Défense Cedex	17.00	17.00
Coreso NV/SA	Belgium	Avenue de Cortenbergh 71, 1000 Brussels	15.84	15.84
Investments accounted for using IFRS9 - other shareholdings				
JAO SA	Luxembourg	2, Rue de Bitbourg, 1273 Luxembourg Hamm	4.00	4.00

8. Other notes

8.1. Financial risk and derivative management

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The group aims to identify each risk and set out strategies to control the economic impact on the group's results.
The Risk Management Department defines the risk management strategy, monitors risk analyses and reports to management and the Audit Committee. The financial risk policy is implemented by determining appropriate policies and setting up effective control and reporting procedures. Selected derivative hedging instruments are used depending on the assessment of the risk involved. Derivatives are used exclusively as hedging instruments. The regulatory framework under which the group operates significantly restricts their effects on profit or loss (see the section 'Regulatory framework and tariffs'). The major impact of increased interest rates, credit risk, etc. can be settled in the tariffs, in accordance with applicable legislation.

MARKET RISK

The market risk takes into account the negative effects on the financial position and cash flows of the group arising as a result of price changes on the market which cannot be otherwise avoided. The activities of the group extend to the electricity market – in particular through selling the electricity generated from renewable energy as well as the procurement of energy to cover grid energy losses – as well as to the market for short-term deposits.

Foreign currency risk

The group is not exposed to any significant currency risk, either from transactions or from exchanging foreign currencies into euros, since it has no material foreign investments or activities and less than 1% of its costs are expressed in currencies other than euros.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As at 31 December 2022, 5 interest-rate swaps were outstanding in connection with pre-hedging of probable forecasted debt transactions. The interest rate swaps on the other loan and the loan with Publi-Part to cover a nominal debt amount of €300 million were settled in June 2020, together with the repayment of the loans.

See Note 6.13 for a summary of the outstanding loans and their respective interest rates.

CREDIT RISK

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Company in relation to lending, hedging, settlement and other financial activities. The Company is exposed to credit risk from its operating activities and treasury activities. With regard to its operating activities, the group has a credit policy in place, which takes into account its customers' risk profiles. The exposure to credit risk is monitored on an ongoing basis, resulting in a request to issue bank guarantees from the counterparty for some major contracts.

At the end of the reporting period there were no significant concentrations of credit risks. The maximum credit risk is the carrying amount for each financial asset, including derivative financial instruments.

(in € million)	Note	2022	2021
Immediately claimable deposits		*7.0*	*7.0*
Reimbursement rights		*33.7*	*46.2*
Other shareholdings		*0.3*	*0.2*
Derivatives (Current and Non-current)		*65.3*	*0.0*
Other financial assets (Current and Non-current)	**(6.6)**	**106.3**	**53.4**
Non-current trade and other receivables	**(6.4)**	**95.0**	**0.0**
Trade and other receivables	**(6.9)**	**399.1**	**515.7**
Current tax assets	**(6.10)**	**14.4**	**7.2**

Cash and cash equivalents	**(6.11)**	**601.6**	**137.5**
Deferred charges	**(6.9)**	**6.7**	**6.3**
Total		**1,223.1**	**720.1**

The movement in the allowance for expected credit losses with respect to trade receivables during the year is outlined in the table below:

(in € million)	Bad debtors	Impairment losses	Remaining balance
Balance at 1 January 2021	3.9	(3.4)	0.5
Changes during the year	0.0	0.0	0.0
Balance at 31 December 2021	**3.9**	**(3.4)**	**0.5**
Balance at 1 January 2022	3.9	(3.4)	0.5
Changes during the year	0.0	0.0	0.0
Balance at 31 December 2022	**3.9**	**(3.4)**	**0.5**

The group believes that the unimpaired amounts overdue by more than 30 days are still collectible, based on historical payment behaviour and extensive analysis of customer credit risk, including customers' underlying credit ratings, when available. The credit quality of trade and other receivables is assessed based on a credit policy.

IFRS 9 requires the group to impair financial assets based on a forward-looking expected credit loss (ECL) approach.

As of 2022, the group applies an individualized approach for trade receivables, for which the Group has set rules for defining the stage of the concerned asset for Expected Credit Loss (ECL) calculations.

- stage 1 covers financial assets that have not deteriorated significantly since initial recognition. The ECL for stage 1 is calculated on a 12-month basis,
- stage 2 covers financial assets for which the credit risk has significantly increased. The ECL for stage 2 is calculated on a lifetime basis. The decision to move an asset from stage 1 to stage 2 is based on certain criteria such as:
  - a significant downgrade in the creditworthiness of a counterparty and/or its parent company and/or its guarantor (if any),
  - significant adverse change in the regulatory environment,
  - changes in political or country-related risk, and
  - any other aspect the Group may consider relevant.

Regarding financial assets that are more than 30 days past due, the move to stage 2 is not systematically applied as long as the Group has reasonable and supportable information that demonstrates that, even if payments become more than 30 days past due, this does not represent a significant increase in the credit risk since initial recognition.

- stage 3 covers assets for which default has already been observed, such as:
  - when there is evidence of failure in credit support from a parent company to its subsidiary (in this case the subsidiary is the Group's counterparty at risk),
  - when a Group entity has initiated legal proceedings against the counterparty for non-payment.

Regarding financial assets that are more than 90 days past due, the presumption can be rebutted if the Group has reasonable and supportable information that demonstrates that even if payments become more than 90 days past due, this does not indicate counterparty default.

The ECL formula applicable in stages 1 and 2 is ECL = EAD x PD x LGD, where:

- for 12-month ECL, Exposure At Default (EAD) equals the carrying amount of the financial asset, to which the relevant Probability of Default (PD) and the Loss Given Default (LGD) are applied;
- for lifetime ECL, the calculation method consists in identifying changes in exposure for each year, especially the expected timing and amount of the contractual repayments, and then applying to each repayment the relevant PD and the LGD, and discounting the figures obtained. ECL is then the sum of the discounted figures; and
- probability of default is the likelihood of default over a particular time horizon (in stage 1, this time horizon is 12 months after the reporting period; in stage 2 this time horizon is the entire lifetime of the financial asset). This information is based on external data from a well-known rating agency. The PD depends on the time horizon and of the rating of the counterparty.

The Group uses external ratings if they are available; or an internal rating for major counterparties with no external rating.

Elia Group did not see any changes in payment behaviour, nor an increase in bad debtors as a consequence of the crisis in 2021 (COVID-19) nor in 2022 (energy crisis) and does not expect any major impact related to the pandemic to arise in the coming years.

Subsequently, a loss given default is calculated as the percentage of the amount of trade receivables that is not covered by a bank guarantee. The total outstanding amount of trade receivables covered by a bank guarantee totals €97.1 million. The loss given default is multiplied by the outstanding trade receivables.

This approach is deemed more relevant than the portfolio approach to provide a better assessment of the risk, especially in the current context of volatile market conditions. The impact of this new approach is not significant. Furthermore, any losses would be recoverable through the tariffs.

The model is applied to the trade receivables, all other financial assets being not assessed at risk of impairment considering their nature (regulatory assets, amounts recoverable through future tariffs in compliance with the regulatory frameworks), risk profile (reliable counterparty being for the levies the Belgian state) or measurement method (at fair value). More details are provided in the different notes.

LIQUIDITY RISK

Liquidity risk is the risk that the group may be unable to meet its financial obligations. The group limits this risk by constantly monitoring cash flows and ensuring that there are always sufficient credit-line facilities available.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, confirmed and unconfirmed credit facilities, commercial paper programmes, etc. For medium- to long-term funding, the group uses bonds. The maturity profile of the debt portfolio is spread over several years. The Group Treasury frequently assesses its funding resources taking into account its own credit rating and general market conditions.

Bond issuances realised the last year and loan contracts signed with EIB and other banks prove that the group has access to different sources of funding.

(in € million)	Face value	Closing balance	Expected cash outflows	6 months	6-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities	**4,296.0**	**4,266.6**	**(4,712.8)**	**(710.4)**	**(1.1)**	**(88.9)**	**(1,350.5)**	**(2,561.9)**
Unsecured bond issues	3,341.7	3,312.3	(3,777.9)	(70.9)	0.0	(70.8)	(1,197.7)	(2,438.5)
Unsecured financial bank loans and interest accruals	392.0	392.0	(372.6)	(77.3)	(1.1)	(18.1)	(152.8)	(123.4)
Trade and other payables	562.3	562.3	(562.3)	(562.3)	0.0	0.0	0.0	0.0
Total at 31 December 2021	**4,296.0**	**4,266.6**	**(4,712.8)**	**(710.4)**	**(1.1)**	**(88.9)**	**(1,350.5)**	**(2,561.9)**

(in € million)	Face value	Closing balance	Expected cash outflows	6 months	6-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities	**4,348.8**	**4,330.9**	**(4,704.6)**	**(785.4)**	**(1.1)**	**(588.5)**	**(1,083.5)**	**(2,246.2)**
Unsecured bond issues	3,333.3	3,315.7	(3,711.8)	(70.8)	0.0	(570.6)	(933.6)	(2,136.8)
Unsecured financial bank loans and interest accruals	317.8	317.6	(295.2)	(17.0)	(1.1)	(17.9)	(149.9)	(109.4)
Trade and other payables	697.6	697.6	(697.6)	(697.6)	0.0	0.0	0.0	0.0
Total at 31 December 2022	**4,348.8**	**4,330.9**	**(4,704.6)**	**(785.4)**	**(1.1)**	**(588.5)**	**(1,083.5)**	**(2,246.2)**

Details of the used and unused back-up credit facilities are set out in the table below:

(in € million)	Maturity	Available amount	Average basic interest	Amount used	Amount not used
Sustainable Revolving Credit Facility	10/12/2025	650.0	Euribor + 0.325%	0.0	650.0
Total		**650.0**		**0.0**	**650.0**

Since 2020, the group has had several lines available to guarantee the financing of its activities and to cushion possible variations in levies.

HEDGING ACTIVITIES AND DERIVATIVES

The group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

All financial derivatives entered into by the group relate to an underlying transaction or forecast exposure, depending on the expected impact on the statement of profit or loss, and if the IFRS 9 criteria are met, the group decides on a case-by-case basis whether hedge accounting will be applied.

Derivatives not designated as hedging instruments

The Group had no derivatives which were not designated as hedging instruments.

Derivatives designated as hedging instruments

In 2022, the group entered into Interest Rate Swaps contracts as pre-hedge for probable forecast debt transactions. The purpose of those instruments was to fix the rate at which the group will borrow in the context of future bond issues planned in 2023. This was performed through 5 forward contracts.

CAPITAL RISK MANAGEMENT

The purpose of the group's capital-structure management is to ensure that the debt and equity ratios related to the regulated activities as closely aligned as possible with the recommended level set by the relevant regulatory frameworks.

The Company's dividend guidelines involve optimising dividend payments while bearing in mind that self-financing capacity is needed to carry out its legal mission as a transmission system operator, finance future CAPEX projects and, more generally, implement the group’s strategy.

The Company offers its employees the opportunity to subscribe to capital increases that are exclusively reserved for them.

SUSTAINABILITY

Sustainability lies at the heart of Elia strategy with the ActNow program, which sets out the long-term sustainability objectives of the group. These are guided by the UN Sustainable Development Goals (SDGs) and have been translated into KPIs which are reported to the market and grouped under the following five dimensions: Climate Action; Environment and Circular Economy; Health and Safety; Diversity, Equity and Inclusion; and Governance, Ethics and Compliance.

Furthermore, as a driver of the energy transition, Elia is committed to ensuring that its activities are strongly aligned with the EU Taxonomy, a classification system for sustainable economic activities. Elia Group therefore published in 2021 a white paper which outlines the company’s eligibility and alignment with the EU Taxonomy. The paper includes the methodology used for the assessment, highlights the group’s implementation of sustainable tools and practices, and reinforces its commitment to operating its businesses in a sustainable way. In 2022, the group also set up an annual meeting which will address the embedding of sustainability into decision-making processes such as budget planning, strategic planning, and operational processes. ETB appointed compliance coordinators.

We refer to our Integrated Report and our Sustainability Report for further information

8.2. Commitments and contingencies

CAPITAL EXPENDITURE COMMITMENT

As at 31 December 2022, the group had a commitment of €557.9 million (€406.9 million in 2021) relating to purchase contracts for the installation of property, plant and equipment for further grid extensions.

OTHER CONTINGENCIES AND COMMITMENTS

As at 31 December 2022, the group had a commitment of €323.7 million (€246.7 million in 2021) relating to purchase contracts for general expenses, maintenance and repair costs.

Since June 2015, Elia has been obliged to buy back from Solar Chest the green certificates that the latter could not sell on the market in due time. At the auction it organized in February 2022, Solar Chest sold all the green certificates it still held at that time to the market. In September 2022, Solar Chest's activities were terminated and it was dissolved. The aforementioned obligation to buy back the certificates from Elia has therefore not been applied in any concrete case and is no longer applicable.

In September 2017, Elia sold 2.8 million green certificates to the Walloon Region (i.e. the Walloon Agency for Air and Climate, or AwAC) leading to a net cash inflow of €181.2 million. This was a result of the Decree of 29 June 2017 amending the Decree of 12 April 2011 relating to the organisation of the regional electricity market and the Decree of 5 March 2008 relating to the creation of the Walloon Agency for Air and Climate. The green certificates transferred by Elia can be gradually resold by the AwAC from 2022 onwards, taking into account the market conditions that exist for green certificates at that time. The legislation also envisages the green certificates being held by the AwAC for a period of up to nine years, after which Elia is required to buy back any unsold certificates. These repurchase commitments will have no impact on Elia's financial performance, as the cost and expense for the repurchase will be fully recovered through the tariffs for levies. The legislation was supplemented in 2021 by new provisions that allow the Government to decide, after consultation with the LTSO, on the gradual resale to Elia of certain quantities of green certificates held by AwAC.
In November 2018, Elia sold another €0.7 million in green certificates to the Walloon Region (i.e. the AwAC) which resulted in a net cash inflow of €43.3 million. As with the transaction in September 2017, Elia might be required to buy back some of the certificates sold from 2023 onwards. Any repurchase will be covered through the tariffs for levies. There were no transactions for sale of green certificates to the AwAC in 2019, 2020, 2021 or 2022. Considering (i) the state of the Walloon green certificate market and (ii) the amounts actually available following the application of the surcharge in 2022, the Walloon Government has decided to ask Elia to buy back certificates held by AwAC for an amount of €45.5 million.

8.3. Related parties

CONTROLLING ENTITIES

The core shareholder of Elia Transmission Belgium is Elia Group SA/NV. Other than the yearly dividend payment and the capital increase (see Note 6.12), no material transactions occurred with the core shareholder in 2022.

The shareholder structure of the group can be found in Note 7.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel include Elia Transmission Belgium's Board of Directors and its Management Committee. Both have a significant influence across the group.

The members of Elia Transmission Belgiums' Board of Directors are not employees of the Group. The remuneration for their mandate is detailed in the Corporate Governance Statement, which is included in this Annual Report.

The other members of key management personnel are hired as employees. The names of the key management staff are included in the corporate governance report. The components of their remuneration are detailed below.

Key management personnel did not receive stock options, special loans or other advances from the group during the year.

(in € million)	2022	2021
Short-term employee benefits	**3.4**	**2.8**
Basic renumeration	2.2	2.0
Variable renumeration	1.2	0.8
Post-employment benefits	**1.1**	**1.0**
Other variable remuneration	**0.3**	**0.2**

Total key management renumeration	**4.8**	**4.1**
Number of persons	7	7
Average gross renumeration per person	0.7	0.6
Number of shares	**15,159**	**17,910**

TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

Transactions between the Company and subsidiaries that are related parties were eliminated during consolidation and therefore are not recognised in this note.

Transactions with joint ventures and associates (as defined in Note 7.) were not eliminated, so details of these transactions are shown below:

(in € million)	2022	2021
Transactions with joint ventures and associates	**(4.0)**	**(3.1)**
Sales of goods	1.6	0.1
Purchases of goods	(5.6)	(3.1)
Outstanding balances with joint ventures and associates	**(0.4)**	**(0.7)**
Trade debtors	(0.4)	(0.7)
Trade debts	0.0	(0.1)

In 2022, entities of the group had transactions with Nemo Link Ltd. and Coreso SA/N. The sale of goods relates to corporate services (SLAs) rendered by Elia to Nemo Link Ltd and Coreso SA/NV. Nemo Link Ltd. also rents a building (Herdersbrug) from Elia Asset SA/NV (see also note 6.19). Purchases of goods mostly relates to services rendered by Coreso SA/NV to the group.

TRANSACTIONS WITH SHAREHOLDERS

The group had no transaction with its shareholder in 2021 and 2022.

TRANSACTIONS WITH RELATED PARTIES

Elia's Management Committee also assessed whether transactions occurred with entities in which they or members of the Board of Directors exercise a significant influence (e.g. positions as CEO, CFO, vice-presidents of the Management Committee, etc.).

There were some significant transactions in 2022 in which the key management personnel of the group has a significant influence. All these transactions took place in the normal course of Elia's business activities.The total value of realised sales was €0.5 million and related to regulated sales contracts with prices that had been predefined by the regulator. The total value of expenses amounted to €0.3 million. As at 31 December 2022, there were no outstanding trade-receivable position nor outstanding trade-debt positions with related parties.

8.4. Subsequent events

There are no significant events to report after 31 December 2022.

8.5. Miscellaneous

Impact of the United Kingdom leaving the European Union

On 30 December 2020, the European Union and the UK signed a Trade and Cooperation Agreement that outlines the terms of future cooperation between both parties after 1 January 2021 (the official date on which the UK left the EU). According to this agreement, the UK left the Internal Energy Market (IEM).

Two years after Brexit, no impacts on the business of Nemo Link Ltd. had been felt; Nemo Link remained in operation as before. The profitability of the investment was also largely unaffected due to the cap and floor mechanism (see Note 9.2), which provides certainty regarding the company's cash flows over a 25-year time period. There are no import duties on the transport of electricity.

Other than the risk identified above, Brexit had a very limited effect on the consolidated financial statements.

The impact of the war in Ukraine

Given the nature and location of its operations and the fact that Elia Group does not currently have activities in Russia nor in Ukraine or with Russian companies, Elia Group does not observe a direct impact of the Ukrainian conflict on its business. However, there is a strong push at the European level to become less dependent from Russian gas and fossil fuels. Accordingly, the Group observes a willingness among the authorities in Belgium to accelerate the energy transition and the related investment plans.

8.6. Services provided by the auditors

The General Meeting of Shareholders appointed as joint auditors BDO Bedrijfsrevisoren BV (represented by Mr. Felix Fank) and Ernst & Young Bedrijfsrevisoren BV (represented by Mr. Paul Eelen) for the audit of the consolidated financial statements of Elia Transmission Belgium SA/NV and the audit of the statutory financial statements of Elia Transmission Belgium SA/NV, Elia Asset SA/NV and Elia Engineering SA/NV. BDO Bedrijfsrevisoren BV and Ernst & Young Bedrijfsrevisoren BV are also the statutory auditors of Coreso SA/NV.

The following table sets out the fees of the joint auditors and their associates in connection with services delivered with respect to the financial year 2022:

in €	**Belgium**
Statutory audit and review of consolidated and parent company financial statements	174,796
Non-audit services, of which:	230,934
Services related to legal and regulatory requirements	*68,825*
Other audit services	*92,950*
Tax services	*69,159*
Total	**405,370**

9. REGULATORY FRAMEWORK AND TARIFFS

9.1. Regulatory framework in Belgium

9.1.1.Federal legislation

The Electricity Act, which forms the general basis, lays down the core principles of the regulatory framework governing Elia's activities as a transmission system operator in Belgium.

This Act was heavily amended on 8 January 2012 by the transposition at federal level of the third package of European directives. These changes ensure that the Electricity Act:

- sets out the unbundling of transmission operations from generation, distribution and supply activities;
- sets out in greater detail the rules for operating and accessing the transmission system;
- redefines the transmission system operator's legal mission, mainly by expanding it to the offshore areas over which Belgium has jurisdiction; and
- strengthens the role of the regulatory authority, particularly with regard to the determination of the transmission tariffs.

A number of royal decrees provide more details relating to the regulatory framework that applies to the transmission system operator, particularly the Royal Decree on the Federal Grid Code. Similarly, the decisions passed by the Commission for Electricity and Gas Regulation (CREG) supplement these provisions to form the regulatory framework within which Elia operates at federal level.

9.1.2.Regional legislation

Belgium's three regions are primarily responsible for the local transmission of electricity across grids with a voltage of 70 kV or less across their respective territories. Whilst the regional regulators are in charge of the non-tariff aspects of local transmission-system regulation, while setting and monitoring tariffs falls under federal jurisdiction.

The Flemish Region, the Brussels-Capital Region and the Walloon Region have also transposed into their legislative frameworks the provisions of the third European package that applies to them. The regional decrees have been supplemented by various other rules and regulations relating to matters such as public service obligations, renewable energy and authorisation procedures for suppliers.

9.1.3.Regulatory agencies

As required by EU law, the Belgian electricity market is monitored and controlled by independent regulators.

FEDERAL REGULATOR

The CREG is the federal regulator, and its powers with regard to Elia include:

- approving the standardised terms in the three main contracts used by the company at federal level: the connection contract, the access contract and the ARP contract;
- approving the capacity allocation system used among the borders between Belgium shares with its neighbours;
- approving the appointment of the independent members of the Board of Directors;
- determining the tariff methodology to be observed by the system operator when calculating the various tariffs which applies to grid users;
- certifying that the system operator actually owns the infrastructure it operates and that it meets the regulatory requirements for independence from generators and suppliers.

REGIONAL REGULATORS

The operation of electricity networks with voltages of 70 kV or less falls under the jurisdiction of the regional regulators. Each of these may require any operator (including Elia if it operates a relevant part of the network) to abide by any specific provision of the regional electricity rules (if it fails to do so, it may have to pay administrative fines or be subject to other sanctions). However, the regional regulators do not have the power to set tariffs for electricity transmission systems, as tariff setting falls under the exclusive remit of the CREG for these networks.

9.1.4.Tariff setting

A new tariff methodology came into force in early 2020. This methodology is again applicable for a period of four years (2020-2023).

TARIFF REGULATIONS

On 28 June 2018, the CREG issued a decision which set the tariff methodology for the electricity transmission system (including the offshore system) and the electricity networks which have transmission functions for during the regulatory period 2020-2023 (Decision (Z)1109/10). This methodology is the general framework in accordance with which transmission tariffs are set for these four years. Elia prepared its tariff proposal for the regulatory period commencing on 1 January 2020 based on the methodology described below. This proposal was approved by the CREG on 7 November 2019 (Decision (B)658E/62).

TARIFF REGULATIONS APPLYING IN BELGIUM

As the operator of networks which have transmission functions (covering the transmission system and the local and regional transmission networks in Belgium), Elia generates most of its income from the regulated tariffs charged for use of these networks (as tariff income), which are approved in advance by the CREG. Since 1 January 2008, the prevailing tariff regulation mechanisms have provided for approved tariffs that were set for four-year periods, barring specific circumstances.

The tariff mechanism is based on amounts recognised in accordance with Belgian accounting regulations (BE GAAP). The tariffs are based on budgeted costs minus a number of sources of non-tariff income. These costs are then divided based on an estimate of the volumes of electricity taken off the grid and, in the case of some costs, based on estimated volumes of electricity injected into the grid, in accordance with the terms of the tariff methodology drawn up by the CREG.

The costs taken into account include the forecasted value of the authorised remuneration of the invested capital, an estimate of the amounts allocated to Elia in the form of performance incentives and the predicted values of various cost categories. These costs are subdivided into three groups: controllable costs, for which Elia is offered a financial incentive to improve its efficiency levels; non-controllable costs, over which Elia has no influence and for which deviations from the budget are completely allocated to the calculation of future tariffs; and influenceable costs, to which a hybrid rule applies (see the information provided below with regard to controllable and non-controllable costs and income and influenceable costs).

FAIR REMUNERATION

Fair remuneration is the return on capital invested in the grid based on the Capital Asset Pricing Model (**CAPM**). It is based on the average annual value of the regulated asset base (RAB), which is calculated annually, taking into account new investments, divestments, depreciations and changes in working capital.

Since 1 January 2020, the formula changed compared to the previous tariff methodology with regard to the level of leverage and the OLO interest rate for risk-free investments: (i) the regulatory leverage was increased from 33% to 40%; and (ii) the OLO was set at 2.4% for the period 2020-2023, instead of wtaking the average of the year. In the event of major and unexpected changes in Belgium's macroeconomic situation and/or in its market circumstances, the CREG and Elia can agree on a modification of the fixed OLO rate.

The formula for the calculation of fair remuneration is as follows:

A: [S (if less than or equal to 40%) x average RAB x [(1 + α) x [(OLO (n) + (β x risk premium)]]]

plus

B: [(S (if above 40 per cent.) – 40%) x average RAB x (OLO (n) + 70 base points)]

Where:

- OLO (n) has been fixed at 2.4% and is no longer the average rate of Belgian ten-year linear bonds for the year in question (subject to modification agreed between the CREG and the Issuer as set out above);
- RAB (n) = RAB (n-1) + investments (n) - depreciation (n) - divestments (n) - decommissioning (n) +/- change in working capital need;
- S = the consolidated average capital and reserves/average RAB, in accordance with Belgian GAAP;
- Alpha (α) = the illiquidity premium set at 10%;

- Beta (β) = calculated over a historical three-year period, taking into account available information on the Issuer's share price in this period, compared with the BEL 20 index over the same period. The value of the beta cannot be lower than 0.53;
- Risk premium remains at 3.5%;
- With respect to A: The rate of remuneration (in %) as set by the CREG for year n is equal to the sum of the risk-free rate, i.e. the average rate of Belgian ten-year linear bonds for the year in question (OLO (n)) and a premium for market risk for shares, weighted using the applicable beta factor. Tariff regulation sets the risk premium at 3.5%. The CREG encourages Elia to keep its actual capital and reserves as close as possible to 40%, this ratio being used to calculate a reference value of capital and re-serves; and-
- With respect to B: If Elia's actual capital and reserves are higher than the reference capital and reserves, the surplus amount is balanced out with a reduced rate of remuneration calculated using the following formula: [(OLO (n) + 70 base points)].
- Assets related to the MOG are linked to the RABMOG, for which a premium remuneration is applicable in addition to the above. This is based on the following formula: [S (less than or equal to 40%) x average RABMOG x 1.4%].

Non-controllable costs and revenues

The category of costs and revenues that are outside of Elia's direct control are not subject to incentive mechanisms offered by the CREG and are an integral part of the costs and revenues used to determine the tariffs. The tariffs are set based on forecasted values for these costs and revenues, and the difference from the actual values is allocated ex post to the tariff calculation for the subsequent period.

The most important non-controllable costs consist of the following items: depreciation of tangible fixed assets; ancillary services (except for the reservation costs of ancillary services excluding black start, which qualify as influence-able costs); costs related to line relocation imposed by a public authority, and taxes, partially compensated by revenues from non-tariff activities (e.g. cross-border congestion revenues). In this new tariff period, certain exceptional costs specific to offshore assets (e.g. the MOG) have been added to the list of non-controllable costs. This also includes financial charges/revenues for which the principle of financial embedded debt has been confirmed. As a consequence, all actual and reasonable finance costs related to debt financing are included in the tariffs.

Controllable costs and revenues

The costs and revenues over which Elia has direct control are subject to an incentive regulation mechanism, 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%. Therefore, Elia is encouraged to control a defined category of its costs and revenue. Any savings with respect to the allowed (adjusted) budget positively impacts the net profit of Elia by 50% of the amount (before tax) and, accordingly, any overspending negatively affects its profit. There have been no changes compared with the previous tariff methodology, except for certain non-recurrent but controllable costs specific to offshore assets (e.g. the MOG) that can be added to the cost allowance for a given regulatory period.

Influenceable costs

The reservation costs for ancillary services, except for black start, and costs of energy to compensate for grid losses are qualified as influenceable costs, meaning that efficiency gains create a positive incentive, insofar as they are not caused by a certain list of external factors. 20% of the difference in expenses between Y-1 and Y constitutes a profit (pre-tax) for Elia, with a cap of +€6 million. For each of the two categories of influenceable costs (power reserves and grid losses), the incentive cannot be less than €0.

Other incentives

The tariff predefined by the regulator includes, besides the fair remuneration, all the incentives listed below. If Elia does not perform in line with the targets for these incentives (as required by the regulator), the amount of the incentive allocated to Elia will decrease. The impact is reflected in the deferred revenues which will generate future tariff decreases; see the description of the settlement mechanism below (all amounts are pre-tax).

- *Market integration:* This incentive consists of three elements from the previous regulatory framework: (i) increase in import capacity; (ii) increase in market welfare due to market coupling; and (iii) financial participations. Only the incentive on financial participations remains. The incentive relating to market welfare is no longer offered, whereas the one relating to import capacity has been replaced by an incentive with a similar objective (increase of cross-border commercial exchange capacity) but with a fairly different measurement method. Additionally, a new incentive has been created concerning the timely commissioning of investment projects contributing to market integration. These incentives can contribute positively to Elia's profit (by between €0 to €16 million for cross-border capacity; and between €0 to €7 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% is allocated to future tariff reductions and 60% is allocated to Elia's profit).

- *Investment programme:* This incentive is broadened and is defined as follows: (i) if the average interruption time (AIT) reaches a target predefined by the CREG, Elia's net profit (pre-tax) could be impacted positively with a maximum of €4.8 million; (ii) should the availability of the MOG align with the level set by the CREG, the incentive can contribute to Elia's profit by between €0 to €2.53 million; and (iii) Elia could stand to gain between €0 to €2 million if the predefined portfolio of maintained and redeployed investments is realised in time and on budget.
- *Innovation and grants:* The content and the remuneration of this incentive has changed and covers (i) the realisation of innovative projects which would see Elia gaining between €0 to €3.7 million (pre-tax) and (ii) the subsidies granted for innovative projects which could impact its profit (by up to a maximum of €0 to €1 million).
- *Quality of customer-related services:* This incentive is broadened and is related to three incentives: (i) the level of client satisfaction related to the establishment of new grid connections which can generate a profit for Elia of between €0 to €1.35 million; (ii) the level of client satisfaction for the full client base which would contribute between €0 to €2.53 million to Elia's profit; and (iii) the quality of the data that Elia publishes on a regular basis, which can generate a profit of between €0 to €5 million.
- *Enhancement of balance system:* This incentive is similar to the discretionary incentive under the previous regulatory framework, through which Elia is rewarded for implementing certain projects related to system balancing as defined by the CREG. This incentive can generate a profit of between €0 and €2.5 million (pre-tax).

Regulatory framework for the Modular Offshore Grid

The CREG has amended the 2016-2019 tariff methodology to create specific rules applicable to investment in the MOG. A formal consultation took place in the first weeks of 2018 between the CREG and the issuer, and the CREG took a decision on 6 December 2018 about the new parameters to be introduced under the tariff methodology. The main features of said parameters are (i) a specific risk premium to be applied to this investment (resulting in an additional net return of 1.4%); (ii) a special depreciation rate applicable to MOG assets; (iii) certain costs specific to the MOG to bear another qualification compared to the costs for onshore activities; (iv) the cost level defined based on the characteristics of the MOG assets; and (v) dedicated incentives linked to the availability of the offshore assets. For the tariff period 2020-2023, the regulatory framework for the MOG has been included in the tariff methodology, based on the features described above, except for the risk premium, which has been applied since 1 January 2020 on a target equity/debt ratio of 40/60.

Regulatory deferral account: deviations from budgeted values

Over the course of a year, the actual volumes of electricity transmitted may differ from the forecasted volumes. If the transmitted volumes are higher (or lower) than those forecasted, the deviation is booked to an accrual account during the year in which it occurs. These deviations from budgeted values (a regulatory debt or a regulatory receivable) are accumulated and will be taken into account when the tariffs are set for the subsequent tariff period. Regardless of deviations between the forecasted parameters for tariff setting (fair remuneration, non-controllable elements, controllable elements, influenceable costs, incentive components, cost and revenue allocation between regulated and non-regulated activities) and the actual incurred costs or revenues related to these parameters, the CREG takes the final decision each year as to whether the incurred costs/revenue can reasonably be borne by the tariffs. This decision may result in the rejection of incurred elements. In the event that any incurred elements are rejected, the relevant amount will not be taken into account when the tariffs are set for the next period. Although Elia can ask for a judicial review of any such decision, if this judicial review is unsuccessful, a rejection may well have an overall negative impact on Elia's financials.

Cost and revenue allocation between regulated and non-regulated activities

The tariff methodology for 2020-2023 features a mechanism enabling Elia to develop activities outside the Belgian regulated perimeter and whose costs are not covered by grid tariffs in Belgium. This methodology establishes a mechanism to ensure that Elia's financial participation in other companies not considered part of the RAB by the CREG (e.g. stakes in regulated or non-regulated activities outside Belgium) has a neutral impact on Belgian grid users.

Public service obligations

In its role as a TSO, Elia is subject to various public service obligations imposed by the government and/or by regulation mechanisms. Public authorities/regulation mechanisms identify public service obligations in various fields (such as the promotion of renewable energy, green certificates, strategic reserves, social support, fees for the use of the public domain, offshore liability) for fulfilment by TSO's. The costs incurred by the TSO with respect to these obligations are fully covered by the tariff 'levies' as approved by the regulator. The amounts outstanding are reported as levies (see Note 6.9 for other receivables and Note 6.17 for other payables).

9.2. Regulatory framework for the Nemo Link interconnector

The key features of the NemoLink Ltd regulatory framework can be summarised as follows:

- A specific regulatory framework is applicable to the Nemo Link interconnector since the date of its operation. The framework is part of the new tariff methodology issued on 18 December 2014, updated on 5 March 2020 (Cap & Floor final levels), by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators in the UK and Belgium (OFGEM and the CREG respectively) determined the levels of the cap and floor ex-ante and these remain largely fixed (in real terms) for the duration of the regime. Consequently, investors will have certainty about the regulatory framework throughout the lifetime of the interconnector.
- The cap and floor regime is applicable since 30 January 2019. 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. If a revenue rises above the cap, it will be returned to the TSO in the UK (National Electricity Transmission System Operator or 'NETSO') and to the TSO in Belgium on a 50/50 basis. The TSO's will then reduce the grid charges for grid users in their respective countries. If revenue falls below the floor, then the interconnector owners will be compensated by the TSO's. The TSO's will, in turn, recover the costs through grid charges. National Grid performs the NETSO role in the UK and the issuer, the Belgian TSO, in Belgium.
- Each five-year period is considered separately. Cap and floor adjustments in one period do not affect adjustments for future periods, and total revenue earned in one period is not taken into account in future periods.
- 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 mechanistic parameters to cost efficiency: a cost of debt benchmark was applied to costs to set the floor, and an equity return benchmark was applied to set the cap.
Assessment period (assessing whether interconnector revenues are above/below the cap/floor)	Every five years, with within-period adjustments if needed and justified by the operator. Within-period adjustments will let operators 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 required. Revenue above the cap is returned to end customers and any shortfall in revenue below the floor requires payment from grid users (via grid charges).

JOINT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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The Corporate Village
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Elsinore Building
B-1930 ZAVENTEM

EY Bedrijfsrevisoren BV
De Kleetlaan 2
B-1831 DIEGEM

Joint auditors' report to the general meeting of Elia Transmission Belgium NV/SA for the year ended 31 December 2022

As required by law, we report to you as joint statutory auditors of Elia Transmission Belgium NV/SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the notes (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as joint statutory auditors by the shareholders meeting of 19 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the workers' council. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2022. The audit of the Consolidated Financial Statements of the Group was performed during respectively 3 consecutive years for BDO Bedrijfsrevisoren BV and 4 consecutive years for EY Bedrijfsrevisoren BV.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Elia Transmission Belgium NV/SA, which consists of the consolidated statement of the financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the notes, which show a consolidated balance sheet total of € 8,092.1 million and of which the consolidated income statement shows a profit for the period of € 191.9 million.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, as well as its consolidated results and its consolidated cash flows for the period then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Calculation of net result

Description

As described in the notes 3.3.17. 'Regulatory deferral accounts', 6.20 'Accruals and deferred income' and 9.1.4 'Tariff Setting' of the Consolidated Financial Statements, the net result of the Group is determined by applying calculation methods set by the Belgian federal regulator, the Commission for Electricity and Gas Regulation (the "CREG") (the "Tariff Mechanism").

This tariff mechanism is based on calculation methods that are complex and require the use of parameters (the Beta of Elia's share, return on equity, ...), and accounting data of the regulated activities (the Regulated Asset Base, the regulated equity, capital expenditure ("CAPEX"), subsidies received).

The Tariff Mechanism makes a distinction between income and expenses based on the control that the Group has over the expenses and income. The first type are the non-controllable elements for which deviations are fully passed on to future tariffs. The second type are the controllable elements that the Group can control, and for which under-and overspending is (partly) attributable to the shareholders.

Therefore, the calculation methods of the Group's net result are complex and require judgement from management, more particularly related to the use of correct accounting data, operating data, and parameters imposed by the regulator. The use of incorrect accounting and operating data, and deviations in used assumptions, can have a material impact on the Group's net result.

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and evaluating the operating effectiveness of key controls relating to the calculation of the net result, including those related to (i) the completeness and accuracy of the underlying data used in the calculation and (ii) management review controls;
- Evaluating the adequate and consistent classification of income and expenses by nature (controllable and non-controllable) as described in the Tariff Mechanism;
- Performing independent mathematical recalculations of the regulated results based on underlying internal documentation and external information, and taking into account the formulas as described in the Tariff Mechanism;
- Reading and evaluating the accounting implications of communications and decisions taken by the CREG;
- Assessing the adequacy of notes 3.3.17, 6.20 and 9.1.4 of the Consolidated Financial Statements.

Capitalization of property, plant and equipment

Description

Given the current evolution in the electricity environment towards green energy production, the Group has very significant investment projects ongoing to connect these new productions sites on the Group's network. The timely and on-budget progress of these investment projects is one of the key performance goals for management as set by the Board of Directors. The progress of these network projects is equally a key performance indicator for investors as a key driver of their return on investment is the maintenance and expansion of the network. It is also an important quantitative and qualitative measure for the regulators. This is further explained and evidenced in Note 6.1 'PPE' and in Note 4 'Segment reporting' of the Consolidated Financial Statements.

These assets are classified as Property, Plant and Equipment ("PP&E"), with a total capital expenditure of € 403.2 million in 2022 and a net book value of € 4,785.3 million as at 31 December 2022 or 59.1% of total balance sheet.

The accounting policies describe that all maintenance expenses are considered to be operating expenses ("OPEX") and all new project or replacement investments are considered capital expenditure "CAPEX". As network projects can include both maintenance and investments, the classification as either OPEX or CAPEX requires judgement from management. Given this judgement, the importance of the amount of PP&E on the total balance sheet, and its relevance to the users of the financial statements as well as the prominence in the Group's communication in press releases and in investor presentations on the progress on new projects, this matter is considered a key audit matter.

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and evaluating the operating effectiveness of key controls, including management review controls, over (i) the appropriate authorization of capitalization, (ii) the compliance of capitalization criteria used with the accounting policies and (iii) the correct classification of expenditure as CAPEX or OPEX;
- Assessing relevant IT application controls with the support of our IT specialists;
- Performing substantive analytical procedures on CAPEX and OPEX by comparing current year figures with the budgeted figures as approved by the regulator at the level of asset classes and projects;

- Testing a selection of additions to PP&E, including those under construction, and assessing whether the expenditure met the criteria for capitalization under IFRS as adopted by the European Union and the Group's accounting policies and whether the CAPEX were allocated to the correct projects, including the assessment of management judgement in case of a project including both maintenance and investments;
- Assessing the adequacy of note 4 and 6.1 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium as well as internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the

underlying transactions and events in a true and fair view; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report.

Responsibilities of the joint auditors

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, based on specific work performed on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements for the same financial year and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non-financial information required by article 3:32 §2 of the Code of companies and associations is included in the chapter Sustainability reporting of the annual report. The Group has prepared this non-financial information based on the Global Reporting Initiative Standards ("GRI"). In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the Global Reporting Initiative Standards mentioned in the board of directors' annual report on the consolidated financial statements.

Independence matters

We, and our respective networks, have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and we have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 3:65 of the Code of companies and associations have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/eng/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/eng/data-portal) of Elia Transmission Belgium NV per 31 December 2022 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communication

This report is consistent with our additional report to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 13 April 2023

The joint statutory auditors

EY Bedrijfsrevisoren BV
represented by

Paul Eelen*
Partner
*Acting on behalf of a BV

BDO Bedrijfsrevisoren BV
represented by

Felix Fank*
Partner
*Acting on behalf of a BV

INFORMATION ABOUT THE PARENT COMPANY

Extracts from the statutory annual accounts of Elia Transmission Belgium SA/NV, drawn up in accordance with Belgian accounting standards, are given hereafter in abbreviated form.

Pursuant to Belgian company legislation, the full financial statements, the Annual Report and the joint auditors' report are filed with the National Bank of Belgium.

These documents will also be published on the Elia website and can be obtained upon request from Elia Transmission Belgium SA/NV, Boulevard de l'Empereur 20, 1000 Brussels, Belgium. The joint auditors issued an unqualified opinion.

Statement of financial position after distribution of profits

ASSETS (in € million)	2022	2021
FIXED ASSETS	3,599.4	3,623.8
Intangible assets	25.8	15.0
Property, plant and equipment	38.9	20.5
Financial fixed assets	3,534.7	3,588.3
Affiliated companies	3,304.2	3,304.2
Participating interests	3,304.2	3,304.2
Other enterprises linked by participating interests	230.5	284.1
Participating interests	230.1	283.9
Other participating interests	0.4	0.2
CURRENT ASSETS	3,781.2	3,201.8
Amounts receivable over one year	2,250.0	2,250.0
Inventories and contracts in progress	0.6	0.4
Contracts in progress	0.6	0.4
Amounts receivable within one year	936.8	819.9
Trade debtors	324.5	441.6
Other amounts receivable	612.3	378.3
Cash at bank and in hand	552.2	90.2
Deferred charges and accrued income	41.6	41.4
TOTAL ASSETS	7,380.5	6,825.6

EQUITY AND LIABILITIES (in € million)	2022	2021
CAPITAL AND RESERVES	**2,548.9**	**2,269.9**
Capital	2,265.4	2,061.3
Issued capital	2,265.4	2,061.3
Share premium account	91.0	0.0
Reserves	116.5	49.7
Legal reserve	21.2	13.0
Untaxed reserve	5.0	3.0
Available reserves	90.3	33.7
Profit carried forward	76.0	158.9
PROVISIONS, DEFERRED TAXES	**0.7**	**0.4**
Provisions for risks and charges	0.7	0.4
Other risks and charges	0.7	0.4
LIABILITIES	**4,830.9**	**4,555.2**
Amounts payable after one year	3,568.0	3,588.6
Financial debts	3,568.0	3,588.6
Subordinated debentures	3,314.0	3,320.6
Unsubordinated debentures	254.0	268.0
Amounts payable within one year	794.9	565.9
Current portion of amounts payable after more than one year	22.3	22.3
Financial debts	8.5	71.8
Credit institutions	0.0	60.0
Other loans	8.5	11.8
Trade debts	452.0	422.7
Suppliers	452.0	422.7
Advances received on contracts in progress	1.4	1.0
Amounts payable regarding taxes, remuneration and social security costs	12.9	13.0
Taxes	0.2	1.7
Remuneration and social security	12.6	11.3
Other amounts payable	297.8	9.2
Accrued charges and deferred income	468.1	400.7
TOTAL EQUITY AND LIABILITIES	**7,380.5**	**6,825.6**

Statement of profit or loss

(in € million)	2022	2021
OPERATING INCOME	1,539.6	1,174.5
Turnover	1,421.2	1,138.4
Increase/(decrease) in inventories of finished goods, works and contracts in progress	6.0	4.5
Other operating income	112.5	31.7
OPERATING CHARGES	(1,471.3)	(1,112.9)
Services and other goods	(1,406.0)	(1,061.6)
Remuneration, social security costs and pensions	(60.3)	(49.7)
Amounts written off stocks, contracts in progress and trade debtors: appropriations/(write-backs)	(4.8)	(1.9)
Provisions for liabilities and charges: appropriations/(uses and write-backs)	(0.3)	0.3
Other operating charges	(0.0)	0.0
OPERATING PROFIT	68.3	61.7
Financial income	**176.0**	**89.0**
Income from financial fixed assets	127.8	48.3
Income from current assets	48.0	39.5
Other financial income	0.3	1.0
Non-recurring financial income	0.0	0.1
Financial charges	**(74.0)**	**(69.9)**
Debt charges	(68.4)	(68.7)
Other financial charges	(5.5)	(1.2)
PROFIT FOR THE PERIOD BEFORE TAXES	170.3	80.7
Income taxes	(5.7)	(2.4)
PROFIT FOR THE PERIOD	164.7	78.3
Transfer to untaxed reserves	2.0	2.0
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	162.7	76.3

Financial terms or Alternative Performance Measures

The Annual Report contains certain financial performance measures that are not defined by IFRS and are used by management to assess the **financial and operational performance of the Group**. The main alternative performance measures used by the Group are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements) in this document.

The following APM's appearing in the Annual Report are explained in this appendix:

- Adjusted items
- Adjusted EBIT
- Adjusted net profit
- Capex (Capital Expenditures)
- EBIT
- EBITDA
- Net finance costs
- Net financial debt
- Regulatory Asset Base (RAB)

Adjusted items

Adjusted items are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for users to understand the consolidated financial statements of the performance of the Group and this compared to the returns defined in the regulatory frameworks applicable to the group and its subsidiaries. Adjusted items relate to:

- Income and expenses resulting from a single material transaction not linked to current business activities (e.g. change in control in a subsidiary);
- Changes to the measurement of contingent considerations in the context of business combinations;
- Restructuring costs linked to the corporate reorganisation of the Group (i.e. reorganisation project to isolate and ring-fence the regulated activities of Elia in Belgium from the non-regulated activities and regulated activities outside Belgium).

Adjusted EBIT

Adjusted EBIT is defined as EBIT excluding the adjusted items.
EBIT (Earnings Before Interest and Taxes) = adjusted result from operating activities, which is used to compare the operational performance of the Group over the years.

The adjusted EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortisations and impairments, changes in provisions and other operating expense, plus the share of equity accounted investees – net and plus or minus adjusted items.

Adjusted net profit

Adjusted net profit is defined as net profit excluding the adjusted items.The adjusted net profit is used to compare the performance of the Group over the years.

CAPEX (Capital Expenditures)

CAPEX (Capital Expenditures) = Acquisitions property, plant and equipment and intangible assets minus proceeds from sale of such items. Capital expenditures, or CAPEX, are investments realised by the Group to acquire, upgrade, and maintain physical assets (such as property, buildings, an industrial plant, technology, or equipment) and intangible assets. CAPEX is an important metric for the Group as it affects its Regulated Asset Base (RAB) that serves as basis for its regulatory remuneration.

EBIT

EBIT (Earnings Before Interest and Taxes) = result from operating activities, which is used for the operational performance of the Group.

The EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortisations and impairments, changes in provision and other operating expense and plus the share of equity accounted investees.

(in € million) − period ended 31 December	2022	2021
Results from operating activities	259.7	223.6
Share of profit of equity accounted investees (net of tax)	39.5	49.4
EBIT	**299.2**	**273.0**

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisations) = results from operating activities plus depreciations, amortisation and impairment plus changes in provisions plus share of profit of equity accounted investees. EBITDA is used as a measure for the operational performance of the Group, thereby extracting the effect of depreciations, amortisation and changes in provisions of the Group. EBITDA excludes the cost of capital investments like property, plant, and equipment.

(in € million) − period ended 31 December	2022	2021
Results from operating activities	259.7	223.6
Add:		
Depreciations, amortisations and impairments	215.5	206.8
Changes in provisions	(1.1)	(1.7)
Share of profit of equity accounted investees (net of tax)	39.5	49.4
EBITDA	**513.6**	**478.1**

Net finance costs

Represents the net financial result (finance costs minus finance income) of the company.

Net financial debt

Net Financial Debt = Non-current and current interest-bearing loans and borrowings (incl. lease liability under IFRS 16) minus cash and cash equivalents. Net financial debt is an indicator of the amount of interest-bearing debt of the Group that would remain if readily available cash or cash instruments were used to repay existing debt.

(in € million)	31 December 2022			31 December 2021		
	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group
Non-current liabilities:						
Loans and borrowings	3,408.2	174.4	3,582.6	3,421.9	182.7	3,604.6
Add:						
Current Liabilities:						
Loans and borrowings	65.2	11.0	76.2	147.6	11.1	158.7
Deduct:						
Cash and cash equivalents	557.2	44.4	601.6	128.5	9.0	137.4
Net financial debt	**2,916.2**	**140.9**	**3,057.1**	**3,441.0**	**184.8**	**3,625.8**

Regulated Asset Base (RAB)

The regulated asset base (RAB) is a regulatory concept and an important driver to determine the return on the invested capital in the TSO through regulatory schemes. The RAB is determined as follows: RAB_i (initial RAB determined by regulator at a certain point in time) and evolves with new investments, depreciations, divestments and changes in working capital on a yearly basis using the local GAAP applicable in the regulatory schemes. In Belgium, when setting the initial RAB, a certain amount of revaluation value (i.e. goodwill) was taken into account which evolves from year to year based on divestments and/or depreciations.

4. Elia Transmission Belgium SA/NV sustainability report

4.1. Introduction

GRI 2-1

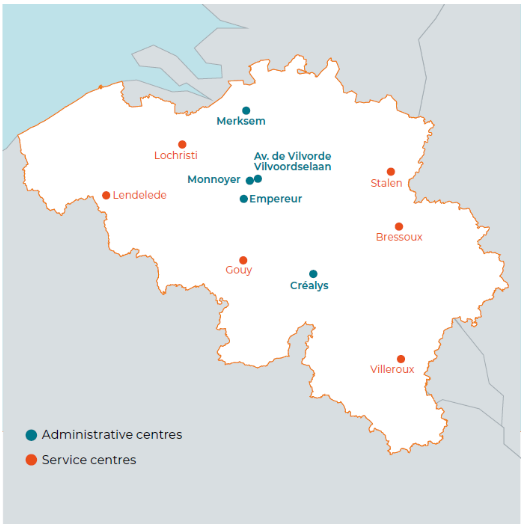
This Sustainability Report provides transparency on Elia Transmission Belgium SA/NV performance in 2022 and describes the integration of sustainability into our strategy (**see Section ESG Strategy**).

Any reference to Elia Transmission Belgium SA/NV in this report refers to the following companies: Elia Transmission Belgium SA/NV, Elia Asset SA/NV (EA) and Elia Engineering SA/NV (EE) (unless expressly stated otherwise).

This annual Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI). GRI Standards serve as best practice that can be used by organisations when carrying out public reporting about their economic, environmental and social impacts.

Relevant GRI performance indicators are highlighted throughout the report wherever Elia Transmission Belgium SA/NV is communicating about its economic, environmental or social impacts. Please consult the GRI Content Index on page 213 for a full overview of these indicators.

This sustainability report covers the period from 1 January 2022 to 31 December 2022.

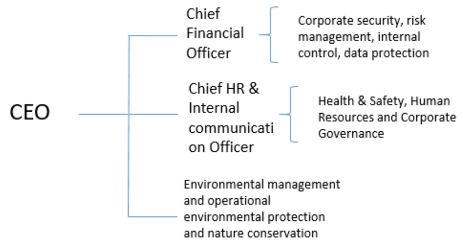


4.2. General disclosures

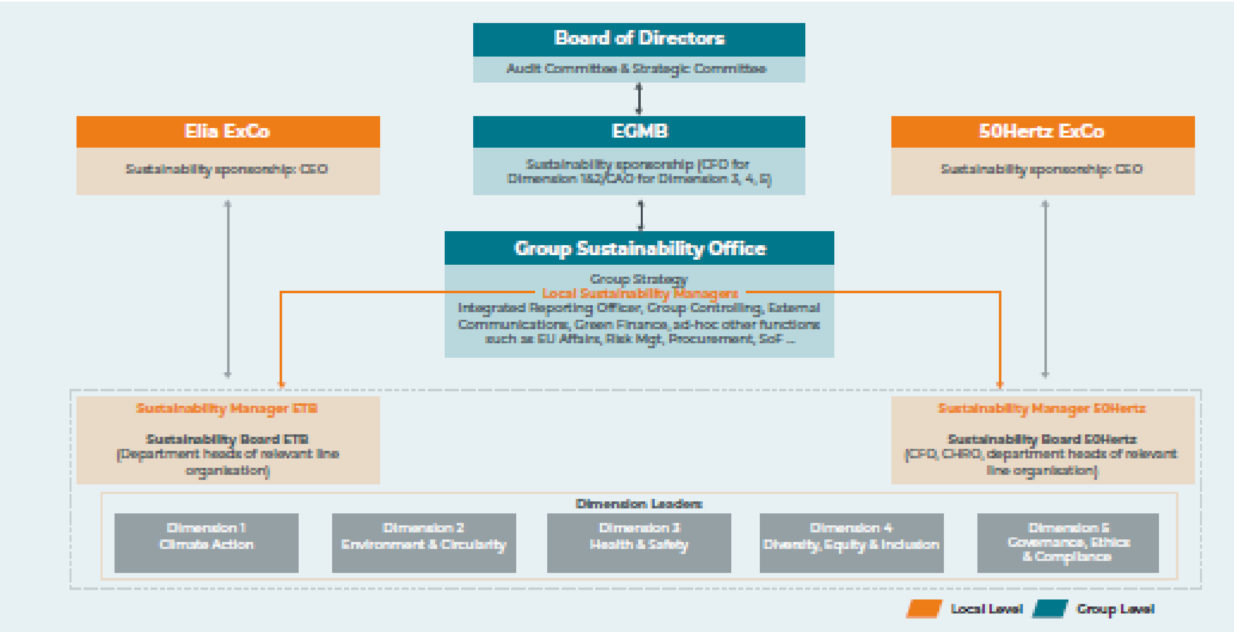
4.2.1. Sustainability governance

GRI 2-12

Sustainability is rooted in the very nature of the Elia group's business activities, as expressed in the group's vision: "A successful energy transition for a sustainable world". To be able to fulfil this vision in the best possible way, we have clearly defined sustainability-related roles and responsibilities across the organisation. These enable sustainability-related targets and activities to be embedded across Elia Transmission Belgium SA/NV and closely managed. Elia Group officers have been put in place at the Group level for a number of key areas, including Safety, Risk Management, Talent Management, Procurement, Strategy and EU Affairs. Elia Group CEO is responsible for sustainability-related issues across the whole of the Group. At a local level, the management of these areas and different responsibilities are described in the figures below.



Our sustainability programme, ActNow, and related ambitions are defined at Elia Group level by the Group Sustainability Office (GSO). The GSO then ensures the consistency of the actions taken by the group and ensures it continuously improves its performance in the area of sustainability. ActNow comprises five dimensions, each of which include specific targets for the Group and Elia Transmission Belgium SA/NV. For a detailed description of our ActNow programme and its dimensions, please see the chapter entitled **'ESG Strategy'**.



<table>
<tr><th></th><th></th><th>Main tasks</th><th>Responsibilities</th></tr>
<tr><td rowspan="3">Group level</td><td>Board of Directors</td><td>• The Strategy and Audit Committees validate the strategy (incl. sustainability targets) on a yearly basis and issue general recommendations in relation to these
• Endorses the strategic changes that the Group undergoes, including in terms of its sustainability dimensions</td><td>Endorses the sustainability-related areas of the Group's strategy</td></tr>
<tr><td>Elia Group Management Board</td><td>• Regular strategy review to validate major changes in overall strategy, ambitions and targets
• Takes key decisions relevant for group strategy
• Raises relevant topics with BoD
• Sponsorship for sustainability aspects
  ○ Chief Financial Officer for Dimensions Climate action, Environment & circularity
  ○ Chief Alignment Officer for Dimensions H&S, DEI, Governance/Ethics/Compliance</td><td>• Endorses sustainability-related areas (such as top KPIs) in the Group's strategy
• Evolve ambition levels of Act Now over time</td></tr>
<tr><td>Group Sustainability Office (GSO)</td><td>Define ESG vision, mission and targets & Adapt global strategy to reflect ESG
• Discuss conceptual topics and development of respective approaches/positions (e.g. anticipated legislative requirements, reporting standard, application of voluntary frameworks)
• Propose changes to group sustainability strategy & targets to EGMB
• Monitor risks related to the realization of the sustainability strategy
• Sounding board for sustainability communication
• Enrich discussion & foster exchange on sustainability topics
Drive strategic initiatives
• Set-up working groups to work on sustainability related topics
• If needed steering of group-level implementation projects
Review progress of overall sustainability ambitions</td><td>• Develop the sustainability dimension of the Strategy
• Definition of group-level Action Plan
• Conceptual development & monitoring of sustainability trends/regulations
• Coordination of transversal group projects</td></tr>
</table>

		• Monitor overall progress in the various dimensions • Review group-level ambitions for Act Now • Ensure group-wide consistency of sustainability efforts	
Local Level	Local Executive Management Committees	• Endorses action plans, implementation plans and roadmaps • Solves local issues that cannot be decided by Local Sustainability Boards	• Local Sustainability Sponsorship
	Local Sustainability Boards	• Validate local roadmap & targets once a year • Take all decisions on local sustainability matters that don´t need to be decided by local ExCo according to statutory • Give guidance & support on key sustainability matters (including local roadmaps) • Solve local issues (key topics brought to agenda by Sustainability Manager) • Trigger bottom-up engagement from local departments • Get input and positions on high-level sustainability issues/ questions	• Local Sustainability Steering and Development
	Local Sustainability Managers	• Translate ESG requirements into needed local activities (roadmap, milestones, activities) • Track & report local progress with respect to Act Now ambitions • Coordinate local implementation projects & activities • Manage key implementation projects • Participate in and contribute to Group Sustainability Office • Ensure regular communication of successes, etc.	• Definition of Local Roadmaps (incl. KPIs, milestones & activities) • Coordination of local projects & activities • Secures local ESG Ratings
	Dimension leaders	These 5 staff members occupy various roles across the group; they are each appointed to one of the ActNow dimensions. They monitor and steer the development and implementation of local action plans. • Support local Sustainability Managers in the development of dimension activity roadmaps & milestones	• Organisation and quality management of data collection • Definition of Local Roadmaps (incl. KPIs, milestones & activities) along with Sustainability Mangers • Coordination of local projects & activities

		• Facilitate activities and deliver on sustainability targets in their dimension • Measure performance and share progress made on their dimension	• ActNow progress monitoring

Incentives and remuneration

Elia Transmission Belgium SA/NV transparently discloses the total remuneration of each of the members of the Board of Directors and of the Executive Management Board in the **Corporate governance statement**. This includes details about the basic features of the remuneration system and the fixed and variable total remuneration of management staff as well as their company pensions and other benefits they receive.

Collective knowledge of the highest governance body

GRI 2-17

Informative sessions and workshops are organized to increase the collective knowledge of the Group's and local Executive Management Committees on various sustainability-related topics, e.g. the ESG current and emerging regulations and their operational impact.

4.2.2. Basic information

Membership associations

GRI 2-28

Elia Transmission Belgium SA/NV is committed to renewable energy, climate and environmental protection, human rights and the integration of European electricity markets. It furthers its work in these areas via different associations and initiatives.

	Energy	Climate	Environment	Human rights
World Energy Council	✓			
CIGRE - Conseil International des Grands Réseaux Electriques	✓			
Go15 - Reliable and Sustainable Power Grids	✓		✓	
UNGC - United Nations Global Compact		✓	✓	✓
Centre on Regulation in Europe	✓	✓		
Roundtable of Europe's Energy Future	✓	✓		
Charge-up Europe	✓	✓		
ENTSO-E - European Network of Transmission System Operators for Electricity	✓	✓	✓	
Coordination of Electrical System Operators	✓			
RGI - Renewables Grid Initiative	✓	✓	✓	
Energy Web Foundation	✓	✓		
The Shift	✓	✓	✓	✓
Synergrid - Fédération des gestionnaires de réseaux électricité et gaz en Belgique	✓			
Osiris	✓			
Conseil des Gestionnaires des Réseaux de Bruxelles	✓			
Vlaamse Raad van Netwerkbeheerders	✓			
Powalco	✓			
BECI - Brussels Enterprises Commerce and Industry	✓			
FEB - Fédération des Entreprises de Belgique	✓			
UWE - Union Wallonne des Entreprises	✓			
VOKA - Vlaams Netwerk van Ondernemingen	✓			
AGORIA	✓			
Communauté Portuaire Bruxelloise	✓			
COGEN Vlaanderen	✓	✓		

Policies and practices

GRI 2-23 / GRI 2-24 / GRI 2-25 / GRI 2-26 / GRI 2-27 / GRI 2-29

Elia Transmission Belgium SA/NV is committed to ensuring it has solid corporate governance practices in place, as outlined in its Code of Ethics. The latter aims to ensure that staff acts in accordance with the ten principles of the UN Global Compact in the areas of human rights, labour standards, environmental protection and anti-corruption. In line with this, Elia Transmission Belgium SA/NV has expressed its commitment to responsible corporate governance practices by signing the United Nations Global Compact (UNGC) – the leading U.N. initiative which encourages businesses to adopt sustainable and socially responsible policies that are aligned with the 2030 Sustainable Development Goals. The company is also committed to and actively works on topics included in the 10 Principles of the UNGC.

Human resources

Remuneration policies and incentives

Elia Transmission Belgium SA/NV's remuneration policy focuses on attracting and retaining the best talent, rewarding performance and supporting a culture of feedback and continuous development. Staff remuneration is aligned with job requirements and performance, regardless of gender, and is supplemented by extensive social benefits and a company pension scheme. We ensure equal pay for equal work via a mechanism of reference salaries that are market benchmarked. Every job description is related to a salary band (which are discussed during “weighing committees”).

In accordance with legislation in Belgium as well as European regulations, Elia Transmission Belgium SA/NV is obliged to prepare a report which transparently outlines staff remuneration. The aim of this legislation is to ensure staff receives equal amounts of remuneration when they carry out equal amounts of work and, more specifically, it aims to ensure that the gender pay gap is avoided.

The remuneration of employees includes success and performance- related elements that provide them with incentives to achieve our collective corporate targets as well as their individual targets. All employees receive regular performance reviews and career development sessions. Some collective targets also relate to sustainable corporate governance, such as compliance with occupational health and safety measures. In addition, through the Elia Group share ownership programme, employees are given the opportunity to benefit from the business' success during the previous financial year. For the tenth time in 2022, every employee was offered shares at a preferential price.

Elia Transmission Belgium SA/NV transparently discloses the total remuneration of each of the members of the Board of Directors and of the Executive Management Board in the remuneration report; these include the fixed and variable total remuneration of management staff as well as their company pensions and other benefits. The basic features of the remuneration system are explained and detailed in the **Remuneration Report**.

Dialogue with unions and staff representatives

Elia Transmission Belgium SA/NV is committed to freedom of association, collective bargaining and the protection of employee representatives. Particular emphasis is placed on trust and constant cooperation with all trade unions. Elia Transmission Belgium SA/NV ensures that employment-related decisions are taken in an impartial and non-discriminatory manner through monthly meetings and preliminary consultations with union representatives.

Collective bargaining agreements

GRI 2-30

Elia Transmission Belgium SA/NV negotiates collective agreements for its ‘non-exempt’ staff with other organisations across the energy sector. For ‘exempt’ staff members, their salary is based on internal equity combined with market competitiveness, their level of maturity, their respect for corporate values and safety leadership, and performance – all irrespective of gender.

Discussions about employee interests are also hosted by the European Works Council of Elia Group. Beyond collective bargaining agreements and company agreements, Elia Transmission Belgium SA/NV is also committed to internationally established guidelines, such as the core labour standards of the International Labour Organization (ILO: C87, C98 and C135) and the labour rights outlined in the UN Global Compact.

Elia Transmission Belgium SA/NV is committed to promoting diversity out of conviction and in accordance with ILO Convention 111. The group is committed to welcoming and supporting all employees regardless of their characteristics. All employees are therefore equally valued regardless of their ethnicity, age, gender, sex, sexuality, religious affiliation, political views, nationality or socioeconomic background.

Human Rights Policy

A group-wide Human Rights Policy was published in the reporting year. The policy document outlines our commitment to human rights and explains how we at Elia Group implement this commitment in our business operations. Clear links are made with our ActNow programme and sustainability topics. Topics such as discrimination, data protection, working conditions and environmental impact are clearly addressed and their importance for our operations described. Furthermore, the document explain how we take responsibility for our supply chain - a move which is also increasingly expected by political leaders and society. The Human Rights Policy is a further step towards meeting the legal requirements of the expected EU Directive on human rights due diligence. Within the framework of the EU taxonomy, the required "minimum social safeguards" can thus continue to be addressed. We are also improving our human rights due diligence in general, including through systematic risk assessments, a grievance mechanism that is provided to staff, procedures for remediation and comprehensive reporting on our progress.
(**Link to Human Rights Policy**)

Code of Ethics

Integrity and ethics are a critical aspect of our internal interactions. The Board of Directors and the Executive Management Board regularly communicate about these principles to clarify the mutual rights and responsibilities of the company and its employees. These rules are communicated to all new employees, and compliance with them is formally included in staff employment contracts.

The Code of Ethics and all associated policies define what Elia Transmission Belgium SA/NV considers to be proper ethical behaviour. They establish a set of clear principles which seek to avoid any conflicts of interest. They also seek to ensure that employees do not violate any laws regarding the use of privileged information, market manipulation or suspicious activities. Senior management consistently ensures that employees comply with internal values and procedures and, where applicable, takes appropriate action, as set out in company regulations and employment contracts.
Please refer to **2.3.3. Integrity and Ethics**.
(**Link Code of Ethics**)

Supplier Code of Conduct

All parties involved in procurement must comply with Elia Transmission Belgium SA/NV's Supplier Code of Conduct and all related regulations. The document is published both internally and externally and addresses following themes:

- ethical conduct: anti-corruption and bribery, conflict of interests, confidentiality of information, fair competition, appropriate handling of intellectual property rights, and the anti-money laundering statement;
- health and safety considerations;
- environmental areas;
- social aspects.

(**Link Supplier Code of Conduct**)

Compliance with laws and regulations [GRI 2-27]

Elia Transmission Belgium SA/NV complies with all applicable legislation. Its business activities are subject to numerous regional, national and European laws and regulations.

(**Legal Framework**)

Elia Transmission Belgium SA/NV actively monitors the emergence of European, national or local regulations.

Anti-corruption

Due to its legal status as electricity TSO, Elia Transmission SA/NV is subject to a wide range of legal and regulatory rules, which stipulate three basic principles: non-discriminatory behaviour; confidential treatment of information; and transparency towards all electricity market participants with regard to non-confidential market information. We have company charters, guidelines and other documents that outline the behaviour we expect our employees to demonstrate and enact. These documents set out Elia Transmission Belgium SA/NV's understanding of correct ethical conduct and make it clear that the company complies with the law and does not tolerate corruption. These principles are translated into organisational measures that are must be adhered to.

A policy defining and addressing bribery and corruption was published as part of our Code of Ethics.
Please also refer to the section 2.3. Internal control on page.

Political influence

Elia Transmission Belgium SA/NV is responsible for contributing to political debate and to the development of legislation. We carry out our advisory role in a transparent manner. As a legal monopoly with public responsibilities, the TSO communicates its viewpoints with the best interests of society in mind.

Elia Transmission Belgium SA/NV is a trusted advisor when it comes to topics such as the fulfilment of the energy transition, ensuring a secure supply of electricity as renewable energy levels increase, and the expansion of the grid. As an increasing amount of energy policies that impact the activities of Elia Transmission SA/NV is set at a European level leading to the creation of a European Affairs Team at Group level. This team monitors all relevant legislation and regulation and participates in European public and political debates through the means of public position statements and publications.

Elia Transmission Belgium SA/NV is listed on the EU Transparency Register and is committed to its Code of Conduct. (Link to website EU Transparency Register)

In 2022, Elia Transmission Belgium SA/NV made no donation to politicians or political parties.

4.2.3. Stakeholder engagement

Approach to stakeholder engagement

GRI 2-29

Elia Transmission Belgium SA/NV sees open and truthful communication with its stakeholders as an integral part of its business success. This is reflected in its material topics (see GRI 3 - Material Topic #10 and #11). Early and open communication with all stakeholders - both from across society and those affected by our projects - enhances the realisation of our infrastructure projects in Belgium. Regular interactions with the scientific community, especially through research and development projects, are part of the way we ensure that our projects are innovative and one of to the ways we further the integration of renewable energy into the system. Regular contact with political representatives is also a key for us.

Please refer to material topic #10 and #11 for further information

Stakeholder groups	Why we interact	How we interact		How our performance is impacted by these interactions	Key examples from 2022
		Methods	Frequency		
Consumers	• To ensure our operating practices are open and transparent and meet consumer needs • To unlock additional flexibility in the system	• Consumer surveys • Working groups • Project-specific meetings	• Daily with direct customers • 1-2 times per year during conferences and information sessions	• Understanding future consumer needs means our activities can meet these early on, so contributing to socioeconomic prosperity and enhancing our reputation • Unlocking flexibility in the system supports the balancing of the grid	'Powering Industry Towards Net Zero' study

Electricity system operators	• To safeguard system stability by aligning our activities with those of neighbouring DSOs and TSOs • To develop joint solutions for the (European) grid, system and market as electrification spreads	• Direct contact through control and regional centres • Working groups for TSOs/DSOs • Information sessions • Conferences and events	• Daily through system operations staff • Regular working groups • 1-2 times per year during main events	• The stability of our grid is maintained in real time around the clock • Our system operations activities are enhanced, particularly given the increasing amounts of RES	Extension of the flow-based market coupling mechanism
Energy producers	• To facilitate security of supply, maintain system reliability and coordinate the provision of system services • To connect RES to the grid	• Direct contact through control and regional centres • Working groups • Information sessions • Conferences and events	• Daily through system operations staff • 1-2 times per year during main events	• The stability of our grid is maintained in real time around the clock	System services https://www.elia.be/en/electricity-market-and-system/system-services
Shareholders and debt investors	• To deliver the necessary infrastructure for a successful energy transition • To secure the future growth and expansion of the group	• External publications • Events	• Regularly through Investor Relations Team • At regular intervals, in line with external publication dates (i.e. quarterly, yearly) • 1-2 times per year during main events	• We secure the financing we need to carry out our activities and projects	2022 half-year results https://www.youtube.com/watch?v=mX6rz4zs5Nk&t=903s

Employ ees	• To strengthen cohesion, creativity and cooperation and enhance our effectiveness • To foster a shared sense of purpose and ensure the importance of our role in the energy transition is understood	• Performance management and training sessions • Internal communication campaigns • Internal events	• Daily	• Our staff share a strong sense of purpose, enhancing our work • Our staff are committed to our activities and business, contributing to the success of our work	2022 Safety Week
Suppliers	• To ensure we have access to high-quality materials, tools and services at affordable prices • To meet our future needs for new materials and tools	• Ad hoc and direct contact, including through tenders and contracts • Meetings • Publications	• Regularly through procurement and project teams	• We have access to the technology and tools we need at the time we need them at affordable prices • The sustainability of our value chain is enhanced	The 'Greener choice' letter
Local communities	• To design our projects with the needs and interests of local communities in mind • To keep local communities informed of the status of our projects and their relevance for the energy transition	• In-person and virtual information and consultation sessions during projects • Dedicated project websites and external publications	• Regularly through project communication teams	• Feedback from communities impacted by our projects are taken into account as we carry out our activities • Regular interactions with local communities ensure they understand how our activities are linked to decarbonisation, so securing their commitment to our mission	Elia project webpage: https://www.elia.be/en/infrastructure-and-projects/infrastructure-projects
Governments and	• To align our activities with government policy and act as a	• Meetings with regula-	• Frequent	• We provide governments and regulatory authorities with trusted	Elia's 2024-2032 Federal Development Plan

public authorities	trusted advisor for policymakers • To ensure regulatory frameworks deliver value for end consumers and a fair return for our investors	tory authorities and policymakers • Publications and studies		advice and research related to decarbonisation and the energy system, supporting them to take decisions about areas like security of supply	
Press and general public	• To maintain alignment with the interests of society and provide updates on our progress • To inform public debate about the best methods for reaching net zero	• Press conferences and site visits • External publications • Digital channels	• Daily contact with press via direct contact with external communications team or digital channels • Regular publications	• The general public is kept informed of our work and its importance for the energy transition, securing their commitment to our activities, so increasing our reputation	Elia Group's press releases **https://www.eliagroup.eu/en/news/press-releases**
Federations, NGOs and academics	• To ensure our research is as rigorous as possible and share and test innovative technology and approaches • To minimise any negative impacts of our activities	• Membership organisations and associated meetings • Specific projects	• Daily contact during specific projects • Monthly or quarterly membership or partnership meetings	• The negative impacts of our projects (for example, on the environment) are minimised • Our activities are enhanced through innovation	Launch of Elia's Academic Board in Belgium

Processes to remediate negative impacts

GRI 2-25

The development of the extra-high voltage grid is crucial for integrating more and more renewable energy into the system. In upgrading and expanding our grid, Elia Transmission Belgium SA/NV seeks to minimise the impact of our projects, assets and activities on people and the environment, including natural habitats. In concrete terms, this means that Elia Transmission Belgium SA/NV only builds new lines once all other options for increasing grid capacity have been explored. Ecological and social sustainability as well as a clear commitment to environmental protection and resource conservation are integral parts of our corporate strategy. Through ActNow, we have set ourselves concrete objectives in the fields of climate protection, biodiversity and the eco-design of our assets. Legal requirements are regularly monitored and evaluated and, if necessary, embedded across organisation activities and plans.

Mechanisms for seeking advice and raising concerns

GRI 2-26

Elia Transmission Belgium SA/NV offers its employees the opportunity to express their concerns about alleged breaches of the Code of Ethics without fear of reprisal and/or unfair treatment.

An external system, **EthicsAlert** for reporting possible breaches of integrity exists; the latter is compliant with the EU Whistleblowing Directive. Internal employees as well as external stakeholders can anonymously raise their concerns via this platform. Violations of these codes can also be reported to management, HR, or the Compliance Officer. Their concerns will be handled in an objective and confidential manner, in line with the whistleblowing procedure.

Incidents	**Total**	**Reviewed**	**Treated**	**Resolved**
Discrimination, DE&I	1	1	1	1
Fraud, non-compliance with internal policies and procedures	2	2	2	2
Non-compliance with laws and regulations	0	0	0	0
Corruption	0	0	0	0
Other	0	0	0	0

4.2.4. ESG Strategy

As a TSO, sustainability is rooted in the very nature of our activities. The integration of renewable energy sources into the system and expansion of our grid means we are helping to drive the decarbonisation and electrification of society as a whole.

Our ActNow programme furthers this, explicitly embedding sustainability into our strategy and business activities. Published in 2021, ActNow comprises long-term targets for our organisation that are guided by the UN Sustainable Development Goals. Our progress on them is overseen by the Group Sustainability Office and the local sustainability board (see **Stakeholder Governance**) and is tracked through KPIs, the most relevant of which we publish for our stakeholders.

As outlined below, ActNow is made up of five dimensions: Climate Action; Environment & Circularity; Health & Safety; Diversity, Equity & Inclusion; and Governance, Ethics & Compliance.

In 2022, we expanded ActNow to include two additional SDGs under the dimensions of ‘Climate Action’ (SDG 9 Industry, Innovation & Infrastructure) and ‘Environment & Circular Economy’ (SDG 14 Life Below Water).

In 2022, we reassessed and revised the sustainability topics which are material to our organisation through different stakeholder interactions. The existing materiality matrix was largely confirmed and further developed (see next section 1.3. Materiality°.

4.3. Materiality

4.3.1. Processes to determine material topics

GRI 3-1

In the reporting year 2022, the Elia group re-assessed the sustainability topics which had been identified as material before, in line with the double materiality analysis principles of the GRI Standards. These newly defined material topics apply to Elia Transmission Belgium SA/NV in Belgium.

As part of a multi-stage process, the existing list of topics were revised, updated and supplemented on the basis of the previous materiality analysis (valid until the end of 2022) in order to comply with future regulations, trends and reporting standards. The topics related to different parts of the value chain. In addition, further relevant topics from the GRI Sector Standards for Utilities were added to the list. Finally, important topics identified by industry peers completed the process. This new list was then used in stakeholder interviews.

In order to gain a better understanding of the importance of these topics and so develop a new materiality matrix, in-depth interviews were conducted with stakeholders (see following section entitled "Stakeholders involved") as well as internal and external experts from Belgium. The aim was to gain a detailed understanding of current and potential positive and negative impacts of Elia group on society and the environment in relation to each topic. As part of this process, the impacts that society and the environment have on the group were also defined. Short-term and long-term impacts were considered, as well as the severity of each impact and their importance in terms of positive business development. Fact sheets were then produced for each topic, with a detailed qualitative description of the internal and external influencing factors, combined with a rating (high, medium and low influence) assigned to each by experts.

Based on these ratings, the topics were then ranked for a first time. Senior management then re-examined this based on the fact sheets. This then led to the materiality matrix included below, which was presented management and the Group Sustainability Board. CEO Chris Peeters has validated this new materiality matrix.

The findings of the project feed into our strategic analysis and validate Elia group's mission and strategy, that is in line with our internal and external stakeholders expectations.
The results of the updated double materiality will serve:

- As a compass for strategic decision-making processes;
- To revalidate Elia Group's mission and strategy;
- As basis for the identification of the disclosure requirements for the Group's sustainability reporting.

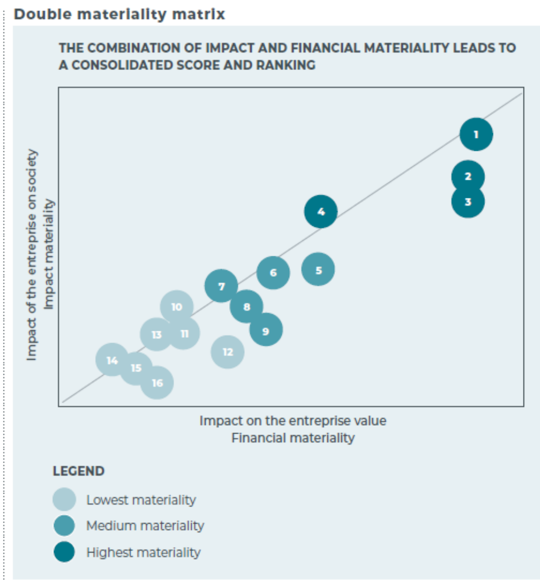
Stakeholders involved

A stakeholder mapping exercise was carried out by analysing stakeholders from across the group's value chain. The stakeholder groups "shareholders and debt investors", "government and public authorities", "associations, NGOs and academics" as well as "suppliers" and "employees" were identified as important interest groups. Belgian members of these groups were assigned to internal experts at the group. Interviews and assessments of key topics were then conducted with all stakeholders. Further stakeholder workshops have been planned for 2023 ; these will provide further insights about the material topics.

4.3.2. List of material topics

GRI 3-1

B. LIST OF MATERIAL TOPICS [GRI 3-2]



Ranking	Topic	Definition
1	Security of supply	Keeping the lights on around the clock
2	Safe and reliable infrastructure	Delivering and operating safe & reliable transmission grid infrastructure
3	Sustainable energy system	Building and operating the infrastructure needed to decarbonise our society
4	Affordable energy system	Promoting a cost effective integration into the EU energy market
5	Security of information and IT systems	Ensuring the privacy of our customer data and the security of our IT infrastructure
6	Decarbonisation	Running our operations in a carbon neutral way and facilitating this up and downstream (incl. Carbon and SF_6 emissions)
7	Preserving our ecosystems	Preserving ecosystems (land, biodiversity (fauna & flora), water) surrounding our infrastructure
8	Employee health, safety and wellbeing	Providing a safe & healthy work environment for all staff
9	Talent acquisition and development	Finding new talents and providing training & development opportunities for all staff
10	Transparent and open communication with stakeholders	Engaging proactively with stakeholder from the very start of our infrastructure projects & providing of useful information to all stakeholders
11	Community development & engagement	Putting our knowledge and resources to the benefit of communities in need (energy affordability and accessibility) and engage in transparent, clear and constructive dialogue with our stakeholders
12	Resilient supply chain practices	Securing resilient supplier relations and prevention of possible supply chain disruption
13	Responsible governance practices	Running our daily activities in a responsible and ethical way
14	Minimising waste and promoting circularity	Preserving resources by minimizing waste and promoting circular practices
15	Sustainable supply chain practices	Translating our ethical and sustainable principles to the procurement process
16	Diverse and inclusive workforce	Offering an inclusive and supportive work environment for all staff

Sixteen significant topics were identified. The issues that were rated as having the highest impact on business development and society relate to Elia Group's core business: system security, grid stability and the sustainable and affordable integration of renewable energy into the system.

The results of the new double materiality exercise serve as a guide for strategic decisions to be taken; they help us to prioritise our fields of action, enhance the management of sustainability-related areas and contribute to the transparent reporting we carry out.

Changes from the previous materiality matrix

As mentioned above, as the new materiality matrix was being developed, last year's matrix was reviewed. Some of this year's topics were rated as more important, whilst others were rated as less influential (-). The table below outlines these changes in importance.

Materiality matrix 2021	**2021 ranking**	**Materiality matrix 2022**	2022 ranking
Network availability and reliability	1	Security of supply	1
Operational environmental protection	7	Preserving our ecosystems (1/2)	7 (-)
Climate-relevant emissions and climate adaptation	6	Decarbonisation	6 (-)
System and market integration of RES	4	Affordable energy system	4
Employee health, safety and wellbeing at work	8	Employee health, safety and wellbeing	8 (+)
Transparency and openness	10	Transparent and open communication with stakeholders (1/2)	10 (-)
Corruption and bribery	13	Responsible governance practises	13
Real stakeholder dialogue	10	Transparent and open communication with stakeholders (2/2)	8 (+)
Biodiversity	7	Preserving our ecosystems (2/2)	(+)
Job creation and skills development	9	Talent acquisition and development	(+)
Diversity and equal opportunities	16	Diverse workforce and inclusive workplace	16

During the expert interviews, additional topics and more differentiation of some topics became necessary. This relates to: (2) Safe and reliable infrastructure, (3) Sustainable energy system, (5) Security of information and IT systems, (11) Community development and engagement, (12) Resilient supply chain, (15) Sustainable supply chain and (14) Minimising waste and promoting circularity.

The development of materiality

The materiality of each topic is analysed as part of a regular cycle. In order to gain an even deeper understanding of our stakeholders' views, workshops with stakeholders on different ESG topics are due to take place starting the first quarter of 2023. In the future, our annual Stakeholders Day will be used as an opportunity to systematically gather external stakeholder feedback on actual and potential impacts and their significance for Elia group, whilst an internal survey of Senior Management will be used to update the priorisation of the material topics.

4.3.3. Management of material topics

GRI 3-3

Elia Transmission Belgium SA/NV is committed to accelerating the energy transition. It provides the infrastructure needed for this in an efficient and effective way, so contributing to socioeconomic prosperity and helping to decarbonise society. We carry out our activities in the interest of society, although sometimes and the interests of our stakeholders might conflict with the organisation's. We try to reconcile these and handle any differences in the best possible way through regular exchanges with our stakeholders. Risk areas are identified and assessed as part of a systematic risk management process. The following pages relate to the most material topics and their relevance for sustainability. Additional information on our approach to risk management is described in detail in **Section Features of the group's internal control and risk management systems** of this report.

Core material topics

#01 Security of supply

ESG Field of impact: Social

References: SDG reference: SDG 7 GRI reference: GRI2-21, GRI 201-1, Sector disclosures grid reliability and length of lines

Impact	***Involvement***	***Likelihood***
Society		
• Reliable and sustainable electricity supply • Contributes to socioeconomic prosperity Enables industry to operate efficiently and contributes to economic wellbeing • Contributes to the creation of stable jobs and has positive economic impact	**direct**	**actual**

Management

Keeping the lights on around the clock

Elia Transmission Belgium SA/NV operates around 9,000 km of high-voltage connections that supply power to around 30 million end users 24 hours a day, 365 days a year.

Grid and asset planning and development

Grid development and reinforcement needs are identified and described in the Federal Development Plans (BE) that the TSO is legally required to publish at regular intervals.

Innovation

Elia Transmission Belgium SA/NV continuously seeks out new solutions and new technology that will support its teams in their daily activities as they pursue quality, efficiency, reliability and safety. For Elia Transmission Belgium SA/NV, active lead management and participation in research and development projects are an integral part of its approach to innovation. Through cooperation with academic and industry partners, the group mainly focuses on areas including new technology and digitalisation; energy markets and system security; the integration of renewable energy; the development of the electrical system; and supporting industry to decarbonise its processes. In line with this, SDG9 (Industry, innovation and infrastructure) was added to our ActNow programme in 2022.

Our Consumer-Centric Market Design

Launched in 2021, our proposed Consumer-Centric Market Design aims lower the barriers for new market parties to participate in the supply of flexibility for the system.

Capacity Remuneration Mechanism

The introduction of a capacity remuneration mechanism for the Belgian market is part of the federal government's energy strategy, which lays out a number of new measures designed to guarantee Belgium's security of supply in the long term. The mechanism ensures Belgium's secure electricity supply after the (partial) phase-out of nuclear energy in 2025. Through the CRM, market participants who offer capacity to the market and do not receive further subventions are financially supported. The Belgian government, in close consultation with the European authorities, has opted for a market-wide CRM. This means that both existing and new capacity types using any type of technology can participate in CRM auctions.

Commitments, policies and measures

Ensuring legal compliance with the energy law regulatory framework (national and EU)

- System management - monitoring of frequency, voltage and resource loads in real-time operation
- Redispatching - national and international
- Voltage stability / reactive power management
- Efficient utilisation of the grids
- Grid reconstruction including renewable energy sources

Strategic network planning in line with national plans

- Identification and development of energy scenarios
- Identification of measures for network optimisation, network reinforcement and network expansion
- Definition of grid connection rules
- Ensuring non-discriminatory grid connections

National and international cooperation

- Active participation and management of European initiatives for cross-border management, trading, digitalisation: e.g. Coreso, Entso-e, JAO, TSCNET

Electricity trading - 24/7 selling and purchasing on the power exchanges

- Procurement of control and substitute energy

Digitalisation

- Digitalisation and compliance play a central role in the above-mentioned key topics
- Digital transformation - front-runner in terms of new digital projects, eg. modular grid control system

Consumer-Centric Market Design

Relevant publications and actions

Grid reliability

Federal Development Plans + Adequacy and flexibility Study for Belgium 2022-2032

Elia Transmission Belgium SA/NV, together with the transmission system operators and power exchanges operating in Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia, has expanded load flow-based market coupling. The coordinated identification of cross-border transmission capacities enables a higher integration of the electricity markets concerned and thus achieves social welfare effects.

• Designing a market model that removes all barriers in order to encourage decentralised flexibility to take part in the market	The annual Open Innovation Challenge (OIC)[18] allows the Elia group to maintain close ties with a broad ecosystem of start-ups and small and medium-sized enterprises (SMEs) Innovation week in Berlin under the theme of Co-creating the future together with our ecosystem First offshore innovation day Hackathon

[18] The OIC is open to start-ups from around the world. The winning team receives funding to develop their project with the Elia group, is offered mentoring from staff and is able to raise the visibility of their start-up. The 2022 Open Innovation Challenge was focused on sustainability: Polish start-up Sentrisense won the challenge with its sensor that monitors the operational state of overhead lines using digital analysis.

#02 Safe and reliable infrastructure

ESG Field of impact: Environmental & Social

References: SDG reference: SDG9, SDG13, SDG14, SDG15 GRI reference: GRI 203, Sector-specific disclosures

Impact	***Involvement***	***Likelihood***
Society		
• Electricity infrastructure is linked to inconveniences and risks, such as noise, property value depreciation, environmental risks, health risks, etc. • Due to the scale of its projects, Elia Transmission Belgium SA/NV can have a large impact on jobs in the supply chain	**direct**	**actual**
• Security of assets - the increasing severity and frequency climate change-related consequences can have a physical impact on Elia Group's infrastructure	**direct**	**potential**

Management

Delivering and operating safe & reliable transmission grid infrastructure

Elia Transmission Belgium SA/NVprioritises its infrastructure projects by considering the current status of our assets and future needs. Our long-term investments in projects (CAPEX delivery), which we are 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 our stakeholder needs and create value for wider society. We undertake regular surveys, analyses and discussions with local and regional stakeholders throughout the project design and construction phases to identify the best possible solutions related to technology, routing and integration into the surrounding landscape. Elia Transmission Belgium SA/NV's stakeholders are continuously analysed and defined. Depending on the topic, Elia Transmission Belgium SA/NV interacts with public authorities, political parties, local citizens, civil society (including organisations that represent environmental, economic, and agricultural or other interests) and clients directly connected to their grid. The group uses a wide range of different means to encourage public participation and feedback. A public reference framework exists which seeks to mitigate the impacts of new infrastructure projects. The steering and realisation of the individual construction measures is ensured by means of various construction and engineering guidelines as well as regulations for the operation of the switchgear, overhead lines and cable systems, which can be called up at any time and are up to date.

Climate resilience

Our grid is part of the solution to climate change. However, it also needs to be designed, operated, and (where necessary) adapted to withstand the impacts of climate change, such as extreme heat waves, storms, heavy precipitation (possibly with flooding), and extreme cold waves. Grid reliability is one of the most important facets of our work. Many existing construction requirements and processes (e.g. EU technical standards, emergency preparedness management) which are applicable to our grid have already been encouraging the construction of grid infrastructure which can withstand climate change (e.g. redundancy of grid elements, stringent climate requirements in specifications), even if these requirements did not emerge from climate change-related concerns.

Environmental impact see also **MT #07 "Preserving our ecosystems"**

Reference to **MT #01 Security of supply – Innovation Management**

Commitments,policies and measures	***Relevant publications and actions***
Permits, public participation	EU Taxonomy Vulnerability assessment
• Obtaining permits under public law	

• Obtaining building rights • Early discussions with authorities, associations, politicians and citizens	**Emergency preparedness in sector-specific disclosures**

Risk management
• Regular recording and assessment of risks in ESG areas
• Contingency risk
• Risk assessment on physical, climate-related risks
  ○ Strengthen resilience in the face of climate change impacts
  ○ Keeping asset failure to a minimum
  ○ Local scientific consideration of long-term climate impacts on our assets
	ActNow Dimension 1 – Objective 5

Reliability, preservation and expansion of the grid • New construction, strengthening and retrofitting • Strategic selection and technical planning • Technical guidelines and requirements • Deployment of new technologies • Asset management and security	Asset Performance Management & Optimization (APMO): condition and risk-based maintenance of our technical assets

#03 Sustainable energy system

ESG Field of impact: Environmental & Social

References SDG reference: SDG7, SDG13 GRI reference: GRI 203, GRI 302, GRI 305

Impact	***Involvement***	***Likelihood***
Society		
• Decarbonising society and industry by increasing the share of renewable energy in the system	**Indirect**	**Actual**
Environment		
• Reducing air pollution and CO_2 emissions	**Direct**	**Actual**
• Impact of grid on local fauna and flora, both on land and at sea (through the materials and products used, transport, use of land, emissions, etc.)	**Direct**	**Actual**

Management

Building and operating the infrastructure needed to decarbonise our society
As part of our corporate challenge to reduce our own emissions, we are committed to making our own activities carbon-neutral by 2030, operating a carbon-neutral power grid by 2040, assessing and reducing the carbon footprint of our supply chain and including a carbon price in our decision-making processes.

Reach carbon neutrality in system operations by 2040
Minimising grid losses
Grid losses are an inevitable and inherent part of electricity transmission. They depend on factors such as the distance electricity has to be transported across, its current, and voltage. They are as a source of CO_2 emissions related to the operation of the grid. As increasing amounts of RES are integrated into the system, the amount of CO_2 associated with those losses will decrease over time. We have set this target by joining the Science Based Target Initiative (SBTi) with the goal of "well below 2 degrees". Our individual reduction targets are aligned to this goal.

Reach carbon neutrality in own activities by 2030
Minimising CO_2 emissions
The most important building blocks for achieving this are the phasing out of SF6, the energy efficiency of assets and buildings and actions regarding mobility, in particular the decarbonisation of our fleet. **Reference to Section IV A Energy and Emissions**

Preserve and strengthen ecosystems and biodiversity and embedding the circular economy in our core processes
Implementing circularity and biodiversity favourable actions helps cutting GHG emissions, the development of such actions is part of our ActNow Programme.

Commitments, policies and measures ***Relevant publications and actions***

Reducing our carbon footprint

• CO_2 neutrality in system operations ○ Reduction in CO_2 emissions from grid losses by 28% by 2030 ○ Increasing the possibilities for integrating renewable energy into the grid to minimise the CO_2 emissions of grid losses	**ActNow Dimension 1 – Objective 2**
• CO_2 neutrality of own activities ○ Policy-based responsible use of SF_6 and minimisation of loss rate to below 0.25% ○ SF_6-Phase out - new asset policy favours alternatives to SF_6. In the long term, the removal of SF_6 from new installations in accordance with upcoming EU F-gas regulation. We have set ourselves the target of reducing the use of SF_6 by 50% in all new assets built by 2030 (compared with SF_6 volumes which were initially planned). ○ Energy efficiency and emissions reduction initiatives: green substations (new building standards, 60,000 m² solar panels), mobility)	**ActNow Dimension 1 – Objective 3** SF6 leakage rate = 0.15% **Topic-specific disclosures: Energy and Emissions**
• Move towards a carbon-neutral value chain for new assets and construction work ○ Introduction of an internal CO_2 price ○ Transition from case-by-case application of the internal CO_2 price to its application to all investment decisions ○ Carbon-neutral value chain (CO_2 accounting platform, green procurement, green works)	**ActNow Dimension 1 – Objective 4**
Nature conservation and circularity	
• Design and implementation of nature conservation projects	**ActNow Dimension 2 – Objective 1** **Material topic 7**
• Developing new and improving existing approaches to the circularity of our assets	**ActNow Dimension 2 – Objective 2** **Material topic 14**

#04 Affordable energy

ESG Field of impact: Environmental & Social

References: SDG reference: SDG7 GRI reference: GRI 203

Impact	***Involvement***	***Likelihood***
Society		
• Independence from fossil fuel imports and an increase in the share of renewable energy leading to more affordable consumer prices in the long term	**Indirect**	**Actual/Potential**
• Increased complexity of system operations caused by increasing integration of RES and decentralisation of production is causing increase in costs for flow control and redispatching	**direct**	**actual**

Management

Building and operating the infrastructure needed to decarbonise our society

Elia Transmission Belgium SA/NV is driving the decarbonisation of the power sector (see material topic #6), so contributing to Europe meeting its Green Deal targets. For example, Elia Transmission Belgium SA/NV believes that interconnectors, especially those linking offshore wind farms across borders, are necessary to achieve the goals of the European Green Deal. In addition, interconnectors help to stabilise electricity prices through cross-border exchanges. The Belgian-British Nemo Link and the German-Danish Combined Grid Solution demonstrate the importance of such connections for access to energy generated outside the country, while contributing to the functioning of a competitive international market. As part of our Consumer Centricity Programme, solutions are being sought for the energy supply of the future. We want to ensure that security of supply (see material topic #01), efficiency and consumer interests are safeguarded in a system dominated by renewable power generation with a wide range of existing and new electrical applications. This requires long-term investment in digitising how we operate.

Commitments , policies and measures	***Relevant publications and actions***
Consumer-Centric Market Design	**ActNow Dimension 1 – Objective 1**
• Improving short-term dispatching by increasing competition and lowering barriers to flexible participation • Enabling consumer participation through a variety of services, e.g. freedom to choose energy supplier for different appliances and allowing the full participation of e-assets (e.g. solar panels, electric vehicles, heat pumps) in electricity markets	Position-Paper **"Together towards climate neutrality"**

Decarbonising the electricity sector

- Achieving 100% share of renewable energy in annual electricity consumption
- Performance dashboard: ratio of renewable energy
- Congestion management

Material topics

#05 Security of information and IT systems

ESG Field of impact: Environmental & Social

References: Sector-specifc disclsures: Security and Emergency management

Impact	***Involvement***	***Likelihood***
Society		
• Cyberattack or data security breach: If Elia Transmission Belgium SA/NV's information and IT infrastructure is not secure enough to ward off possible cyber-attacks or breaches, this could lead to operational consequences (e.g. power cuts) and destabilise the European energy grid, in turn impacting numerous customers and businesses in Europe	**Direct**	**Potential**
• Protection of data: Elia Transmission Belgium SA/NV gathers and handles large amounts of data which are necessary for network to function in a stable way, including personal data. If the Elia Transmission Belgium SA/NV's IT infrastructure is not secure enough to withstand possible cyberattacks or data breaches, this will impact the privacy of people concerned.	**Indirect**	**Potential**

Management

As an operator of critical infrastructure, we have to ensure that information is securely stored on systems that are necessary for maintaining security of supply. The processing, storage and communication of information must be designed in such a way that the availability, confidentiality and integrity of the information and our critical systems are ensured. The reinforcement of the robustness and security of our IT and network systems is a key recurring component in preserving the confidentiality of critical data.
A Chief Digital Officer exists at Elia Group level. A Data Protection Officer (DPO) at Elia Transmission Belgium SA/NV ensures that Elia Transmission Belgium SA/NV processes the personal data it holds (from staff, customers, providers or any other individuals) in compliance with the General Data Protection Regulation (GDPR).
Best practice is exchanged at a national level across the utility sector as well as at a European level (via ENTSO-E). Moreover, ENTSO-E and the European NIS directive set out regulatory requirements that the TSOs have to comply with. This led to the creation of the Information Security Management System (ISMS) Programme in 2020.The ISMS is a framework of policies and controls that aim to manage security and security risks across the entire organisation. The programme was launched as part of good governance and as an enabler to meet the regulatory requirement of designing, creating and implementing an ISMS in line with the ISO27001 certification.
Information security risks are systematically identified and dealt with through an established security process. We evaluate the threat landscape and associated developments to be able to put the right risk mitigation measures in place.

Commitments, policies and measures

One data classification model is in place for the whole of the group. This enables data owners to easily and correctly classify their data so adequate security measures can be applied and this ensures consistency.

Certification of the Information Security Management System (ISMS): Elia Transmission Belgium SA/NV is planning to be ISO 27001 certified in 2023.
ENTSO-E also requires TSOs to comply with a specific set of security measures when exchanging information with other TSOs and carries out compliance audits to verify their application: these external audits were successfully passed.

Relevant publications and actions

In the reporting year, no successful cyberattacks were carried out against Elia Transmission Belgium SA/NV; moreover, no damage was caused by information security incidents.

No data breaches were notified to the data protection authorities (GDPR violations)

Continuous awareness improvement: regular newsletters, e-learning implementation, phishing campaigns

#06 Decarbonisation	ESG Field of impact: Environmental	
References	SDG Ref: SDG13	GRI Ref: GRI 302
Impact	***Involvement***	***Likelihood***
Society Our main contribution to a successful energy transition in the interest of society lies with the integration of growing amounts of RES into the system in order to speed-up decarbonisation.	**Direct**	**Actual**
Environment An electricity grid with growing amounts of RES provide the users with electricity produced with decreasing GHG emissions.	**Direct**	**Actual**

Management approach

The Elia group supports the EU's carbon reduction targets as well as those of the Belgian and German governments, mainly by integrating large volumes of renewable energy into the system via the operation and development of its grid. Besides speeding up the decarbonisation of the power sector, we are working on the decarbonisation of our own activities within the Dimension 1 of our ESG Programme ActNow.

Commitments + Policies + Measures

- Speed-up decarbonization of the power sector

This is further described in the section [**Energy and emissions**]

Relevant publications and actions

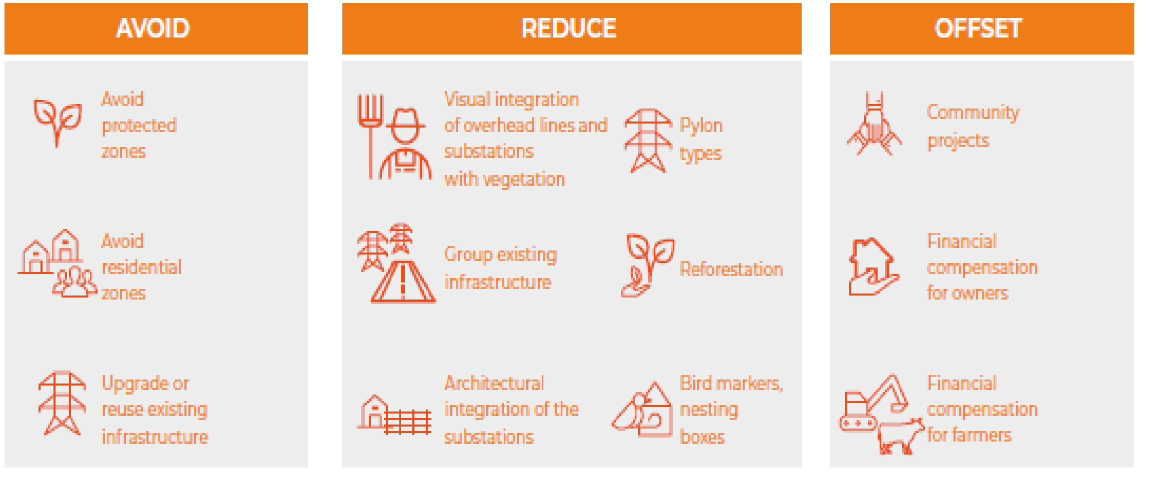
ActNow Dimension 1 Climate Action Objective 1
EU Taxonomy eligible CAPEX, OPEX and Turnover – please refer to [*EU Taxonomy Report*] section

White paper on hybrid interconnectors
"Powering Industry towards Net Zero"

#07 Preserving our ecosystems	ESG Field of impact: Environmental	
References:	SDG ref: SDG12, SDG14, SDG15	GRI ref: GRI 304
Impact Environment The development and maintenance of our grid impacts the surrounding landscape, fauna and flora. Since our seas are set to become the power hubs of the future (meaning we will build much more offshore infrastructure over the coming years), our assets will impact the marine environments they are in, particularly during their construction.	***Involvement*** **Direct**	***Likelihood*** **Actual**

Management

We strive to limit the impact of our projects on the areas we work in, and either refrain from causing avoidable disturbances to nature and landscapes, or to ensure such disturbances are reduced to a minimum (in line with avoidance and minimisation requirements).
In line with our legal requirements, we carry out environmental impact assessments (EIA) early on in projects, to minimise the potential disturbances we could cause to nature. A Strategic environmental assessment (SEA) also has to accompany the Belgian Federal Development Plan when it is published.
Following these assessments, a corridor for a power line is then identified. As part of a next step, the exact route that the power line will follow is established. It is at this moment that protection and compensation measures which have a positive impact on local ecosystems and biodiversity are identified. These are identified with help from external environmental planners, routing experts and, if necessary, other science and nature conservation experts. In order to avoid unnecessarily impacting the landscape, lines are adapted to suit the local landscape conditions.
Essential to the group's approach is the 'mitigation hierarchy', which aims to prevent or avoid negative impacts on nature. It also provides advice about protecting biodiversity throughout project lifecycles, from early planning through to decommissioning and repowering. The application of this mitigation hierarchy means we can avoid, minimise, restore and – where necessary – offset negative impacts on biodiversity; the hierarchy is described in the figure below.



As part of every grid reinforcement project we undertake, we implement different measures that can have a positive impact on ecosystems and biodiversity - most of the time together with local stakeholders and environmental experts to ensure the relevance of the measures we take. If preventive or corrective measures cannot help address the negative impacts, then mitigation and compensatory measures are applied. These are either voluntary or legally required (in order to obtain all the legal authorisations needed prior to the execution of a project). Depending on whether the objective is to mitigate or compensate for the impact of our projects, a wide range of measures exists.

As part of Dimension 2 ‘Environment &Circular Economy’ of our ActNow programme, we are working on better integrating our assets into their surrounding environment to reduce and compensate for our impact. Another focus of our sustainable substation programme is the promotion of biodiversity. The ISO14001 certification of our environmental management has also been identified as one of the actions. SDG14 (‘Life below water’) was added to our ActNow Programme as we are now placing more emphasis on developing our projects in order to strengthen biodiversity in the North Sea.

In terms of prevention, the Elia group is committed to undertaking effective water and soil conservation measures. Since the company’s business activities do not involve significant amounts of water consumption or the regular release of process-linked effluents, our corporate responsibility does not relate to a reduction in water consumption. Instead, we must focus on water management in grid and substation projects and prevent water and soil pollution through accidental leaks of hazardous substances used in our equipment.

Commitments, policies and measures

We have developed a framework regarding different types of compensation measures which aim to minimise our impact on the environment that surrounds our infrastructure projects; these measures include compensation for farmers and the integration of our assets into the landscape. Clear and structured policies are available **on our website**.

We have set ourselves 3 objectives in terms of environmental protection and fostering biodiversity:

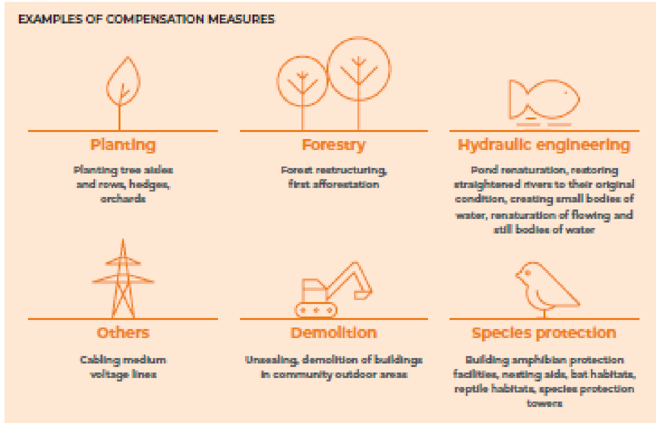
- Preserve and strengthen ecosystems and biodiversity

Bird protection: With the help of leading European and local environmental organisations[19], Elia Transmission Belgium SA/NV has identified the sections of its grid that pose the greatest danger to birds. These are gradually being fitted with bird markers, which reduce the probability of bird collisions by making them more visible to birds. Nesting boxes are also being installed along the bottom or the top of our pylons, depending on the species we are aiming to protect.

Ecological corridor management: We undertake this under our overhead lines that go through forests. Whilst ensuring that our grid can be safely operated, we either minimise our interventions[20] in these areas so that natural habitats can once again flourish under our lines or implement management measures that benefit biodiversity. Since 2012, Elia Transmission Belgium SA/NV has been a front-runner in this area. Indeed, we developed a 7-year LIFE project (EU-funded and together with the French TSO, RTE). In 2018, we decided to continue this project for another five years without receiving any subsidies under the name “Life2” by adding more green corridors around its lines. The other objective of this project was to further monitor the biodiversity improvement. The results are highly encouraging, with a lot of the evaluated sites showing conclusive outcomes.

By 2030, our ambition is that Elia Transmission Belgium SA/NV manages 90% of all of our forest corridors in a way that supports biodiversity.

Relevant publications and actions



ActNow Dimension 2 Objective 1

61 % of our high-voltage overhead lines identified as critical for birds are equipped with markers

In 2022 we successfully tested of the use of drones to install these markers along our lines

[19] Brandeburg State envi agency, RGI; NABU, Natuupunt and Natagora

[20] The standard – historical – maintenance policy for overhead lines involved ensuring that a corridor under our lines was kept clear of all vegetation with a rotary slasher every eight years

<u>Substations:</u> We foster green areas around our existing infrastructure to encourage biodiversity and reduce the negative impacts of our assets on the ecosystem. By the end of 2022, we had also banned the use of all herbicides from all of our sites in Belgium.
<u>Offshore:</u> With regard to our offshore projects, mitigation measures are principally implemented during the construction phase of our projects. These aim to reduce the impacts of such projects on marine life (for example, measures aimed at limiting the impact of any noise created and acoustic deterrents to prevent marine life from coming close to our assets during their construction).
Future <u>Energy Island:</u> As Elia Transmission Belgium SA/NV designs and constructs this island, it is going beyond just minimising the impact of its activities on the marine ecosystem through the adoption of 'Nature Inclusive Design'. Along with a group of nature and conservation experts, Elia Transmission Belgium SA/NV is currently working on designing the island in such a way that it will have positive effects on flora and fauna and encourage habitats to flourish.

- <u>Circularity embedded in our core business processes</u>

There is a strong link between circularity and the preservation of biodiversity. The development of circularity actions is part of our ActNow Programme.

- <u>Ensure compliance with environment performance standards</u>

<u>Reaching ISO14001 Certification</u>: The implementation of an environmental management system ISO 14001 certified in Belgium is due to occur in 2024.

<u>Prevention</u>
The main potential source of soil, ground and surface water pollution is the large volume of mineral oil in our transformers. The standard solution to combat this consists of equipping our transformers with a liquid-tight concrete tank, which, in the event of an oil spill, can contain all leaks. The tanks are fitted with a hydrocarbon separator and an additional coalescence filter with an automatic shut-off valve to ensure that rainwater that falls on the facilities can be drained without causing pollution. We have developed processes to immediately cope with the impacts of leakages in the accidental event of hazardous substance leaks and employees are trained to detect early signs of these types of events.
Another water management aspect relates to rainwater that ends up on our high-voltage facilities (transformers), impermeable (roofs, asphalt roads) and permeable surfaces (gravel roads). When building new substations and when expanding or renovating existing substations, we ensure that rainwater that ends up on the installations (transformers) is always drained without any (oil) contamination, we increase the permeability of surfaces[21] and explore reuse and infiltration solutions (some of them can have a positive impact on biodiversity).

Elia Transmission Belgium SA/NV, along with other partners[22], received funding from the European LIFE programme for their joint "SafeLines4Birds" project, which targets specific endangered bird species

63 % of our forest corridors are ecologically managed

Further information about these projects can be found on this website: http://www.life-elia.eu/
Topic-specific disclosures [*Biodiversity*]

ETB is signatory of RGI's Marine Grid Declaration, which sets out guiding principles for avoiding, minimising and (where possible) eliminating negative impacts on the marine environment

ActNow Dimension 2 Objective 2
See Material topic ***<u>#14 Minimizing waste and promoting circularity</u>***

ActNow Dimension 2 Objective 3

[21] This is carried out by constructing roadways with reinforced gravel pits (asphalt on concrete is no longer used). Drainage gutters are avoided for existing paving and natural runoff and infiltration are provided next to the road.
[22] Transmission system operators RTE in France and REN in Portugal and several nature and bird protection organisations

A significant part of Belgian soil is polluted as a direct result of nearby or in situ (prior use) industrial activities or the backfilling of areas with polluted soil. Elia Transmission Belgium SA/NV has mapped the soil condition of its own land in order to plan out remediation activities.

#08 Employee health, safety and wellbeing — ESG Field of Impact: Social

References	SDG ref: SDG8	GRI ref: GRI 403

Impact	***Involvement***	***Likelihood***
Society		
• Occupational Health and Safety As high-voltage electricity transmission system operators, Elia Transmission Belgium SA/NV operates assets and infrastructure which can cause harm to people if accidents, asset failure or external attacks occur.	**Direct**	**Actual**
• Wellbeing Investing in healthy, safe and happy employees means that the wellbeing of our workforce is ensured; this is a prerequisite to providing the infrastructure for a successful energy transition.	**Direct**	**Actual**

Management

The safety and welfare of all individuals (Elia Transmission Belgium SA/NV's staff, subcontractors and staff from partner organisations) is a key priority for the group and its subcontractors. Our group-wide ambition is to ensure that all our employees and subcontractors arrive home safe and sound every day. We also want to ensure the wellbeing of our staff. We have high ambitions and these require a fit and healthy workforce, capable of dealing with the challenges and potentially stressful elements of each job.

Occupational health and safety measures are included in our corporate strategy. Health protection and occupational safety topics are an integral part of weekly meetings held by senior management. Having a Health and Safety Management system that is certified by external parties is one of the components of our approach to the area.

Commitments, policies and measures

Elia Transmission Belgium SA/NV has adopted a Health and Safety Policy, undertakes regular safety analyses and promotes a culture of safety cross the organisation. Elia Transmission Belgium SA/NV has high safety standards in place which all of its employees, subcontractors and everyone who comes into contact with its infrastructure are required to follow. The *Health and Safety at Work Guideline* is binding for all employees.

- We aim for zero accidents

We strive to minimise accidents as much as possible, especially those caused by activities which carry high amounts of risk, like construction work, work at height, civil engineering work, and offshore activities. Our approach covers all of our employees, our subcontractors and individuals who work on or in the vicinity of our infrastructure. Our target over the next few years is to have the number of incidents with contractors decrease by 2.5% every year. We closely monitor leading indicators like those related to the reporting of unsafe situations and near-misses.

- We maintain a solid culture of safety

Reaching our health and safety goal requires more than just the adoption of procedures and guidelines. We actively work towards ensuring that everyone is personally involved in ensuring their own safety and the safety of their colleagues and continuously train our staff. Training for all employees who work across our sites is compulsory; this is updated periodically. All employees are regularly instructed about workplace-specific hazards and the measures they can implement to avoid them. In addition to refresher trainings for our operational teams, we also ensure that such staff are continually informed about changes to procedures and working methods, and that they are able to learn from feedback. All employees are regularly instructed about workplace-specific hazards and the measures they can implement to avoid them.

'Safety for Contractors' programme: Elia Transmission Belgium SA/NValso provides training materials, training and tests for subcontractors; we want to invest in good safety behaviour and support our suppliers in encouraging this in

Relevant publications and actions

ActNow Dimension 3 Objective 1
TRIR Own staff 4.37
incident investigation
Ad hoc safety flashes: good practice reminders or the identification of specific risks associated with particular tools

ActNow Dimension 3 Objective 2
Inspections
Training Compulsory training with periodical updates

Site visits: 1,139

their staff, too. We want to grow together by taking joint measures to prevent accidents and ensure all of our on- and offshore sites are safe places for people to work in.	
• <u>We are all safety leaders</u> Visible safety leadership is required at all levels of the organisation. Safety leaders show exemplary behaviour and inspire others to do so too. Elia Transmission Belgium SA/NV is committed to actively developing 'safety leadership' in all of its employees. <u>Certification</u>: The H&S Management system of Elia Transmission Belgium SA/NV carries a Safety Culture Ladder Certification Level 3.	**ActNow Dimension 3 Objective 3**
• <u>We ensure and promote the health and wellbeing for our staff</u> The early detection and prevention of work-related illnesses and the preservation of employability are integral components of our approach to occupational health and safety. To support these, appropriate occupational health care, which focuses on individual protection and the prevention of health conditions, is ensured. In addition, Elia Transmission Belgium SA/NV provides its staff with regular medical consultations, flu vaccinations and advice regarding ergonomics in the workplace for all employees. Confidential counselling delivered by external, qualified therapists is available for employees at any time in the event that they should suffer from stress, conflict or suffer from substance addiction.	**ActNow Dimension 3 Objective 4** Offline campaign Health rate: 96.19 **<u>Topic-specific disclosures: Occupational Health and Safety</u>**

#09 Talent acquisition and development — ESG Field of impact: Social

References: SDG Ref: SDG8 — GRI Ref: GRI 401, GRI 404

Impact	**Involvement**	**Likelihood**
Society Elia Transmission Belgium SA/NV's infrastructure projects require a large number of specialists. To fill these positions in the best possible way, an effective approach to HR and is necessary.	direct	actual

Management

Elia Transmission Belgium SA/NV owes its success entirely to the success of its employees. It is the group's responsibility to help them develop their skills, foster their health and commitment, involve them in decisions and guarantee equal opportunities for all. To realise our vision and master the challenges of tomorrow, the group needs motivated employees, since they are a key success factor in times of constant change.

Responsibility for staff strategy issues lies at Elia Group level with the Group Chief Alignment Officer and the Group Talent Management Officer.

Elia Transmission Belgium SA/NV employees are offered individually tailored further training sessions[23] and the opportunity to complete relevant qualifications. Programmes for enhancing employee skills and encouraging career transitions also exist (this includes programmes related to innovation, intrapreunership, change management and external education).

Succession planning ensures that sufficient numbers of potentially suitable employees are available for all management positions and that vacancies are filled by internal candidates wherever possible. To this end, talent is identified and promoted, for example through programmes for 'young professionals' that are jointly developed and offered.

Commitments, policies and measures

Talent@Elia Group is one of our top projects, it was established to ensure our organisation can succeed amidst the ever-changing context of the energy transition and can fulfil its digital transformation needs. The framework developed as part of this project aims to enable our business strategy and to create an attractive, motivating environment for the talent we have and need.

Elia Transmission Belgium SA/NV attracts qualified young talent via its own in-house training programmes. These include a 24-month trainee programme, internships and opportunities for students to join the group whilst completing diplomas or degrees (in cooperation with local universities).

In addition, managers can take specific training modules to develop their own leadership skills.

Leadership programme: We work in a rapidly evolving environment. We want to prepare our leaders to become role models who embody the values and standards of our company and who are able to confidently guide their employees through challenging times. This involves strong, inclusive leadership and promoting and embracing diversity within our teams. It also involves dealing with uncertainties and safeguarding the physical and mental wellbeing of our staff.

Relevant publications and actions

Top Employer Label 2022 (for the 5th year in a row) for Elia Transmission Belgium SA/NV

Topic-specific disclosures: Employment

[23] This is in addition to training related to technical and safety skills, which are required to perform our core business activities (training specifically focusing on safety is detailed in [*Health and safety*])

#10 Transparent and open communication with stakeholders

ESG Field of impact: Social

References: SDG ref: SDG16 GRI ref: GRI 2-29, GRI 2-25, GRI 2-26

Impact	***Involvement***	***Likelihood***
Society The involvement of relevant stakeholder groups plays an important role in sustainable grid expansion. Involving stakeholders as early as possible in our infrastructure projects helps to improve their understanding of society's need for a grid, and optimises its approval and development.	**direct**	**actual**

Management

In its role as a trusted advisor, Elia Transmission Belgium SA/NV regularly communicates and exchanges information with its stakeholders.

Elia Transmission Belgium SA/NV's stakeholder environment is continuously analysed and defined. Depending on the topic, Elia Transmission Belgium SA/NV interacts with public authorities, political parties, local citizens, civil society (including organisations that represent environmental, economic, and agricultural or other interests) and clients directly connected to their grid. The method and frequency of engagement for each stakeholder group is detailed in **Stakeholder engagement**.

Elia Transmission Belgium SA/NV is convinced that involving all stakeholders early on in their projects is vital for ensuring the success of the energy transition. Our approach is to contact and inform all parties of upcoming projects in order to ensure their voices are heard. A transparent and consistent approach, which aims to meet societal requirements, improves the acceptance of our projects by local communities. Furthermore, this approach is adopted from the outset of projects so that community concerns can be addressed. To achieve this objective, the relevant teams have developed a communication and public acceptance methodology; this ensures that stakeholder engagement and communication is embedded into the grid development process. In turn, this ensures that our costs are controlled, the timing of projects can be adhered to and we are able to deliver necessary projects which are aligned with the interests of society. As a new project is being explored, discussions with relevant stakeholders are held during the very early stages of project planning. During the design phase of our projects, we mainly work with civil society, local municipalities and representatives from academia. Public consultations are also held regarding grid development plans. As projects become more concrete, discussions and information exchange are organised for local citizens and communities.

Commitments, policies and measures

Public acceptance

Internal, project-related guidelines regulate timelines and the dissemination of information regarding project planning, approval processes, public participation and stakeholder management. These guidelines also include best practice and recommended courses of action based on experience, enabling the company to continuously develop its standardised public participation toolbox.

Elia Transmission Belgium SA/NV communicates and cooperates transparently with its stakeholders throughout the entire project development process. In addition to holding legally required preliminary public information meetings, we also organise information sessions for local residents. It is crucial for us to make sure interested stakeholders are able to find the information they need. Our website includes a specific section which is dedicated to providing information about our current and future infrastructure projects.

Elia Transmission Belgium SA/NV has made sure it has involved civil society and regional experts at an early stage of its two most important projects in Wallonia and Flanders: Ventilus and Boucle du Hainaut. The objective of such stakeholder engagement is to ensure that the projects are developed in the best way possible (and so are aligned with environmental, economic and agricultural interests) through the solicitation of feedback and expertise.

Against the backdrop of the COVID-19 pandemic, we have adapted how we inform citizens and local authorities of our plans: we now employ digital communication channels more frequently than we used to; this includes hosting webinars and one-to-one consultations. Adapting our communication methods in this way has helped us to maintain strong ties with our stakeholders whilst complying with relevant health and safety restrictions.

Relevant publications and actions

117 Public info-dialogue sessions related to grid projects

These sessions are supplemented by invitation letters; citizen information packs; videos; brochures; flyers; roll-ups; press conferences and press releases; digital newsletters; Facebook posts; information videos; telephone hotlines; and communication disseminated via email.

Website Elia: **Infrastructure and Projects**

Dedicated websites: **Ventilus** & **Boucle du Hainaut**

Stakeholder dialogue Elia Transmission Belgium SA/NV regularly measures the customer satisfaction level of its key stakeholders (including distribution system operators, grid users, producers, access responsible parties, user Groups, etc.) through surveys. Elia Transmission Belgium SA/NV maintains constant contact with its customers and partners through its Users Group, which comprises grid user representatives. Contact Centres: Elia Transmission Belgium SA/NV's two contact centres receive and handle requests for information from various sources, including local residents, contractors, engineering firms, public authorities, utilities and project developers. Due to the specific risks involved in working near a high-voltage facility, anybody wishing to carry out work close to high-voltage lines, high-voltage pylons, underground electricity cables or high-voltage substations is required to report this to Elia Transmission Belgium SA/NV. We can then provide them with maps of the relevant facilities and instructions about the safety measures to take while working near them. There are statutory time frames within which Elia Transmission Belgium SA/NV must answer such requests (7 working days following receipt). Should a request arise via a contact centre, Elia Transmission Belgium SA/NV offers information and free electromagnetic field measurements to the owners of land and buildings located near its facilities.	**Users' Group (elia.be)**
Trade associations: active participants in ENTSO-E & RGI: stakeholders channels	**ENTSO-E** and **RGI**
Communication events ESG ActNow progress: In October 2022, a livestreamed event was held in which the Elia group gave its stakeholders an update on its efforts to integrate more and more renewable energy into the system while helping to ensure security of supply and the progress it had made on ActNow.	**Live Stream ActNow** **YouTube channel**, LinkedIn and **Twitter** accounts

#11 Community development and engagement — ESG Field of impact: Social

References: GRI ref: GRI 207-4

Impact	***Involvement***	***Likelihood***
Society	**Direct/indirect**	**Actual**
• Elia Transmission Belgium SA/NV makes a significant contribution to gross domestic product (GDP) through its major infrastructure projects in the form of direct, indirect and induced economic effects.		
• In addition, Elia Transmission Belgium SA/NV supports a variety of projects across their grid areas in the fields of culture, energy, environmental education and youth and social issues.	**Direct**	**Actual**

Management

Elia Transmission Belgium SA/NV is clearly committed to its regional responsibilities and economic development.

Community engagement

We take our responsibility towards society seriously. That's why Elia Transmission BelgiumSA/NV supports a wide range of projects in the fields of culture, energy and environmental education across its grid area.

Commitments, policies and measures

Local added value/supporting local initiatives

In addition to undertaking compensation and mitigation measures (see topic #8 "Preserving our ecoystems"), an additional approach was developed to compensate local communities for any disruptions caused during work on high-impact projects. This involves making a financial contribution to community funds, so supporting local communities affected by infrastructure work.
In 2017, Elia Transmission Belgium SA/NV established a partnership with Be Planet to develop and support citizen-led ecological transition projects in municipalities where infrastructure projects are underway. The organisation, which has been recognised as an organisation that works in the interest of the general public, manages the funding, ensures it is used in line with its objectives and oversees the careful selection of the citizen projects which will receive the funding. Through this partnership, we are setting up a system under which citizen projects are funded to compensate municipalities for the impacts associated with the construction of overhead lines.

We undertake a number of biodiversity measures with the ecological engineering consultant Ecofirst. The implementation of the measures is carried out (whenever the technical conditions allow it) in collaboration local adapted work or social rehabilitation companies.

On 16 March 2022, Ukraine and Moldova's electricity grids were successfully synchronised with the Continental European Power System, meaning the stability of their grids has been supported since. At the request of the Ukrainian government, several European transmission system operators sent electrical equipment to Ukraine throughout the year. In doing so, Elia Transmission Belgium SA/NV joined a number of other TSOs from across Europe who provided Ukrenergo with the equipment it needed to keep its grid operational as it came under attack from Russia.

Relevant publications and actions

Be Planet **Be Planet**

In 2022, 2.26 tonnes of our hardware (including laptops, docking stations, printers, screens and carrying cases) were donated to schools and non-profit organisations.

Elia Transmission Belgium SA/NV donated four generators and other electrical equipment to Ukrenergo (the TSO which manages Ukraine's high-voltage grid).

#12 Resilient supply chain practices — ESG Field of impact: Governance

References: GRI ref: GRI 204

Impact

Society

	Involvement	Temporality
The expansion and operation of our infrastructure depends on a network of resilient suppliers across our grid areas and beyond. Any disruption to this supplier network would result in delays that could jeopardise the pace of the energy transition.	**indirect**	**potential**

Management

Strategic purchasing by Group Procurement

Purchasing is centrally undertaken by the Group Procurement Team. The latter is responsible for the strategic procurement of materials, assets and services that are necessary for the construction, operation and maintenance of the Elia Transmission Belgium SA/NV's assets. This approach enables efficiency and improves communication with the group's supplier network. To ensure long-term success, building good, long-term stakeholder relationships with suppliers is essential. The goal is to retain existing suppliers while developing new sources of supply. In addition, Group Purchasing strives to minimise supply chain risks by diversifying individual supplier groups across country borders.

Commitments, policies and measures	Reports + Measurements
Elia Transmission Belgium SA/NV is obliged to comply with European tendering rules. Compliance with these rules and other internal guidelines ensures that each supplier receives the same non-discriminatory and transparent treatment and that the information provided to them is treated confidentially. Suppliers are selected on the basis of an evaluation of several criteria.	-

#13 Responsible governance practices

ESG Field of impact: Governance

References:

SDG ref: SDG16

Impact	***Involvement***	***Likelihood***
Society Running our daily activities in a responsible, ethical and accountable way is essential for sustainable corporate success.	**direct**	**potential**

Management

Elia Transmission Belgium SA/NV is committed to ensuring it has solid corporate governance practices in place, as outlined in its group-wide Code of Ethics. In line with this, Elia Transmission Belgium SA/has expressed its commitment to responsible corporate governance practices by signing the United Nations Global Compact (UNGC) – the leading U.N. initiative encouraging businesses to adopt sustainable and socially responsible policies that are aligned with the 2030 Sustainable Development Goals. Both companies are also committed to and actively work on topics included in the 10 Principles of the UNGC. Please find further details about this in the section **Policies and Practices**.

Commitments, policies and measures	***Reports + Measurements***
• Governance: Accountable rules & processes	**ActNow Dimension 5 Objective 1**
• Ethics: Sustainable mindset and behaviors	**ActNow Dimension 5 Objective 2**
• Compliance: Conformity with external and internal rules	**ActNow Dimension 5 Objective 3**
• Transparency: Openness and meaningful stakeholder dialogue	**ActNow Dimension 5 Objective 4**
We have designed two ESG indexes, the Governance Index and the Compliance Index. These indexes will embed ESG factors into our business activities and decision-making processes. They are each composed of twelve commitments that we want to achieve by the end of 2024. Please see **our website**. Examples of this year's achievements include the publication of a Group-wide Human Rights Policy and the fact that 20% of the variable remuneration of our executives and senior managers is linked to ActNow objectives.	Governance index: 8/12 Compliance index: 9/12

#14 Minimising waste and promoting circularity — ESG Field of impact: Environment

References: SDG ref: SDG12 GRI Ref: GRI 306

Impact	***Involvement***	***Likelihood***
Environment We generate waste through our maintenance work and infrastructure projects, but opportunities for circularity and recycling exist.	**direct**	**actual**

Management

Elia Transmission Belgium SA/NV is required to comply with waste management rules in our respective operating zones. When dealing with waste that cannot be avoided, the principle we follow is reuse – recycle – recover – dispose. This is addressed by Dimension 2 of our ActNow Programme, which relates to a circular economy. We are laying the foundations for integrating circularity and eco-design into the decision-making processes for new pieces of infrastructure and we plan to further increase our recycling rate when decommissioning assets.

Commitments, policies and measures	***Reports + Measurements***
We comply with all national and federal laws and regulations. Waste is removed by authorised waste management companies, who collect, transport and recycle hazardous and non-hazardous waste. On our construction sites, contractors must comply with environmental legislation and sort the site waste they produce. Waste management companies provide information about the way our waste is disposed of (and necessary certificates). Depending on the operating zone, we are also required to report periodically the yearly quantities of specific waste types we produce to the authorities.	Almost a 100% recycling rate for our transformers and pylons Waste management plans Waste registers
Circularity embedded in our core business processes As part of the ActNow Programme, we have set ourselves objectives in terms of environmental protection and the fostering biodiversity. One of these is related to circularity. In 2022, we started an evaluation programme to enhance our work in this area. We aim to accelerate the circularity of our assets, including those elements which are supplied by external providers.	**ActNow Dimension 2 Objective 2**

#15 Sustainable supply chain practices — ESG Field of impact: Environmental & Social

References: SDG ref: SDG12 GRI ref: GRI 308, GRI 414

Impact

Involvement: indirect **Likelihood:** potential

- Environment
  Through the environmental standards that Elia Transmission Belgium SA/NV adopts and the procurement choices it makes (e.g., purchasing products with a lower carbon footprint; using long-lasting materials; using recyclable materials; choosing local products; amending transport methods etc.), it is setting an example for the sector, influencing its entire supply chain and its peers and encouraging them to use greener solutions.
- Society
  Through the social standards Elia Transmission Belgium SA/NV sets and complies with (e.g., health and safety, ethics standards, quality standards) and its selection of partners and suppliers, it sets an example for the sector, influencing the entire supply chain and its peers.

Management

Elia Transmission Belgium SA/NV is required to comply with European tendering rules. Compliance with these rules and other internal guidelines ensures that every supplier receives the same non-discriminatory and transparent treatment and that the information provided to them is treated confidentially. The Elia group requires its suppliers to behave in a law-abiding and ethical manner to protect human and employment rights, health and safety, information security and the environment. This is outlined in the Supplier Code of Conduct (SCoC), which is included alongside all tender and contract documents. All suppliers are obliged to comply with the SCoC.
Further information on the SCoC can be found in section **"Policies & practices"**.

Suppliers are selected based on the assessment of several criteria. Sustainability-related criteria are included in the contracts and general purchasing conditions signed by our suppliers. By incorporating strict ethical principles into the procurement process, the Elia group seeks to have a positive impact on the environment in which it operates. It also aims to avoid risks arising from non-compliance with certain rules and standards along its the supply chain. To improve this process, a Group Procurement Manager was recruited.
To use these principles to make a positive impact on our supply chain, we have developed a risk-based approach. We assess the risks associated with all purchasing categories based on traditional supply chain risks and sustainability-related supply chain risks.
In addition, we conduct regular site inspections. As part of these inspections, human rights due diligence is carried out in addition to reviews of risks related to accidents and employee health. Sanctions are imposed in instances where violations are found to have occurred. Measures aimed at avoiding such risks are also implemented, primarily through discussions with the partners involved.
The risk of human rights violations occurring are currently considered to be rather low, as sourcing is mainly focused on domestic and EU suppliers which generally have to adhere to stricter laws in this area. However, it could become more important in view of the possible expansion of sourcing markets abroad (see **material topic #12 Resilient supply chain practices**).
Going forward, we will move from using internal carbon pricing (ICP) on a case-by-case basis in our sourcing decisions to embedding it across all parts of the investment decision-making process.

Commitments, policies and measures

In 2018, a Supplier Code of Conduct was published. This includes internationally recognised principles regarding ethical conduct and health and safety and environmental and social considerations. This code applies to each of Elia Transmission Belgium SA/NV's suppliers and is always included in documents alongside European procurement procedures.
In order to improve our accounting of GHG emissions related to our supply and value chain (scope 3 GHG emissions related to new assets and construction work (see **Topic-specific disclosures: Energy and Emissions)**, we are improving our CO_2 accounting process in order to better identify the sources of emissions; this will enable us to focus our efforts on addressing and reducing them. Our CO_2 Accounting Platform, which is currently being developed, aims to provide our suppliers with a tool through which they will be able to record the GHG emissions related to their goods and services. This will enable us to compare different available options.

Reports and measurements

Adherence to supplier code of conduct >80 %

Purchasing conditions are split into procurement categories; they are available on our website

Collaboration with Ecovadis
Open letter with other TSOs to suppliers on sustainability **'The Greener Choice'**

#16 Diverse and inclusive workforce — ESG Field of impact: Social

References: SDG ref: SDG10 GRI ref: 405

Impact
Society
We are working on making sure our workforce reflects the societies we work in (for example by actively addressing the fact that our workforce is male-dominated and changing this), Elia Transmission Belgium SA/NV can set an example for society at large and increase the diversity of its staff.

Involvement
direct

Likelihood
actual

Management
We are a company that puts the interest of society first. As a consequence, we should be a good reflection of society in all its diversity. We want to create an inclusive environment that provides opportunities for everyone. We want to ensure all staff members feel comfortable, welcome and supported to progress and flourish within the company. This is not just about meeting numbers and quotas. Gender diversity is not the only criterion - as we continue to expand internationally, diversity in all its forms will grow.
Elia Transmission Belgium SA/NV is committed to promoting diversity out of conviction and in accordance with ILO Convention 111 and strictly condemns any form of discrimination in all work-related situations. All employees are treated equally regardless of their ethnicity, age, sex, gender, sexual orientation, religious affiliation, political views, national or social origin or other characteristics. Elia Transmission Belgium SA/NV is committed to valuing all employees and their abilities equally.
As part of Dimension 4 of ActNow ('Diversity, Equity &Inclusion') we have set ourselves targets in these areas.

Commitments, policies and measures	***Reports + Measurements***
• Inclusive leadership across the organisation and engaging all staff We published a Diversity, Equity & Inclusion (DEI) Charter outlining the management team's commitment to further embedding DEI across the organisation. Awareness about DEI issues are raised amongst staff through DEI ambassadors, training and internal communication	**ActNow Dimension 4 Objective 1** DEI data dashboard Across Elia Transmission Belgium SA/NV, we have 25 Diversity and Inclusion ambassadors
• Inclusive recruitment and selection practices in hiring processes	**ActNow Dimension 4 Objective 2**
• Equal opportunities for all staff "Women in Leadership" initiative	
• Open and inclusive company culture and healthy work-life balance	**ActNow Dimension 4 Objective 3**
• Recognition of societal DEI role Elia Group is a member of the Platform for equality in the energy sector. The Platformwas established by the European Commission, it unites different actors from across the sector who want to create an environment in which everyone has equal chances to succeed. It involves working with other partners and sharing best practice.	**ActNow Dimension 4 Objective 4** International Day against Homophobia, Transphobia and Biphobia (17 May) **ActNow Dimension 4 Objective 5** [Equality platform for the energy sector]

4.4. Climate-related disclosures (Task Force on Climate-Related Disclosures [TCFD] report)

The core mission of the company is to drive the energy transition by supporting the RES into the electricity system to foster decarbonisation. Our double materiality exercise (see 4.3 Materiality) identified security of supply, the need to provide safe and reliable infrastructure and a sustainable and affordable energy system for all end users as material topics. These topics carry risks and opportunities. The risks associated with climate change are especially important for the company, given our ambition to deliver the right infrastructure to support the energy transition, in line with national and European targets. Such risks include those associated with regulatory changes, new consumer needs, technological choices and physical risks to our infrastructure and the operation of the system. However, as electrification spreads across society and we work towards decarbonisation, a host of opportunities are also offered up to us.

4.4.1. Governance

Since our core business is inherently linked to driving the energy transition, sustainability and climate-related responsibilities lie with our executive bodies: they drive the implementation of our strategy and oversee the group's progress. Specific arrangements have been put in place, including ones which affect our Board of Directors, to ensure that ActNow is fully embedded across the organisation. Indeed, the Group Sustainability Office (GSO) acts as an overarching entity that defines ActNow ambitions for the whole of the group and then ensures both that the group's sustainability-related actions are consistent over time and continuously improved. The GSO reports to individuals from the Executive Management Board. A local sustainability board ensures that the implementation of sustainability-related activities is supported and monitored in Elia. This governance structure is described in detail in the Section 4.2.1. Sustainability Governance.

Incentives related to the management of climate-related issues: Executive remuneration is linked to the fulfilment of the company's climate change objectives. The variable remuneration of our executive management team includes components related to short- and long-term goals, including the completion of projects that aim to support the energy transition and decarbonisation (for example, this covers connecting offshore assets or large onshore RES to the grid on time, supporting innovation in grid operations and the system integration of RES, the realisation of infrastructure that will allow the long-distance transport of electricity, etc.) and the implementation of objectives included in Dimension 1: Climate Action.

Knowledge and capacity building: The members of the Board of Directors are selected based on their knowledge, experience and ability to evaluate all technical, financial, regulatory, social and HR matters linked to the business of a TSO. ESG-related capacity building within our governance bodies is a key element of ActNow. Please see the Section 4.2.1 Sustainability Governance for further information.

4.4.2. Dimension 1 of ActNow: Climate Action embedded into our strategy

Dimension 1 of ActNow is both the first and most consequential dimension of our ESG programme. The table below outlines the objectives included in Dimension 1 in more detail. The short-, medium- and long-term risks and opportunities associated with each of these objectives are described in the section 2.1 Risk and opportunities management.

CLIMATE CHANGE MITIGATION: SOCIETAL CHALLENGE

Objective 1: Speed up the decarbonisation of the power sector

Grid development

Our biggest contribution to accelerating the energy transition is via the strengthening and expansion of the power grid as fast as possible in order to facilitate the integration of growing amounts of renewable energy into the system and to allow industry and society to further electrify. Elia is responsible for aligning their activities with the ambitions of the Belgian government (known as the Nationally Determined Contributions). The main grid development and reinforcement needs are identified and described in the Federal Development Plans that the TSO is legally required to publish at regular intervals. In parallel, the TSO has initiated closer exchanges with RES developers and industry to better anticipate their grid needs that often materialize within fewer years than the target dates of the Grid Development Plans. In order to develop a grid which is fit for meeting future challenges, we analysed multiple scenarios to better understand the impact for the network and to better foresee the investments needed. The scenarios encompass those developed by ENTSO-E & ENTSO-G, the European association of electricity (and gas) transmission system operators in the context of the TYNDP (Ten-Year Network Development Plan), which are supported by future climate projections, considering two possible scenarios for 2050: RCP 4.5 and RCP 8.5.

Market development and system operations

In addition to our efforts to accelerate grid development, we are also working on further developing market products and a more suitable market design to facilitate the integration of variable RES into the grid and unlock consumer flexibility. By upgrading our system operations, we are keeping pace with the rapid increase in intermittent renewable energy in the system. The adoption of electric vehicles (EVs) and heat pumps is accelerating, opening the door to new ways for consumers to interact with the electricity system. However, the large-scale participation of demand side flexibility is slow. One key reason for this is that the current market design includes several barriers which prevent the active participation of small flexibility assets. Our Consumer-Centric Market Design addresses these barriers. It will offer new opportunities for consumers to develop their business models. It will allow the efficient integration of more renewable energy into the system and allow consumers to reap the benefits of their investments in flexible assets (such as heat pumps, EVs, solar PV and electrical boilers). All this supports the faster decarbonisation of society. In order to manage the secure operation of a system that relies on renewable energy, Elia will use a new modular network control system in the future. With this cutting-edge Modular Control Center System (MCCS), the TSO will ensure that generation and consumption are always balanced, so that the system remains stable around the lock, largely without feed-in from fossil fuel power plants. The MCCS vision, architecture, and product solutions are meant to be shared and co-developed with peers (e.g., other international TSOs) as part of an MCCS NextGen community.

Electrification

A core element of European decarbonisation involves he electrification of industry and society at large. Leveraging on our enabler role in the European power sector, we are assessing the potential of electrification with industrial players such as ArcelorMittal (who is an active player in our grid region) in order to identify the best possible ways to meet their growing electricity needs. We are assessing suitable locations for new data centres and hydrogen production facilities in order to speed up their deployment and ensure the system is ready to cope with them.

CORPORATE CHALLENGE

Decarbonisation of our own activities

Objective 2: Reach carbon neutrality in system operations by 2040

Minimise the increase in grid losses

Grid losses along lines and cables are an inevitable and inherent part of electricity transmission. They depend on factors such as the distance electricity has to be transported across, its current, and voltage. Grid losses are a source of GHG emissions related to grid operation; these emissions are the main category of Scope 2 emissions for a TSO. As higher amounts of renewable energy are integrated into the system, the amount of CO2 associated with these losses will decrease over time. We have set ourselves at the Group level the goal of reducing the CO2 footprint of our grid losses by 28% by 2030. This was recognised as a Science-Based Target by the Science Based Targets Initiative in July 2022. Given the current energy crisis, this target is becoming increasingly challenging to meet. Our focus remains on the integration of growing amounts of RES into the system.

Objective 3: Reach carbon neutrality in our own activities by 2030

Strategy for phasing out SF6

Sulphur hexafluoride is a greenhouse gas (GHG) with very high electrical insulating properties that is mainly used in electrical switchgear. However, it also has a very high global warming potential (23,500 kg CO2e/kg SF6) and when leaks happen, they generate GHG emissions (this is the main cause of our Scope 1 emissions). We have designed and approved a new asset policy that favours alternatives to SF6. In the short term, we have set ourselves the target of ensuring that 50% of all new facilities will use SF6-free solutions by 2030. In the long term, we will stop using it completely in new installations in accordance with upcoming EU F-gas regulation. At the same time, we are continuing to focus on keeping our leakage rate as low as possible. We were able to successfully do this in 2022, since our leakage rate was only 0.13%.

Sustainable Substations

With the goal of making our substations more sustainable and energy efficient in mind, we have developed new building standards for our substations, including those related to heating and cooling installations and smart temperature control. In addition, we are also renovating our existing substation buildings to further increase their efficiency.

We have taken the decision to install 60,000 m2 of solar panels across our premises by 2030, which will have a peak load of 7 MW of solar energy. This energy will then be used to meet some of our own consumption needs. The promotion of biodiversity and reduction of negative impacts on ecosystems is another of ActNow's points of focus; please refer to the Section 4 (Sustainability Report) for more details.

Mobility

We are making good progress on reducing our mobility-related emissions: we are reducing our fuel consumption and electrifying our fleet (both company cars and our technical vans). A mobility budget was introduced in 2022.

Objective 4: Move towards a carbon neutral value chain for new assets & construction works

CO2 Accounting Platform

The emissions related to new assets and construction work are categorised as Scope 3 emissions. They are related to upstream value chain emissions categories that are more challenging to accurately calculate as the information has to be gathered and sent to us by our suppliers. We are currently developing a CO2 accounting platform to increase our data maturity.

Green procurement

Green procurement is carried out in close collaboration with our suppliers. In the future, we will closely track the improvements that our suppliers apply to their designs, production methods and project execution methods. Precise data will allow us to concentrate on actions which have the biggest potential impact.

Internal Carbon Price (ICP)

Over the past year, we embedded an internal carbon price into various public tenders for electrical equipment and are using it to take important internal business decisions. Currently, we are working on integrating it into our business processes.

Engagement with our suppliers is key

In July 2022, we signed a second call to action aimed at our suppliers called “The Greener Choice” (link).

Objective 5: Increase climate resilience

In 2022, we added a fifth objective to our Climate Action dimension. As a system operator, we carry the responsibility of ensuring a reliable electricity system for society. We therefore want to increase the resilience of our assets so that they can withstand extreme weather conditions such as floods, heat waves and storms.

Vulnerability Assessment

The physical climate risks to which the group is subject fall into two categories: chronic and acute. Based on the best climate scenario information available to us, our vulnerability assessment of our activities was furthered in 2022, in line with the technical screening criteria of the EU Taxonomy Delegated Act. This assessment highlighted the possible harmful effect of heatwaves, cold waves/winter incidents, storms, flooding, droughts and wildfires. All these phenomena are acute physical risks, which could lead to less favorable operating conditions for the company's assets or even damage them. Such circumstances may trigger business continuity disruption and may need contingency plans to be activated. 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 assets are regarded as facing a heightened vulnerability to physical climate risks, as is the case for other system operators and utilities.

Local climate scenarios

In order to further work on adapting our infrastructure to protect it against physical climate risks, we are currently developing local climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5 and overshoot) with support from the University of Hamburg (Hereon Climate Research Center). This is an ongoing exercise.

More resilient construction norms

It is worth noting that as grid reliability is one of the most important TSO responsibilities, many existing construction measures and processes (e.g. EU technical standards, emergency preparedness management measures) applicable to our grid already encourage climate adaptation elements to be included in their design - even if other drivers were behind these. Examples include the redundancy of grid elements and the inclusion of stringent climate requirements in specifications.

4.4.3. Risk management

The assessment of climate-related risks is integrated into our multi-disciplinary group-wide risk management process. Risks are identified and prioritised according to their probability of occurrence; their time horizons; the magnitude of potential associated financial impacts; and the nature and volume of associated control and mitigation measures. Substantive risks and responses are closely followed up on and communicated to executive management and Board of Directors. Further information can be found at the start of this chapter. Climate risk has been formally added as a separate corporate risk to our corporate risk register and in risk reporting in 2020. Indeed, the possibility of changes in temperature patterns, sea levels, the contours of flood-prone areas, or even the frequency and severity of extreme weather may lead to less favorable operating conditions for the company's assets. However, as explained, in the introductory part of this section, climate change being at the core of our business activities, climate-related risks and opportunities in all their subcategories, are already integrated into each corporate risks and opportunities of our corporate risk register. The risks and opportunities we face are extensively described in section Risk management.

Main climate-related risks and opportunities	**Risks**		**Opportunities**
	Regulation(s)	Physical climate threats	Energy transition grid infrastructure projects
Risk/opportunity type	Transition	Physical	Energy source
Description	Strengthening of current and/or emerging new regulations	Physical damage to assets and infrastructure	Investment programme in grid infrastructure projects
Scope	• SF6 • Carbon taxing • Reporting	• Extreme weather events • More frequent or severe heat-waves	• New offshore and onshore • Reinforcement of onshore • Development of interconnections
Criticality	Up to high	Up to high	High Virtually certain[24]
Main affected time horizon	Mid- to long-term	Mid- to long-term	Short- and mid-term
Financial impacts	Increased cost Quantified	Business continuity, increased costs quantified on the basis of historical information	Returns on investment in low-emission technology Quantified
Methodology	Cost analysis in light of regulated framework	Improvement ongoing: implementation of scenario analysis planned in Q1 of 2023	Cost estimation
Management response	ActNow Dimension 1 Objective 3, Dimension 5	ActNow Dimension 1 Objective 5	Investment programme (ActNow Dimension 1, Objective 1)

[24] As explained in Elia's 2024-2034 Federal Development Plan

4.4.4. Metrics and targets

Dimension 1 Climate action	**Objective 1 Enabling the decarbonisation of the power sector**	**Objective 2 Reach carbon neutrality in system operations by 2040**	**Objective 3 Reach carbon neutrality in our own activities by 2030**	**Objective 4 Transition to a carbonneutral value chain for new assets & construction work**	**Objective 5 Increase climate resilience**
Target Description	Fulfil national grid development plans for RES connection, facilitate RES integration and support industry to electrify	-28% grid losses emissions by 2030 (Elia Group)	Continue to improve SF_6 leakage management to remain well below 0.25% 90% mobility emissions	60% of mature scope 3 data by 2023	Keep asset failures at a minimum and adapt assets to climate change in the long-term
Metric	RE share % Environmental EU taxonomy-aligned CAPEX (%)	Carbon intensity of electricity production mix ((tCO_2eq/kWh)	Mobility emissions (ktCO2eq) SF_6 leakage rate (%)	Scope 3 categories Purchased Goods and Services and Capital Goods	Grid reliability (%)

ICP evolution: The ICP will be reevaluated based on yearly results.

<u>Carbon footprint calculation</u>
See section **<u>4.5.1. Energy and emissions.</u>**

Project-based carbon credits (voluntary offset)
We purchase project-based carbon credits (verified to Gold Standard) to offset emissions related to SF6 leakages and business flights (3,525 credits in 2022).
Sustainable finance EU Taxonomy for environmentally sustainable economic activities

The activities relating to the transmission of electricity, which are associated with NACE code 35120, were assessed as being taxonomy-eligible. Please find further information related to EU taxonomy in the dedicated section 4.6.

Revolving Credit Facilities (Sustainability-Linked Loan)
Elia disposes over a fully undrawn €650 million sustainability-linked revolving credit facility.

Green bonds
Elia published its Green Finance Framework end of 2021, outlining how its financing strategy is being aligned with its goal of accelerating the energy transition. It describes how Elia is gearing its investments towards projects with clear environmental benefits, in line with ActNow.
For metrics related to fostering biodiversity and other ESG indicators, please refer to the Section 4 Sustainability Report.

4.4.5. Miscellaneous

Low-carbon R&D

Alongside the development of the grid, Elia is also looking at innovative ways to reduce the direct impact of its activities on carbon emissions. Some examples: At infrastructure level, we are currently testing SF6 alternatives to insulate our equipment. In terms of system operations, Elia is looking at better ways to integrate more renewables and create transparency about their real-time use. Technologies like blockchain could play a key role in certifying sources of energy and sources of flexibility. It could therefore be key for Elia in guaranteeing that the energy and capacity used to operate the grid comes from green energy sources or batteries charged with green energy.

Hybrid interconnectors and energy island projects are other relevant examples. These are more efficient uses of technology and will eventually lead to the establishment of a meshed European grid which will comprise several interconnected energy hubs. These projects are very complex from technological, political and regulatory perspectives. As an example, the Princess Elisabeth Island constitutes a big leap forward for the energy transition. More volumes of renewable energy and a more integrated European grid also means that the existing onshore electrical backbone must be reinforced. The onshore high-voltage grid must not restrict international cooperation and must be built in a proactive manner.

External communication

We regularly update our stakeholders about our climate ambitions, sustainability-linked projects, changing target and progress through channels such as our half- and full-year press releases and livestreamed events. We have also responded the CDP Climate Change Questionnaire on an annual basis since 2017; in 2022, we obtained a score of B.

4.5. Topic-specific disclosures

4.5.1. Energy and emissions

Management approach
Please Refer to

- Climate-related disclosures (TCFD)
- [Material topic 3 Sustainable energy system]
- [Material topic 15 Sustainable supply chain practices]

Consumption and carbon footprint
Energy consumption within organisation

GRI 302-1, GRI 305-1, GRI 305-2

Energy consumption	Unit	Base year 2019	2020	2021	2022
fleet (diesel)	L	1,520,107.72	1,257,612.56	1,318,535.45	1,356,943.26
fleet (gasoline)	L	153,161.16	142,285.74	196,405.90	254,416.84
heating (natural gas)	MWh	4,227.79	3,419.82	4,865.74	3,598.51
heating (diesel)	L	16,500.00	13,328.00	9,638.00	8,780.00
backup systems (diesel)	L	-	-	-	15,873.00
electricity consumption (technical and admin sites)	MWh	-	-	-	2,991.73
electricity consumption substations - with meters	MWh	-	-	-	3,059.86
electricity consumption substations - without meters	MWh	25,750.00	25,750.00	25,750.00	24,586.00

Definitions and comments:

- Starting in 2022, the consumption of our backup systems is included.
- Electricity consumption (technical and admin sites) includes office buildings and technical sites and excludes substations.
- The consumption of the HV substations is – for a minor part – based on physical values (substations with meters) and on an estimated consumption (substations without meters). Starting in 2022, we report separately on the electricity consumption of substations with meters. The values will increase in accordance with the rollout of the programme to equip substations with meters. The estimated consumption has been reevaluated in 2022 leading to adjustments of the figures (see restatements below).

Restatements:

The estimated consumption of the HV substations has been reevaluated in 2022, leading to a restatement for years 2019 to 2021

Other emissions sources	Unit	Base year 2019	2020	2021	2022
airco leakages (R407C)	kg	44.00	0.00	0.00	-
airco leakages (R134A)	kg	0.00	145.00	0.00	94.00
airco leakages (R410A)	kg	0.00	4.00	0.00	-
regional grid losses	MWh	547,383.00	539,061.00	558,922.00	515,327.00

SF_6 leakage rate (%)	2019	2020	2021	2022
	0.22	0.19	0.13	0.15

Definitions:

SF_6: Chemical formula of 'sulphur hexafluoride'. SF_6 is used as an insulation and switching gas in gas-insulated high-voltage switchgear. It has excellent electrical properties, is nontoxic and is chemically stable. However, the global warming potential of SF_6 is 23,500 times higher than CO_2.

SF_6 leakage rate = amount of SF_6 leaked during the year/the average amount of SF_6 gas stored in the compartments.

The SF_6 leakage is calculated based on the weight registration of SF_6 bottles and containers when transactions (e.g. refills) with SF_6 gas are done.

Restatement

The 2021 SF6 leakage rate value was restated due to an update of the calculation methodology.

Direct (scope 1) GHG emissions [GRI 305-1] & Energy indirect (Scope 2) GHG emissions [GRI 305-2]

GHG emissions (t CO_2 eq)	Emissions category	Base year 2019	2020	2021	2022
Direct - Scope 1	SF_6 leakages	5,875.00	5,663.00	4,387.22	5,488.90
	fleet (diesel)	3,815.47	3,156.61	3,309.52	3,419.50
	fleet (gasoline)	349.21	324.41	447.81	580.07
	heating (natural gas)	782.14	632.67	900.16	665.72
	heating (diesel)	43.23	34.92	25.25	22.13
	backup systems (diesel)	-	-	-	40.00
	airco leakages (R407C)	71.46	-	-	0.00
	airco leakages (R134A)	-	188.50	-	122.20
	airco leakages (R410A)	-	7.70	-	0.00
	Total	**10,936.51**	**10,007.81**	**9,069.96**	**10,338.52**

Indirect – Scope 2 (location-based)	Calculation with external emission factor	regional grid losses	93,055.11	90,023.19	86,073.99	Not available
		electricity consumption (technical and admin sites)	-	-	-	
		electricity consumption substations - with meters	-	-	-	
		electricity consumption substations - without meters	4,377.50	4,300.25	3,965.50	
		Total	**97,432.61**	**94,323.44**	**90,039.49**	
	Calculation with own emission factor	regional grid losses	79,917.92	83,662.27	65,393.87	65,395
		electricity consumption (technical and admin sites)	-	-	-	379.65
		electricity consumption substations - with meters	-	-	-	388.30
		electricity consumption substations - without meters	3,759.50	3,996.40	3,012.75	3,119.96
		Total	**83,677.42**	**87,658.67**	**68,406.62**	**69,282.91**
Total scope 1 & 2 (location-based)	Calculation with external emission factor	**-**	**108,369.11**	**104,331.25**	**99,109.45**	Not available
	Calculation with own emission factor		**94,613.92**	**97,666.48**	**77,476.58**	**79,621.42**

Definitions and comments:

- Starting in 2022 the emissions related to our backup systems are included

- Only regional grid losses are taken into account. Federal grid losses are excluded from the CO_2 emissions calculation in accordance with Art. 104 of the Code of Conduct (Gedragscode) stipulated by the CREG

The following calculation standards and emission factors were used to determine the GHG emissions:

1. For SF_6: Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard /IPCC 5th ARS
2. For gasoline, diesel, natural gas, airco leakages: Bilan GES Ademe (as of 29/03/2019)
2. For electricity:

External emission factor: the European Environment Agency (EEA). The 2022 emission factor is not published at the time of reporting.

Own emission factor: self-calculation is based on Belgium's annual energy mix.

Restatements:

A new methodology has been implemented regarding SF6 leakages calculation, which has led to a restatement of the associated emissions for year 2021.
The estimated consumption of the HV substations has been reevaluated in 2022, leading to a restatement of the associated emissions for years 2019 to 2021
Scope 2 emissions based on external emission factors (EEA) have been restated for 2020 and 2021 in accordance with the corresponding annual emission factors.

GHG emissions intensity

GRI 302-3, GRI 305-4

GHG emissions intensity ratio = 1.16 tCO2eq/GWh
Numerator: scope 1 & 2 location-based
Denominator: electricity transmitted (68.61 TWh)

Other indirect (Scope 3) GHG emissions

GRI 305-3

Scope 3	Category Elia Group description	Reporting year emissions ($t\ CO_2$ eq)	Methodology
Upstream	Purchased goods and services	361,596	Spend-based
	Capital goods	240,136	Spend-based

The following calculation standard has been used: Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard

Reduction of energy consumption and GHG emissions

GRI 302-4, GRI 305-5

SBTi validated Elia Group's GHG emission reduction target : Elia Group commits to reduce absolute scope 1 and 2 GHG emissions 28% by 2030 from a 2019 base year.
The SBTI's Target validation Team has determined that this target is in line with the well-below 2°C trajectory.
This will be achieved through reduction initiatives related to the following emissions categories:
1. SF_6
1.A. Leakage management
The group target (including the values consolidated for Elia Transmission Belgium SA/NV and 50Hertz Transmission) for 2030 is to maintain the leakage rate below 0.25%.
1.B. Phase-out: We have set ourselves the target of reducing the use of SF_6 by 50% in all new assets built by 2030 (compared with SF_6 volumes which were initially planned).
2. Substations consumption (note that for the SBTi reduction target, assumptions were considered for this metric)
3. Mobility

Please refer to Section Climate-related disclosures for further details.

4.5.2. Biodiversity

Management approach

Please Refer to Material topic 7: 'Preserving our ecosystems'

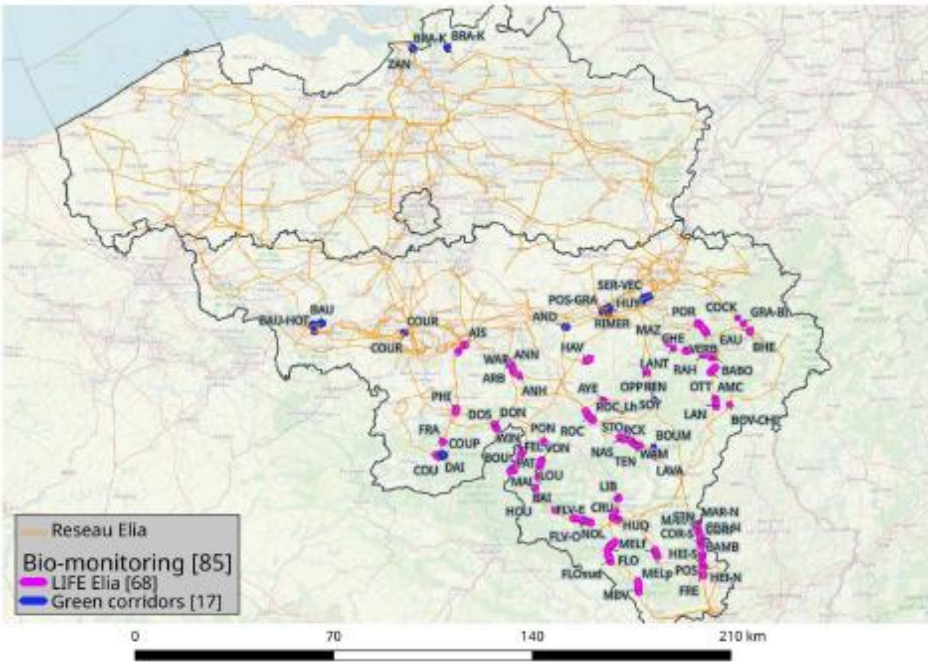
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

GRI 304-1

The total length of Elia Transmission Belgium SA/NV located in Natura 2000 areas (on land and sea) is 665 km.

Habitats protected or restored

GRI 304-3

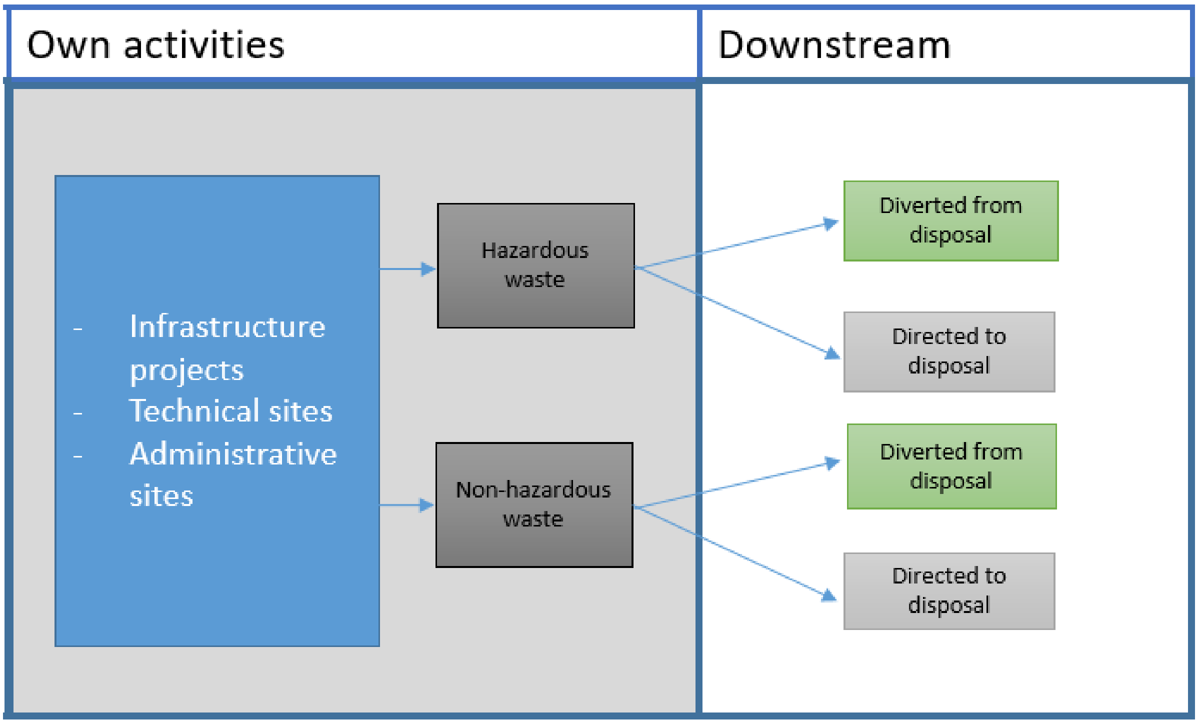


Measures	Unit	Surface/Number
Grazing pastures	ha	80,9
Restored forest edges	ha	215,4
Planted forest edges	ha	130,1
Forest edges – restoration and plantation	ha	50
Dry grasslands	ha	7,5

Wet meadows	ha	16,2
Dry meadows	ha	105,3
Dry heaths	ha	20,1
Orchards	ha	27,5
Ponds	Num-ber	173

4.5.3. Waste

Visual Process flow of inputs, activities, outputs
GRI 306-1



Management of significant waste-related impacts
GRI 306-2

Please Refer to Material topic 14: ‘Minimising waste and promoting circularity’

Waste
GRI 306-3, GRI 306-4, GRI 306-5

	2020	2021		2022
hazardous waste (tons)	729,01	535,54		936.12
non-hazardous waste (tons)	631,99	646,51		196.42
waste total (tons)	1361	1182,05		1132.54
recycling rate (%)	98,41	99,5		100

The data below covers the waste collected in our administrative and technical centers. Waste from construction sites is not included.

All recovery operations happen offsite

All disposal operations happen offsite

4.5.4. Employment

Employees

GRI 2-7

		2021	2022
Grand Total	Total	1.458	1.507
Gender	Male	1.172	1.202
	Female	286	305
Age	<30	154	175
	30-50	900	930
	>50	404	402
Full/part time	Full-time staff	1.314	1.383
	Part-time staff	144	124

Diversity of governance bodies

GRI 405-1

For Diversity of our governance bodies, please refer to the section Corporate Governance Report on page 12.

Workers who are not employees

GRI 2-8

Total number of workers who are not employees and whose work is controlled by the organization: 686 (calculated as an average across the reporting period)

New employee hires and employee turnover

GRI 401-1

Please refer to Material topic 9: ‘Talent acquisition and development’

Elia Transmission Belgium SA/NV		2022	
		Number	Rate (%)
New employee hires	Total	141	9.36
	<30	69	4.58
	30-50	66	4.38
	>50	6	0.40
	Male	105	6.70
	Female	36	2.39
Employee turnover	Total	87	5,78
	<30	9	6.12
	30-50	41	4.39
	>50	37	8.71
	Male	73	6.05
	Female	14	4.70

Turnover rate (%) = (annual total turnover) / ((number of employees beginning of year+ number of employees end of year)/2) * 100

Annual Total Turnover = number of employees who left the company (both planned and unplanned). Planned and unplanned reasons are: resignations (démissions), anticipated leaves (depart anticipé), end of a fixed contract (fin contrat durée déterminéé), invalidities (invalidité), dismissals (licenciement), pensions (pensions), dismissals with generation fees (ontslag door de werkgever met opwekvergoeding).

Definitions:

- New hires: New hires include all new employees who were both planned for in the budget and those who weren't. Employees who take on a new role in the organisation are not included in this number.
- Turnover: The number of leavers is determined based on all employees leaving the company as a result of dismissal, retirement or resignation from 1 January to 31 December of the reporting year.

Turnover rate = # employees who left /(#employees begin of year+#employees end of year)/2 x100

Parental leave

GRI 401-3

All staff members are entitled to take parental leave.

		2022	
		Number	Rate
Total	men	117	7.60
	women	1	0.06
Full-time	total	117	7.60
	male	43	2.79
	female	74	4.81
Deduction of full-time	total	1	0.06
	male	1	0.06
	female	0	0.00

NOTE: It is not possible to report on the total number of staff members who are or have been entitled to this type of leave, as they may have already taken it whist working at another company.

4.5.5. Occupational health and safety

Management approach

Please refer to Material Topic 8: 'Employee health, safety and wellbeing'

Work-related injuries caused by accidents

GRI 403-9

The main types of work-related injuries caused by accidents are contusions, head or neck pain, abrasions and cuts.

	Accidents statistics*	**2020**	**2021**	**2022**
Own staff	Number of hours worked (million hours)	2.20	2.21	2.29
	Number of employees injured with at least 1 missed workday	1	8	2
	Number of work-related fatalities	0	1	0
	Accident frequency rate (1)	0.50	3.60	0.90
	Total recordable injury rate (TRIR) (2)	5.01	6.79	4.37
	Accident severity rate (3)	0.00	0.14	0.07
	Fatal accidents	0	1	0
Contractors	Number of hours worked (million hours)	3.27	3.43	3.70
	Number of work-related accidents (with & without lost time)	27	48	42
	Accident rate (1)	5.81	7.86	6.76
	Total recordable injury rate (TRIR) (2)*	8.26	13.97	11.36
	Fatal accidents	0	0	0
Own staff & Contractors	Total recordable injury rate (TRIR) (2)	6.95	11.16	8.69

*work-related accidents without commuting accidents

(1) Number of work-related accidents with missed time (>1day) x 1,000,000/number of hours worked

(2) Number of work-related accidents x 1,000,000/number of hours worked

For contractors, the worked hours are estimated starting from actual invoices and based on an allocation key for labor cost in function of material groups and a yearly indexed hourly rate (2023: 59.8 EUR/hour)

(3) Number of missed days due to work-related accidents in calendar days x 1,000 / number of hours worked

Restatement:

The 2019-2021 figures for TRIR contractors are restated as the allocation keys used in the calculation method have been updated.

The trend 2019-2022 based on prior method and new method remains similar

4.5.6. Training and education

Management approach

Please refer to Material Topic 9: 'Talent acquisition and development'

Average hours of training per year per employee

GRI 404-1

Elia Transmission Belgium SA/NV	female	male
Average hours of training per year per employee	16.05	29.22

The average hours of training is the total hours of training divided by the headcount

4.5.7. Diversity and equal opportunity

Please refer to

- Material topic 11: 'Community development and engagement'
- Section **Employment**

4.5.8. Local communities and communication events

Please refer to

- Material topic 11: 'Community development and engagement'
- Section Stakeholder engagement

4.5.9. Supplier social and environmental assessment and tax

Management approach

Please refer to

- General disclosures – Policies and practices – Supplier code of conduct

- Material topic 15: 'Sustainable supply chain practices'

Tax

Please find our tax guidelines on our website: [link]

Tax revenue in million €	**2020**	**2021**	**2022**
Corporate income tax	50,03	37,03	41,80
Property tax	12,59	12,30	12,93
Turn over tax (VAT invoiced)	432,48	491,90	433,79
Input Tax (VAT charged)	433,64	505,48	618,93

4.6. Sector-specific disclosures

4.6.1. Grid

GRI G4-EUS-EU4

Length of lines

	2020		2021		2022	
Voltage	Underground/submarine cabling (km)	Over-head li-nes (km)	Underground/submarine cabling (km)	Over-head li-nes (km)	Underground/submarine cabling (km)	Over-head li-nes (km)
400 kV	69.5	0	69.5	0	69.5	0
380 kV	40	923	41	940	41	940
320 kV	49	0	49	0	49	0
220 kV	161	301	162	300	162	302
150 kV	686	1,935	717	1,926	749	1,926
110 kV	0	8	0	9	0	25
70 kV	304	2,399	324	2,370	331	2,316
36 kV	1,915	8	1,865	8	1844	8
30 kV	75	22	64	22	64	22
Total li-nes/cables	**3,299.5**	**5,596**	**3,291.5**	**5,575**	**3,309.5**	**5,539**
Total	**8,896**		**8,867**		**8,849**	

* the Nemo Link interconnector (140 km) is a joint venture (50/50) between National Grid Inteconnector Holdings Limited, a subsidiary company of the UK's National Grid Plc, and Elia Transmission Belgium SA/NV.

Restatement: the 2021 value of the 30 kV underground cables has been corrected compared to the 2021 Sustainability report

Substations and switches

		2020	2021	2022
Substations >=150 kV (#)		299	300	300
Substations <150 kV (#)		507	507	505
HDVC* Converter station (#)		2	2	2
Total		808	809	807

* High-Voltage Direct Current (HVDC)

Grid reliability

	2020	2021	2022	
Number of incidents >=150kV	8	6	5	Grid interruptions leading to long (>3') interruptions with internal responsibilities
Number of incidents <150kV	31	20	23	
Number of exceptional events	0	1	0	-
Average Interruption time (minutes) >=150kV	0.85	0.34	0.36	-
Average Interruption time (minutes) <150kV	2.04	0.85	2.06	-
Maximum AIT for the current period	2.10	2.10	2,10	-
Energy not transported/not served with internal responsibility	327.92	143.53	187.38	-
Onshore grid availability at connection points	0.9999936	0.99999564	0.9999969	-

Onshore availability = 1 – AIT (internal Elia + intrinsic risk) / (# minutes in the year)

Grid losses

	Unit	2020	2021	2022
Federal grid losses (>= 150 kV)	MWh	717,811.00	918,071.00	838,496.00
Regional grid losses (<150 kV)	MWh	539,061.00	558,922.00	515,327.00
Total	MWh	1,256,872.00	1,476,993.00	1,353,823.00

4.6.2. Security and emergency management and Asset management

Critical infrastructure

For Elia Transmission Belgium SA/NV, security does not stop at company boundaries. For example, staff are trained in crisis management and crisis communication with internal and external stakeholders during regular crisis team exercises. Not only are the existing structures, processes and reporting channels reviewed and continuously improved, but crisis team members and employees are also intensively trained in the skills needed to deal with unexpected and high-stress events in a level-headed manner and are also trained to take quick and appropriate crisis management decisions. These and other measures serve to continuously increase the resilience of Elia Transmission Belgium SA/NV in a holistic manner. In addition to the training offered to all members of the crisis team, reviews are undertaken of property protection concepts and general corporate security is further developed.

Emergency and restoration

GRI G4-EUS-DMA Disaster/ Emergency Planning and Response

Should a crisis occur (as a result of a natural disaster, malicious attack or a fuel shortage), Elia Transmission Belgium SA/NV has crisis management procedures to follow which consist of 3 main plans, as outlined below.

• The crisis management plan describes the roles, responsibilities and processes related to crisis management. Emergency management is planned for based on different emergency scenarios known as Standardised Emergency Preparedness Plans (SEPPs). The emergency plans contain appropriate measures and reporting and information processes which must be followed.

• The system defence plan: this includes automatic and manual measures which aim to prevent abnormal situations from developing (including blackouts), to limit the impact of disturbances and to stabilise the electric power system when it is in an ‘Emergency’ state. These measures aim to return the system to a ‘Normal’ or ‘Alert’ state as soon as possible with minimal impact on grid customers and society. In accordance with the system defence plan, Elia Transmission Belgium SA/NV has established load shedding and other plans to be executed by themselves or related distribution operators; these include demands which need to be manually or automatically performed to prevent the worsening of an electricity crisis.

• The restoration plan: this includes a set of actions that can be used after a disturbance which has had large-scale consequences (e.g. a blackout). These actions are intended to return the electricity system to a ‘Normal’ state. Elia Transmission Belgium SA/NV regularly trains its operator teams by organising simulated exercises with relevant stakeholders and partners (such as distribution system operators or generation companies). In general, system operators regularly practice handling abnormal and crisis situations by undertaking theoretical and practical training. TSOs must regularly test their ability to restart the system. These restart tests - also called black start tests - are part of TSO grid reconstruction plans. TSOs must regularly test this capability in their respective grid areas so that the power supply can be restored as quickly as possible after a power outage. Simulations and theoretical training sessions related to emergency and restoration plans are provided for the operators of the national control centre and the regional control centres.

Asset Management

Our employees play an important role in the management of the life cycles of our assets, from their technical development through to the development of asset fleet strategies. Decisions regarding our assets are taken based on incident analyses, reviews, technical analyses, condition monitoring, risk analysis and associated impacts. Decisions are always based on technical expertise, taking into account the impact of costs (OPEX and CAPEX) and risks.

4.6.3. Electric and magnetic fields

Electrical transmission and distribution systems in Europe are mainly operated with alternating voltage levels and a frequency of 50 Hz. They therefore emit electric and magnetic fields (EMFs) which have an extremely low frequency, as is also the case for all electric devices, including domestic appliances.

Although no direct causal link can be established between exposure to such fields (through electricity transmission infrastructure) and human health, Elia Transmission Belgium SA/NV takes EMFs very seriously, considering each grid project carefully and supporting scientific studies that improve the understanding of this area. Elia Transmission Belgium SA/NV makes annual financial contributions (amounting to €305,000 in 2022) to scientific research on the subject. In this vein, it supports the Belgian Bio-ElectroMagnetics Group (BBEMG), whose scientific independence is enshrined in a cooperation agreement. At an international level, Elia Transmission Belgium SA/NV has signed a research contract with the Electric Power Research Institute (EPR), a non-profit organisation that conducts research related to energy and the environment. This agreement grants Elia Transmission Belgium SA/NV access to the results of international research studies carried out in the area. Elia Transmission Belgium SA/NV communicates transparently on EMFs using a number of different channels: a dedicated website; information leaflets; a brochure; newsletters; information sessions (attended by independent experts where possible); and, following requests from local residents, it carries out free measurements of EMFs via its Contact Centre. As projects undertaken by Elia Transmission Belgium SA/NV are assessed, this process must include an analysis of magnetic fields. In accordance with the precautionary policy established in Flanders and Brussels, Elia Transmission Belgium SA/NV assesses future exposure to such fields by means of specific calculations (modelling); mitigation/ reduction measures are applied where necessary.

4.6.4. Noise

Noise can be caused by transformers in high-voltage substations, high-voltage lines, pylons and other equipment. Underground lines do not cause any noise. Strict guidelines apply for Elia Transmission Belgium SA/NV (no noise pollution). The main source of noise pollution across the grid is associated with transformers. The purchase of transformers which produce a low level of noise has been part of Elia Transmission Belgium SA/NV's environmental policy for many years. If necessary, soundproofing measures, such as soundproof walls, are provided for in the design phase of the project so that our (new and existing) infrastructure meets the noise standards outlined in environmental regulations. Elia Transmission Belgium SA/NV always carries out soundscape studies prior to the realisation of its infrastructure projects to ensure that noise levels are not exceeded. In addition, when a new substation is built or the transforming capacity of an existing substation is increased, a noise study is carried out. Based on measurements of the noise emitted by existing transformers, a simulation is carried out of the situation after the construction or upgrade of a transformer in order to estimate the level of noise it will produce. Elia Transmission Belgium SA/NV also conducts noise studies when it receives complaints (see also Contact Centres).

4.7. Environmental EU Taxonomy Regulation

4.7.1. Context

The European Union (EU) has become a global front-runner in terms of sustainability legislation and standardisation. Since the publication of the European Green Deal (2019) and its commitment to become the world's first carbon-neutral continent by 2050, the EU has continued to reinforce a complex and consistent system of legal requirements, which are aimed at embedding environmental and social sustainability considerations into the national laws of its Member States.

To realise its ambitions, the EU has set in motion an Action Plan for Financing Sustainable Growth (2018), which contains three clear objectives:

- reorient capital flows to sustainable investment;
- mainstream sustainability into risk management;
- foster transparency and long-termism in financial and economic activities.

The first measure undertaken as part of this plan was the creation of the EU Taxonomy Regulation 2020/852. This is a classification system for economic activities that are environmentally sustainable and that substantially contribute to one or more of six environmental objectives, while not harming the other objectives and in compliance with minimum social safeguards.

The EU Taxonomy and its disclosure requirements – which can be narrowed down to three main metrics or KPIs – offer a high-level view of a non-financial organisation's contribution to environmental objectives. It also stands as an opportunity for companies to demonstrate to market participants that their economic activities are in line with the transition to a net zero society and are resilient in the long run.

Sustainable finance has a key role to play in the EU delivering on its climate and sustainability ambitions and policy objectives that it has outlined both in the Green Deal and in its international commitments.

In the future, non-financial companies that can demonstrate a high percentage of Taxonomy-alignment will be able to access additional financing opportunities that they need for their sustainable business activities. By enabling businesses to thrive while disconnecting the economic growth from the environmental pressure, the EU Taxonomy will channel financial flows into sustainable investments. Moreover, by defining what is environmentally sustainable, the Taxonomy Regulation will help financial stakeholders plan and report on their efforts to support the transition to a climate-neutral economy.

This chapter contains the disclosures for Elia Transmission Belgium SA/NV (Elia) KPIs, as required by Regulation EU 2020/852 and the related Delegated Acts.
This chapter contains the disclosures for Elia Transmission Belgium SA/NV's KPIs, as required by Regulation EU 2020/852 and the related Delegated Acts.

4.7.2. Elia, an early adopter

Sustainability lies at the heart of the group's business activities and it is enshrined in our vision, our societal mission, and our group strategy. We are committed to operating a sustainable business, which involves transparency and taking a proactive approach in our reporting.

We have followed the development of the EU Taxonomy very closely from its inception through to its passing into regulation. We grasped the opportunity to move to reporting in line with its requirements ahead of time, making us a front-runner among our European peers in this regard: in 2021, we published our 'EU Taxonomy Case Study', which assessed the Taxonomy alignment of our activities, and voluntarily disclosed our methodology and implementation process. The EU Taxonomy has provided us with an opportunity to fine-tune our own strategic approach and we are fully committed to maintaining strong alignment with it.

Elia key figures 2022
99.84% Taxonomy-aligned turnover
100% Taxonomy-aligned CAPEX
99.31% Taxonomy-aligned OPEX

Elia's detailed EU Taxonomy disclosures are available in the following **Excel table**.

4.7.3. Our process

Our assessment of Elia's eligibility and alignment with the EU Taxonomy was prepared in line with the following:

- the EU Taxonomy Regulation 2020/852, published in the Official Journal of the European Union on 22 June 2020;

- the Climate Delegated Act and Annex 1 and Annex 2 (Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021);
- the Disclosure Delegated Act and Annex 1 (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021);
- the Draft Report on Minimum Safeguards published by the Platform on Sustainable Finance in July 2022;
- the Draft Commission Notice 1 and 2 published on 19 December 2022.

Our EU Taxonomy eligibility and alignment assessment included a five-step approach, as outlined below. Economic activities that fulfill the requirements along these steps are considered ‘aligned’ with the Taxonomy. The last step involved the calculation of corresponding percentages for eligible and aligned turnover, CAPEX and OPEX.

1. Eligibility: the economic activity needs to be “Taxonomy eligible” (i.e. covered by the criteria in the Climate Delegated Acts and its annexes);
2. Technical Screening Criteria (TSC): the economic activity is analysed based on the fulfillment of criteria for “substantial contribution” to at least one environmental objective out of the following six:
    i. Climate change mitigation;
    ii. Climate change adaptation;
    iii. Sustainable use and protection of water and marine resources;
    iv. Transition to a circular economy;
    v. Pollution prevention and control; and
    vi. Protection and restoration of biodiversity and ecosystems.
3. Do No Significant Harm analysis: while substantially contributing to one of the environmental objectives, the economic activity should not harm any of the other remaining five;
4. Compliance with Minimum Social Safeguards: the economic activity should respect the social principles while contributing to environmental objectives;

KPI calculation: percentages for Taxonomy eligible and aligned turnover, CAPEX and OPEX, are calculated based on results obtained from previous steps.

4.7.4. Taxonomy-eligible and non-eligible economic activities

The decisions over eligibility and non-eligibility were based on comparing the economic activities of each entity with the activities described in the Climate Delegated Acts. Please see chapter “The Elia group at a glance” of the **Integrated Annual Report** for a full overview of Elia Group’s legal structure.

This exercise was conducted in relation to affiliates reported in the different segments as explained in sections 4 (‘Segment reporting’) and 7 (‘Group structure’) of the consolidated financial statements. Based on Taxonomy guidelines and notices published by the European Commission, the legal entities Nemo Link, JAO, HGRT and Coreso were excluded from the eligibility and alignment assessment (both from the numerators and denominators of the KPIs), since they qualify as investments accounted for using the equity-method (joint ventures and associates) in the consolidated financial statements.

Entity	NACE code / description	Activity description	Correspondence with the Climate Delegated Acts	Decision on eligibility (Yes / No)
Elia Transmission Belgium SA/ NV	35120 Transmission of electricity	Elia Transmission Belgium is the Belgian transmission system operator for extra-high-voltage and high-voltage electricity (30,000–400,000 volts).	4.9 'Transmission and distribution of electricity'	Yes
Elia Transmission Belgium SA/NV	42220 Construction of electricity and telecommunications network	Construction activities	No perfect fit identified with the activities described in the Climate Delegated Regulation	No
Elia Asset SA/NV	35120 Transmission of electricity	Elia Asset is the company that owns all the assets across the high-voltage grid and is responsible for the development and maintenance of this grid. Elia Asset and Elia Transmission Belgium form a single economic entity and operate under the name Elia.	4.9 'Transmission and distribution of electricity'	Yes
Elia Engineering SA/ NV	71121 Engineering and technical consultancy activities, excluding surveying activities	Engineering and technical consultancy activities	No perfect fit identified with the activities described in the Climate Delegated Regulation	No
Elia RE	65200 Reinsurance	Elia RE is an insurance captive	No perfect fit identified with the activities described in the Climate Delegated Regulation	No

4.7.5. Taxonomy KPIs and accounting methods

The accounting methods for calculating the shares of eligible and aligned activities were based on the provisions of Annex 1 of the Delegated Regulation 2178/2021.

The concepts of 'numerator' and 'denominator' apply as follows: if X/Y, then X = numerator and Y = denominator. Double counting in the allocation in the numerator of turnover, CAPEX and OPEX across economic activities was prevented as each entity undertakes one economic activity only. Consequently, turnover, OPEX and CAPEX cover economic activities that are either completely Taxonomy-eligible or not at all. The only exception is Elia Transmission Belgium, which undertakes two economic activities (one taxonomy-eligible, one not). The turnover of the Taxonomy not eligible activity is well delineated, OPEX is not material and CAPEX does not exist for this activity.

Turnover

The turnover used in the KPI calculation is based on the accounting policies mentioned in the section entitled 'Consolidated financial statements' in chapter 3.4.1 'Income' (IFRS 15 –Revenues) of Elia Transmission's Financial Report and the consolidated result reported in 4.5 'Reconciliation of information on reportable segments to IFRS amounts' which report the revenues for the different segments under which the following items are considered:

	Numerator(*)	**Denominator**
Revenues (including grid revenues, last mile connection and other revenue)	Yes	Yes
Net income (expense) from settlement mechanism	Yes	Yes

(*) Numerator is adjusted for the legal entities / activities not qualifying as taxonomy-eligible.

Therefore, the total considered turnover in 2022 which was included in the denominator of the turnover KPI was **€1,413.73 million**.

CAPEX

The CAPEX used in the KPI calculation is based on general accounting policies, mentioned in the section entitled 'Consolidated financial statements' in 3.3.1 'Property, plant and equipment' ("PPE") (IAS 16), 3.3.2 'Intangible assets' (IAS 38) and 3.3.16 'Leases' (IFRS 16) of Elia Transmission 2022 Financial Report.

The movements related to these assets are disclosed in section 4.5 'Reconciliation of information on reportable segments to IFRS amounts', under the subtitle 'capital expenditures' and are included in the calculation as follows:

	Numerator	**Denominator**
Additions for PPE (including leases)	Yes	Yes
Additions for intangible assets (including leases)	Yes	Yes

No adjustments were made to the numerator as the CAPEX identified is fully related to eligible activities.

The total considered CAPEX in 2022 which was included in the denominator of the CAPEX KPI was **€449.01million**.

OPEX

For determining the OPEX KPI, we applied the definition as described in the Reporting Delegated Regulation and the ESMA final report entitled "Advice on Article 8 of the Taxonomy Regulation" which was published on 26 February 2021, according to which OPEX covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of items of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets.

The total considered OPEX which meets the above definition was included in the denominator of the OPEX KPI; no adjustments were made to the numerator as the OPEX identified is fully related to eligible activities.

The OPEX KPI in 2022 represents an amount of **€70.66million**.

4.7.6. Interpretation and assessment of the Technical Screening Criteria (TSC)

Substantial contribution to climate change mitigation

The Taxonomy Regulation requires non-financial undertakings to assess the alignment of their business activities with at least one of the six environmental objectives. We chose the climate change mitigation objective and analysed the alignment of our business activities with it, in accordance with the three steps of the alignment process (substantial contribution, DNSH, Minimum Social Safeguards).

In line with the Disclosure Delegated Act and Annex 1 (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021) for the climate change adaptation objective we only assessed the substantial contribution of our activities to this objective.

We considered the criteria outlined in section '4.9 Transmission and distribution of electricity' from Annex I and Annex 2 of the Climate Delegated Act. The criteria for the other four environmental objectives are expected to be officially approved by the EU's institutions in the next period.

According to criteria outlined in the Climate Delegated Act,
"*Transmission and distribution infrastructure or equipment is in an electricity system that complies with* ***at least one of*** *the following criteria:*

a. *the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;*
b. *more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;*
c. *the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period*".

We opted for criteria (a), which is a direct fit for the Elia's transmission activities. Interconnectors that link energy transmission grids in different countries together contribute to the sustainability of the European energy sector by enabling the trading of energy and increasing energy efficiency. Interconnectors do this by reducing the cost of meeting electricity demand while improving security of supply and facilitating the cost-effective integration of the growing amount of renewable energy sources into the system. A well-integrated energy market is a fundamental prerequisite to achieving the EU's energy and climate objectives in a cost-efficient way.

On a **voluntary basis**, Elia documented that its electricity transmission activities are also compliant with criteria (b).

Furthermore, the TSC for transmission of electricity specifies which parts of the infrastructure should be considered as 'non-aligned'.

More precisely, the TSC refer to infrastructure dedicated to creating a direct connection or the expansion of an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO2e/kWh (measured on a lifecycle basis). The associated revenues, CAPEX and OPEX to these identified connection parts were evaluated as 'non-aligned' and eliminated from the numerators of the KPIs during the assessment process.
The following TSC refers to the installation of metering infrastructure, which must meet the requirements of smart metering systems outlined in Article 20 of Directive (EU) 2019/944. Article 20 of Directive 2019/944 provides that where the deployment of smart metering systems is positively assessed as a result of the cost benefit assessment, or where smart metering systems are systematically deployed after 4 July 4 2019, Member States shall deploy smart meters in accordance with European standards that meet certain requirements. The Elia group's business activities of electricity transmission in Belgium comply with European and national regulatory requirements regarding smart meter rollout and are aligned with the activities of our peers in this regard.

Substantial contribution to climate change adaptation

According to Annex 1 of the Disclosure Delegated Act, non-financial undertakings need to provide a breakdown of the capital and operational expenditures allocated to substantial contribution to climate change adaptation.

While we consider the transmission of electricity and integration of renewable energy into the grid to be economic activities which drive the energy transition and the fight against climate change, we also take measures to increase the resilience of our assets against climate risks.

In particular, these measures include:

- ensuring compliance with construction standards;

- defining stringent climate parameters in electrical equipment specifications;
- aligning with the risk preparedness plan for the electricity sector and with preventive, preparedness and emergency response measures (business continuity plan and restoration plan);
- implementing regular crisis exercises.

Climate change adaptation features are embedded into the construction of our grid from the design phases onwards. Grid reliability is one of the most important objectives for a TSO and many existing measures and processes foster *climate change adaptation* elements.

Based on the above, the interpretation and methodology followed by Elia was to include the financials associated with projects which have climate change resilience as a main driver in the assessment for substantial contribution to climate adaptation. The EU guidelines published at the end of 2022 strengthen this interpretation. As mentioned in the Draft Commission Notices, "*where the adaptation solution is an inherent part of the design of the new asset that is itself climate change mitigation aligned, it could be difficult to distinguish climate change adaptation related CAPEX from climate change mitigation related CAPEX. In that case, CAPEX under climate change mitigation could also cover the CAPEX on the inherent adaptation solution. […] In such situations, the CAPEX should be reported under climate change mitigation objective only."*

In 2022, we carried out a benchmarking exercise which involved comparing our risk management practices with those of our peers, exploring and updating which are the physical climate risks that had been evaluated as material to their economic activities, the investment plans to address them and the processes for identifying the reporting figures. It resulted that some TSOs across Europe face a specific mix of climate risks due to their geographical locations (e.g. wildfires, ice accretion), while a common reference to the majority is the exposure of the overhead lines to storms and extreme winds. In order to further confirm the adaptation of our infrastructure against physical climate risks, we are currently analysing local long-term climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5 and overshoot) with support from the Climate Service Center at Helmholtz-Zentrum Hereon.

In light of this, for 2022 we identified the CAPEX allocated to projects that increase the resilience of our grid against storms and strong winds as substantial contribution to the *climate adaptation objective.* The share out of the total Taxonomy-aligned CAPEX is 9.06%, corresponding to the business activity of transmission of electricity and to a value of **€40.67million.** The OPEX for these activities is immaterial.

4.7.7. Do No Significant Harm (DNSH)

Meeting the DNSH criteria means that an activity which significantly contributes to one of the environmental objectives does no significant harm to any of the other objectives. Once our electricity transmission activities were assessed against the climate change mitigation criteria for their significant contribution to it, we performed further assessments of the five remaining objectives in relation to DNSH. Note that the DNSH criteria for "climate change mitigation" is not applicable, as we had already performed the substantial contribution analysis on this objective; moreover, the "sustainable use and protection of water and marine resources" objective of '4.9. Transmission and distribution of electricity' had not been published by the EU at the time of our reporting, meaning it was not evaluated.

Climate Change Adaptation

An in-depth exercise was performed to identify and assess material climate risks, derive vulnerability assessments for the major risks identified and list and assess the adequacy of the current portfolio of adaptation measures. The exercise allowed us to highlight the possible harmful effect of heatwaves, cold waves, storms, droughts and wildfires. All these phenomena fall under the category of acute physical risks.

The occurrence of such risks could lead to less favorable operating conditions for our assets or even damage them. Such circumstances may trigger risk factors for contingency events and business continuity disruption. Given the critical nature of our infrastructure and the fact that its assets are spread over a wide territory (especially its overhead lines), assets are regarded as facing a heightened vulnerability to physical climate risks (such as storms and extreme winds), as is the case for other system operators and utility owners. However, as mentioned previously, we design our infrastructure in such a way that harsh climate conditions are already taken into account. All new lines are designed to withstand severe wind loads and some projects which increase the capacity of existing lines include the reinforcement of existing towers so that they are aligned with current standards. The increasing maturity of climate scenarios will continue to provide insights into less well-known extreme phenomena. This greater awareness may trigger revisions of the standards which specify how structural design should be conducted in Europe.

Transition to a circular economy

For this objective, Elia uses a waste hierarchy criteria to the waste produced by maintenance and infrastructure works and has established a list of guidelines for subcontractors (general technical specifications) for different types of projects. Moreover, Elia has established a waste management policy for its administrative and local technical sites (service centres), which includes contracts with authorised collectors who specialise in the collection, transport and recycling of hazardous and non-hazardous waste. When required, Elia appoints an independent expert to draw up a demolition plan ('sloopopvolgingsplan') in line with relevant regulations. Elia is currently developing an environmental data management tool which covers waste management. The tool will allow us to track and report on the waste flows in our upstream and downstream value chain and provide information on related impacts, risks and opportunities. For example, the tool will provide visualisations of where and how much waste has been withdrawn, consumed or discharged during Elia's activities and services.

Pollution prevention and control

The activities of Elia are aligned with the International Finance Cooperation's (IFC) Environmental, Health and Safety Guidelines related to construction site activities for overhead high-voltage lines. Moreover, Elia complies with EU regulations 1999/519/EG and 2013/35/EU related to electromagnetic fields (0-300 GHz). Finally, less than 1% of Elia's transformers contain polychlorinated biphenyls (PCB) and a phasing-out plan is currently being implemented for its transformers to be PCB-free by 2024. The amounts related to transformers containing PCB were excluded from the calculations for the alignment KPIs.

Protection and restoration of biodiversity and ecosystems

Elia publishes Environmental Impact Assessments (EIA) or screening depending on project specificities, an Appropriate Assessment (AA) where applicable in accordance with Directive 2011/92/EU, and carries out environmental assessments in accordance with Directive 2009/147/EC (Birds) and 92/43/EC (Habitats). Elia goes beyond merely respecting the associated obligations: it engages in dialogue with local communities, non-governmental organisations and different government organisations to define how each project should be realised in the most efficient and respectful way in terms of local and nature impacts. In the future, the status of compensation and mitigation measures will be followed up on by Elia's staff based on a Community Relations Passport (CR Pass). A pilot project for its implementation was launched in 2022.

Meeting the requirements of the Minimum Social Safeguards

In accordance with the Taxonomy Regulation, for a business activity to be considered as 'aligned', a process must be established to ensure compliance with the following guidelines and international legislation:

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;

- the fundamental conventions identified in the Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work;
- the International Bill of Human Rights.

The Minimum Social Safeguards set out social and governance criteria so that entities that carry out environmentally beneficial activities are not doing significant harm to the rest of the objectives. Thus, additional environmental criteria and criteria which promote innovation, research, development or science and technology and which result from the international guidelines were not considered to be relevant in the context of the Elia's assessment for compliance with the Minimum Social Safeguards.
This interpretation was strengthened by the draft report published by the Platform on Sustainable Finance. In this light, the substantive topics which remain material for the analysis are:

- human rights (including labour and consumer rights);
- bribery, bribe solicitation and extortion;
- taxation;
- fair competition.

Elia complies with international guidelines which extend beyond its collective agreements and company agreements, such as the core labour standards of the International Labour Organization (ILO: C87, C98 and C135) and worker's rights set out in the UN Global Compact. Elia is also subject to the rules of good governance applicable to listed companies, including the Belgian Corporate Governance Code.
The group's Code of Ethics and Human Rights Policy are available online.
Moreover, all suppliers entering new framework agreements are required to have an EcoVadis rating, which evaluates how well a company has integrated the principles of sustainability and corporate social responsibility into its business activities.
Other measures addressing human rights include:

- asking suppliers to commit to a common and binding code of conduct before starting their mission;
- carrying out risk assessments for suppliers where necessary;
- introducing a functional grievance mechanism for bribery and corruption, which will be extended to other human rights issues in future.

Elia also confirmed it has good governance practices in place, in particular with respect to:

- sound management structures, as described in the 'Roles & Responsibilities' pages of the **its website**;
- employee relations: Elia is committed to freedom of association, collective bargaining and the protection of employee representatives - particular emphasis is placed on trust and constant cooperation with all trade unions;
- remuneration of staff: Elia transparently discloses management team salaries in its remuneration report, including fixed and variable total remuneration as well as company pensions and other benefits for management;
- tax compliance and transparency as outlined in the **company's Tax Guidelines**, with a particular focus on a risk-averse tax strategy, which always aligns with our general conduct of business.

Breakdown of Elia Group's KPIs for EU Taxonomy eligibility and alignment in 2022

The last steps taken as part of the Taxonomy analysis was the calculation of the KPIs: Taxonomy eligible and aligned turnover, CAPEX and OPEX.

A top-down approach was applied when calculating the KPIs, meaning non-eligible and not-aligned turnover, CAPEX and OPEX were excluded from the total figures disclosed in the financial statements.

Elia's alignment with DNSH criteria and its compliance with the Minimum Social Safeguards lead to the conclusion that the KPIs are mainly impacted by:

- the non-eligibility of other activities not related with electricity transmission;
- the non-alignment of the eligible transmission of electricity activities is especially due to existing direct connections to power plants that do not meet the TSC;
- PCB contaminated assets from our electricity transmission activities.

A detailed breakdown of the KPIs is available in the following **Excel table**.

4.8. References

4.8.1. GRI content index

GRI content index	
Statement of use	[Name of organization] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	G4 - Electric Utilities Specific (EUS)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REQUIREMENT(S) OMITTED	REASON
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	The Elia Group at a glance - Legal structure	*A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.*	
	2-2 Entities included in the organization's sustainability reporting	Introduction - Reporting boundaries		
	2-3 Reporting period, frequency and contact point	Introduction		
	2-4 Restatements of information	*Restatements are located in the sections where such restatement is necessary*		
	2-5 External assurance	Appendix External assurance		
	2-6 Activities, value chain and other business relationships	The Elia Group at a glance	-	-
	2-7 Employees	Topic-specific disclosures - Employment The Elia Group at a glance - Headcount and grid	-	-

	2-8 Workers who are not employees	Topic-specific disclosures - Employement	-	-
	2-9 Governance structure and composition	Corporate Governance Statement	-	-
	2-10 Nomination and selection of the highest governance body	Corporate Governance Statement	-	-
	2-11 Chair of the highest governance body	Corporate Governance Statement	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Features of the Group's internal control and risk management systems	-	-
	2-13 Delegation of responsibility for managing impacts	General disclosures - Sustainability Governance	-	-
	2-14 Role of the highest governance body in sustainability reporting	General disclosures - Sustainability Governance	-	-
	2-15 Conflicts of interest	General disclosures - Policies and practices Internal control system	-	-
	2-16 Communication of critical concerns	Risk and opportunities management system Internal control system	-	-
	2-17 Collective knowledge of the highest governance body	Sustainability Governance Corporate Governance Statement	-	-
	2-18 Evaluation of the performance of the highest governance body	Remuneration of Board of Directors and Executive Mangement Board	-	-
	2-19 Remuneration policies	Remuneration of Board of Directors and Executive Mangement Board	-	-
	2-20 Process to determine remuneration	Remuneration of Board of Directors and Executive Mangement Board	-	-
	2-21 Annual total compensation ratio	Basic information - Policies and practices	-	-

	2-22 Statement on sustainable development strategy	Integrated Annual Report 2022 - Interview with Chris Peeters and Bernard Gustin	-	-
	2-23 Policy commitments	Basic information - Policies and practices	-	-
	2-24 Embedding policy commitments	Basic information - Policies and practices	-	-
	2-25 Processes to remediate negative impacts	Basic information - Policies and practices Stakeholder engagement Material topic card: Transparent and open communication with stakeholders	-	-
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder engagement Internal control system	-	-
	2-27 Compliance with laws and regulations	Basic information - Policies and practices	-	-
	2-28 Membership associations	Basic information - Memberships	-	-
	2-29 Approach to stakeholder engagement	Fostering stakeholder interactions Stakeholder engagement Material topic card: Transparent and open communication with stakeholders	-	-
	2-30 Collective bargaining agreements	Basic information - Policies and practices	-	-
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Process to determine material topics	*A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.*	
	3-2 List of material topics	List of material topics		
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Management of material topics Fostering stakeholder interactions	-	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial statements 2022	-	-
	201-2 Financial implications and other risks and opportunities due to climate change	Climate-related disclosures (TCFD)	-	-

	201-3 Defined benefit plan obligations and other retirement plans	Corporate Governance Statement	-	-
	201-4 Financial assistance received from government	Financial statements 2022	-	-
Market presence				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Not applicable
	202-2 Proportion of senior management hired from the local community			Not applicable
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topics: #01 Security of supply, #02 Safe and reliable infrastructure, #03 Sustainable energy system, #04 Affordable energy	-	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Material topics: #01 Security of supply, #02 Safe and reliable infrastructure, #03 Sustainable energy system, #04 Affordable energy	-	-
	203-2 Significant indirect economic impacts	Material topics: #01 Security of supply, #02 Safe and reliable infrastructure, #03 Sustainable energy system, #04 Affordable energy	-	-
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	Basic information - Policies and practices Material topic: #12 Resilient supply chain practices	-	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Material topic: #12 Resilient supply chain practices	-	-
Anti-corruption				

GRI 3: Material Topics 2021	3-3 Management of material topics	Internal control and risk management system related to the financial reporting process	-	-
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Internal control and risk management system related to the financial reporting process	-	-
	205-2 Communication and training about anti-corruption policies and procedures	Internal control and risk management system related to the financial reporting process	-	-
	205-3 Confirmed incidents of corruption and actions taken	Internal control and risk management system related to the financial reporting process	-	-
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			Not applicable
Tax				
GRI 3: Material Topics 2021	3-3 Management of material topics	Topic-specific disclosures - Tax	-	-
GRI 207: Tax 2019	207-1 Approach to tax	Topic-specific disclosures - Tax	-	-
	207-2 Tax governance, control, and risk management	Topic-specific disclosures - Tax	-	-
	207-3 Stakeholder engagement and management of concerns related to tax	Topic-specific disclosures - Tax	-	-
	207-4 Country-by-country reporting	Topic-specific disclosures - Tax	-	-
Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #14 Minimising waste and promoting circularity	-	-

GRI 301: Materials 2016	301-1 Materials used by weight or volume			Information unavailable/incomplete
	301-2 Recycled input materials used			Information unavailable/incomplete
	301-3 Reclaimed products and their packaging materials			Not applicable
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #3 Sustainable energy system Climate-related disclosures (TCFD)	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Topic-specific disclosures - Energy and emissions	-	-
	302-2 Energy consumption outside of the organization	Topic-specific disclosures - Energy and emissions	-	-
	302-3 Energy intensity			Information unavailable/incomplete
	302-4 Reduction of energy consumption	Material topic card: #3 Sustainable energy system Climate-related disclosures (TCFD)	-	-
	302-5 Reductions in energy requirements of products and services	Material topic card: #3 Sustainable energy system Climate-related disclosures (TCFD)	-	-
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource			Not applicable
	303-2 Management of water discharge-related impacts			Not applicable
	303-3 Water withdrawal			Not applicable
	303-4 Water discharge			Not applicable
	303-5 Water consumption			Not applicable
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #7 Preserving our ecosystems	-	-

GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Topic-specific disclosures - Biodiversity	-	-
	304-2 Significant impacts of activities, products and services on biodiversity	Material topic card: #7 Preserving our ecosystems	-	-
	304-3 Habitats protected or restored	Topic-specific disclosures - Biodiversity	-	-
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Information unavailable/incomplete
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #6 Decarbonisation Climate-related disclosures (TCFD)	-	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Topic-specific disclosures - Energy and emissions	-	-
	305-2 Energy indirect (Scope 2) GHG emissions	Topic-specific disclosures - Energy and emissions	-	-
	305-3 Other indirect (Scope 3) GHG emissions	Topic-specific disclosures - Energy and emissions	-	-
	305-4 GHG emissions intensity	Topic-specific disclosures - Energy and emissions	-	-
	305-5 Reduction of GHG emissions	Topic-specific disclosures - Energy and emissions	-	-
	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Not applicable
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #14 Minimising waste	-	-

		and promoting circularity		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Topic-specific disclosures - Waste	-	-
	306-2 Management of significant waste-related impacts	Topic-specific disclosures - Waste	-	-
	306-3 Waste generated	Topic-specific disclosures - Waste	-	-
	306-4 Waste diverted from disposal	Topic-specific disclosures - Waste	-	-
	306-5 Waste directed to disposal	Topic-specific disclosures - Waste	-	-
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #15 Sustainable supply chain practices	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Material topic card: #15 Sustainable supply chain practices	-	-
	308-2 Negative environmental impacts in the supply chain and actions taken			Information unavailable/incomplete
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #9 Talent acquisition and development, #16 Diverse and inclusive workforce	-	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Topic-specific disclosures - Employment	-	-
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			Not applicable
	401-3 Parental leave	Topic-specific disclosures - Employment	-	-
Labor/management relations				
GRI 3: Material Topics 2021	3-3 Management of material topics	Basic information - Policies and practices	-	-

GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Basic information - Policies and practices	-	-
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #8 Employee health, safety and wellbeing	-	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-3 Occupational health services	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-5 Worker training on occupational health and safety	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-6 Promotion of worker health	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-8 Workers covered by an occupational health and safety management system	Material topic card: #8 Employee health, safety and wellbeing	-	-
	403-9 Work-related injuries	Topic-specific disclosures - Occupational health and safety	-	-
	403-10 Work-related ill health	Topic-specific disclosures - Occupational health and safety	-	-
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #9 Talent acquisition and development	-	-

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Topic-specific disclosures - Training and education	-	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Material topic card: #9 Talent acquisition and development	-	-
	404-3 Percentage of employees receiving regular performance and career development reviews	Material topic card: #9 Talent acquisition and development	-	-
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic card: #16 Diverse and inclusive workforce	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Topic-specific disclosures - Employment Corporate Governance Statement	-	-
	405-2 Ratio of basic salary and remuneration of women to men			Not applicable
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder engagement Material topic card: #16 Diverse and inclusive workforce	-	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Stakeholder engagement	-	-
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	Basic information - Policies and practices	-	-
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Basic information - Policies and practices	-	-
Child labor				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor			Not applicable

Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			Not applicable
Security practices				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			Not applicable
Rights of indigenous peoples				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			Not applicable
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic #11 Community development and engagement Fostering stakeholder interactions	-	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Material topic #11 Community development and engagement Fostering stakeholder interactions	-	-
	413-2 Operations with significant actual and potential negative impacts on local communities	Material topic #7 Preserving our ecosystems	-	-
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Material topic #15 Sustainable supply chain practices	-	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Material topic #15 Sustainable supply chain practices	-	-
	414-2 Negative social impacts in the supply chain and actions taken			Information unavailable/incomplete

Public policy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Basic information - Policies and practices	-	-
GRI 415: Public Policy 2016	415-1 Political contributions			Not applicable
Customer health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			Not applicable
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Not applicable
Marketing and labeling				
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling			Not applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling			Not applicable
	417-3 Incidents of non-compliance concerning marketing communications			Not applicable
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Internal control system Material topic #5 Security of information and IT systems	-	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Internal control system Material topic #5 Security of information and IT systems	-	-

Topics in the applicable GRI Sector Standards determined as not material

TOPIC				
G4 - Electric Utilities Specific (EUS)				
Lines and losses and quality of service	EU4 Length of above and underground transmission and distribution line by regulatory regime	Sector-specific disclosures - Grid		
	EU12 Transmission and distribution losses as a percentage of total energy	Sector-specific disclosures - Grid		
Demand management approach our control areas	Management approach to ensure short and long-term electricity availability and reliability	Sector-specific disclosures - Security and emergency management		
	Demand-side management programmes including residential, commercial, institutional and industrial programmes	Sector-specific disclosures - Security and emergency management		
	Disaster/ Emergency Planning and Response	Sector-specific disclosures - Security and emergency management		
Biodiversity	EN12 Description of significant impacts of activites, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected area	Material Topic #8 Preserving our ecosystems Topic-specific disclosures - Biodiversity		
Emissions	EN15 Direct Greenhouse gas (GHG) emissions (Scope 1)	Topic-specific disclosures - Energy and emissions		
	EN16 Indirect Greenhouse gas (GHG) emissions (Scope 2)	Topic-specific disclosures - Energy and emissions		
Health and safety & Human resources	LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	Topic-specific disclosures - Employment		

	LA6 Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalaties, by region and gender	Topic-specific disclosures - Occupational health and safety		
	EU15 Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Topic-specific disclosures - Employment		