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fluxys Integrated Annual Report 2023



shaping together
a bright energy
future

Integrated Annual Report 2023
Fluxys Belgium

fluxys

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The energy transition is a massive undertaking for society as a whole and we are going all out to help speed up this process. Our infrastructure is essential to making the transition happen.

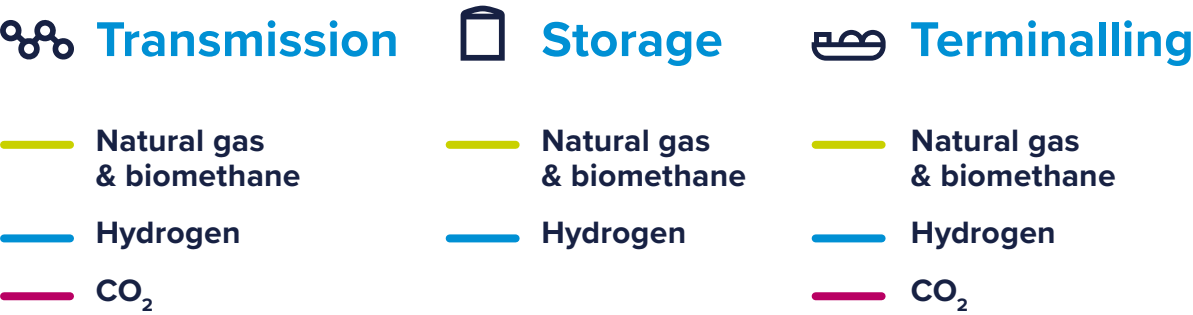
2023 was a turning point. We went from plans and projections to breaking ground on new projects. With infrastructure for security of supply that we can sustainably deploy tomorrow for the benefit of the carbon-neutral society. And this is just the beginning. We have set off, powered by the vibrant strength and forward-looking commitment of all our employees.

This is who we are

100%

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

What we're doing to speed up the energy transition



Our ambition

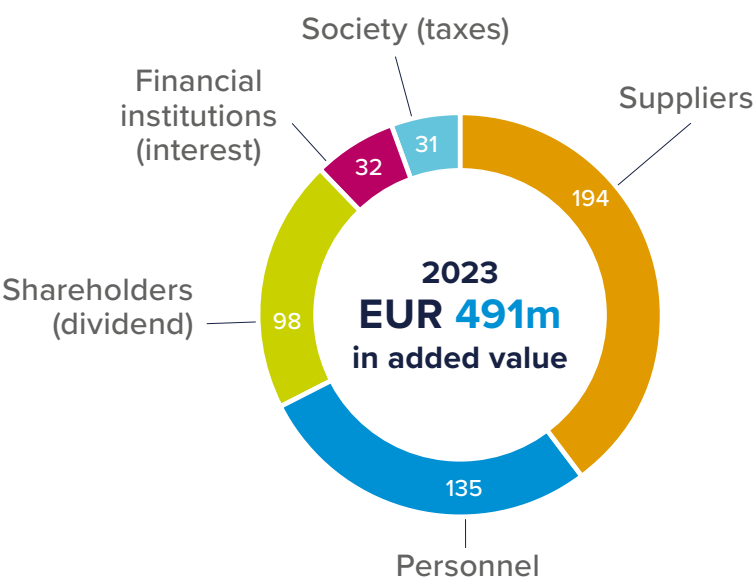
For the market
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By 2030
provide capacity for annual transport: 30 TWh of hydrogen and 30 million tonnes of CO₂

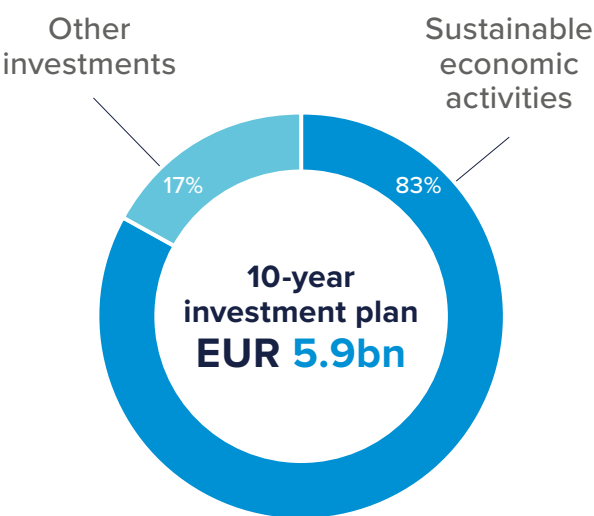
Our talents



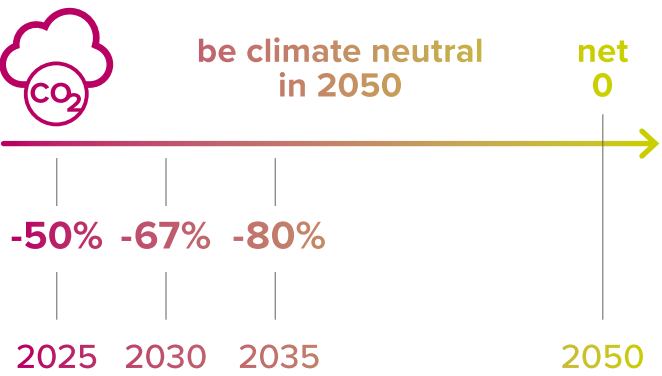
Our contribution to prosperity



Our investments



In our own activities



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#herewego Looking to the future



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Breaking ground to make the transition tangible



Andries Gryffroy
Chairman of the Board of Directors

Pascal De Buck
Managing Director and CEO

Before we look ahead, what did Fluxys Belgium stand for in 2023?

Pascal De Buck *We broke ground on projects showing what Fluxys Belgium stands for in the energy transition. The new pipeline along the Zeebrugge-Brussels corridor was built and is now in use. Not only is it now a cornerstone for securing the supply of natural gas in Belgium and neighbouring countries, but it is also ready to be used in the national hydrogen network of the future. We're here to offer society security of supply while speeding up the green transition.*

Andries Gryffroy *We have set off. Industrially, we've taken the first big step towards the multi-molecule infrastructure for a carbon-neutral future. We're also ready to work towards the necessary hydrogen and CO₂ infrastructure within the new legal frameworks. We're continuing to move full steam ahead at the pace of industry. For numerous companies, switching to hydrogen or CO₂ capture is the only way forward if they want to continue anchoring their business and employment locally.*

Milestones 2023



Supporting security of supply 24/7

Throughout the year all our teams did everything they could to support security of supply in North-West Europe. The geopolitical situation resulting from the war in Ukraine has profoundly changed the dynamics on the gas markets and the direction of flows in Europe. In addition to supplying Belgium, suppliers continued to carry large quantities of natural gas to the Netherlands and Germany via the Belgian grid. At the same time, our underground storage facility in Loenhout got completely filled, enabling to go into the winter with a maximum buffer. In other words, our Belgian grid once again confirmed its role as an energy hub for Europe, with Zeebrugge as an important gateway.



Brussels corridor with an additional pipeline to carry more natural gas inland from Zeebrugge while maintaining high flows to neighbouring countries. The Desteldonk-Zele section of the new pipeline commissioned in late 2023. Moreover, the pipeline has been designed to carry hydrogen as soon as the market is ready for it. This multi-molecule pipeline is our first concrete step in speeding up the energy transition.

Additional transmission capacity now on-stream

Speed and adaptability are the watchwords when it comes to supporting the new supply situation in Europe. We reinforced the Zeebrugge-





We're here to offer society security of supply while speeding up the green transition

Pascal De Buck
Managing Director and CEO

Is industry ready for this transition?

Pascal De Buck Decarbonisation is a major economic challenge for industry. We offer an answer to this challenge because we operate internationally through our parent company Fluxys and because we're particularly well positioned between the North Sea and the large industrial valleys in North-West Europe. We're on the path between overseas imports of low-carbon molecules and consumers, and in the opposite direction, between captured CO₂ from industry and safe storage sites in the North Sea. This enables us to attract large volumes and factor economies of scale into the cost of our services. We're on track to become the hydrogen and CO₂ hub of choice for industry in Belgium and North-West Europe.

What challenges lie ahead?

Pascal De Buck We absolutely need an integrated approach to the energy system as a whole because making the transition to net-zero is a threefold challenge. We must ensure a carbon-neutral energy mix while households and businesses need to have energy at all times – all at the lowest possible cost to society. This is only possible by looking at and planning everything holistically. Energy efficiency must improve, we need more green electricity, we need more green and low-carbon molecules and we must ensure that captured CO₂ can be reused or stored. We must make all these solutions work together seamlessly like a Swiss watch for the benefit of all consumers.

Andries Gryffroy Efficient investment requires a long-term approach. In developing hydrogen and CO₂ infrastructure, we work closely with the market. At the same time, looking further ahead is key: to be cost-effective for society in the long run, we must build the right size infrastructure today for the volumes that will come later. So it's important to find mechanisms together with the public authorities to limit the risks of initial investments.

Hydrogen and CO₂ backbones take shape

We aim to help industry decarbonise as much as possible. We are making every effort to offer the first transmission capacity for hydrogen and/or CO₂ in 2026. After another year of intensive consultation with industry, we are fully preparing the next steps and the newly constructed infrastructure on

the Zeebrugge-Brussels corridor constitutes the first 44 km of the future hydrogen backbone in Belgium. As for CO₂, we are also working on a backbone for transporting captured CO₂ to subsea storage facilities and sites where it will be reused. In addition to building backbones for hydrogen and CO₂ we are also fully committed to developing terminals for importing carbon-neutral molecules and exporting CO₂.



First step towards underground hydrogen storage

Our expertise, innovative strength and existing infrastructure are vital building blocks for the future energy system. Wherever possible we will repurpose our 4,000 km of pipelines so they can carry hydrogen and CO₂. We are also running hydrogen injection tests to determine whether our unique underground storage facility in

Loenhout can contribute to the hydrogen economy. Today it is a massive buffer for natural gas, in the future possibly for hydrogen.

System operator candidates: Fluxys hydrogen and Fluxys c-grid

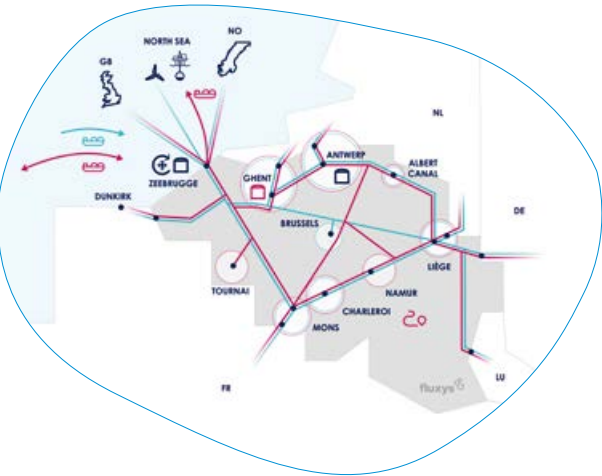
The federal Hydrogen Act, passed in July, regulates the appointment of the system operator responsible for planning, developing and operating the hydrogen transmission system in Belgium. In line with the Hydrogen Act, we founded our subsidiary Fluxys hydrogen, which has submitted its candidacy to serve as the operator of the hydrogen network. The federal government is expected to appoint the system operator in the first months of 2024. The regions are setting up a regulatory framework for CO₂ transmission activities. In

anticipation of this, together with Pipelink, Socofe and SFPIM, we founded our subsidiary Fluxys c-grid, a separate company ready to be a candidate for the planning, development and aoperation of the CO₂ transmission infrastructure on Belgian territory.



Strong partners make a strong hub

Strong partnerships and connections with neighbouring countries are essential for the development of open-access transmission infrastructure for both hydrogen and CO₂. Together with OGE and Wintershall Dea in Germany we are exploring a cross-border pipeline for the transmission of CO₂. With OGE we are also looking at a cross-





Efficient investment requires a long-term approach

Andries Gryffroy
Chairman of the Board of Directors

What does sustainable development look like for Fluxys Belgium?

Andries Gryffroy *With our investment plans for hydrogen and CO₂ infrastructure in Belgium, we're developing solutions for the large-scale decarbonisation that society needs. The ESG approach we further deepened together with our stakeholders in 2023 gives us direction. It is our compass for developing our business activities sustainably in a long-term perspective for all of our stakeholders.*

border hydrogen connection between Belgium and Germany. With British National Gas we are working also in the context of the energy transition. And with Dutch hydrogen system operator Hynetwork Services we are looking into the possibilities to link our respective hydrogen networks. By connecting our hydrogen and CO₂ grids with those of neighbouring countries, we are developing our country as a multi-molecule hub for the economy in both Belgium and North-West Europe.

Tapping the North Sea's energy potential

The North Sea countries want to boost their combined offshore wind power generating capacity to 300 GW by 2050 with a view to making the North Sea the largest green energy plant in Europe. In order to carry maximum green hydrogen from North Sea wind

ashore, we teamed up with the other major gas grid operators at the North Sea Summit in Ostend to develop, together with electricity grid operators, the best infrastructure to ensure that not a single puff of wind goes to waste in the North Sea.



(ORVs) that use heat from seawater to regasify LNG. These ORVs replace traditional heating units, resulting in much more efficient energy consumption and significantly lower CO₂ emissions at the terminal.

95 new colleagues putting their backs into it

A large group of new talent joined our team in 2023. No fewer than 95 new colleagues are pushing hard to successfully speed up the energy transition to a climate-neutral society. The youngest new colleague was 20 years old, the most experienced 58!



Reducing our CO₂ emissions with seawater

Our goal is to be climate-neutral in 2050. The first milestones are to halve our greenhouse gas emissions in 2025 compared to 2017 and to achieve a 67% reduction in 2030. In 2023 at our LNG terminal in Zeebrugge we commissioned three additional open-rack vaporisers

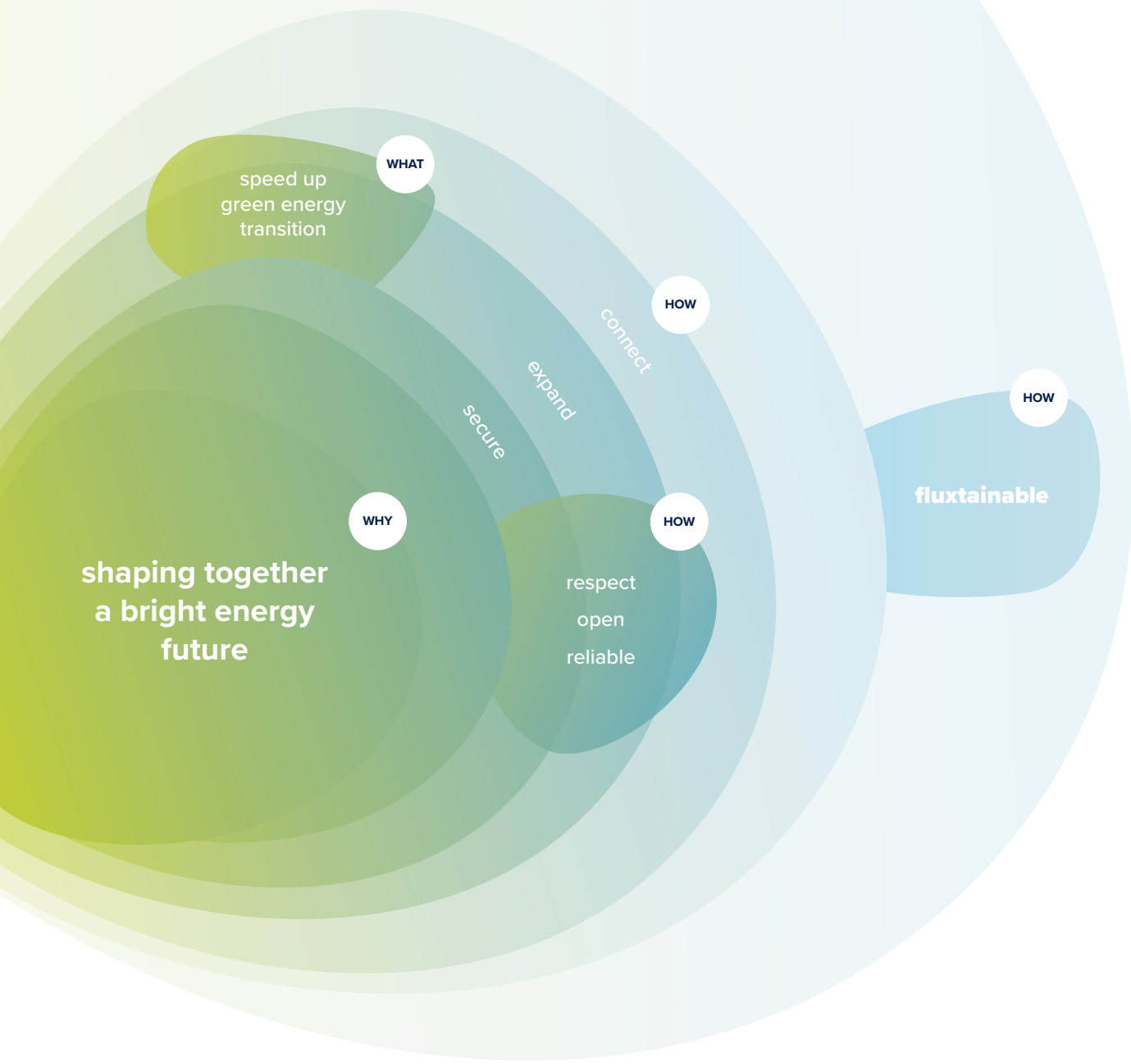
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Our profile

a purpose-driven company



Why, what and how: our strategic framework



Our purpose: why we matter

As a key infrastructure partner, we are building a sustainable and cleaner energy future. That is our purpose. With our terminalling, transmission and storage infrastructure for different molecules, we bring energy where it is needed – today and tomorrow.

together

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

bright

bright – Our infrastructure, with its storage capacity and capacity to handle molecules for a low-carbon future such as hydrogen and CO₂, will play a major role in the transition to a **bright** energy future for all.

future

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

What we want to achieve: our ambition

As a key infrastructure partner, we want to accelerate the energy transition with infrastructure for different molecules. We aim to offer customers substantial capacity for supplying hydrogen and carrying away CO₂ by 2030.

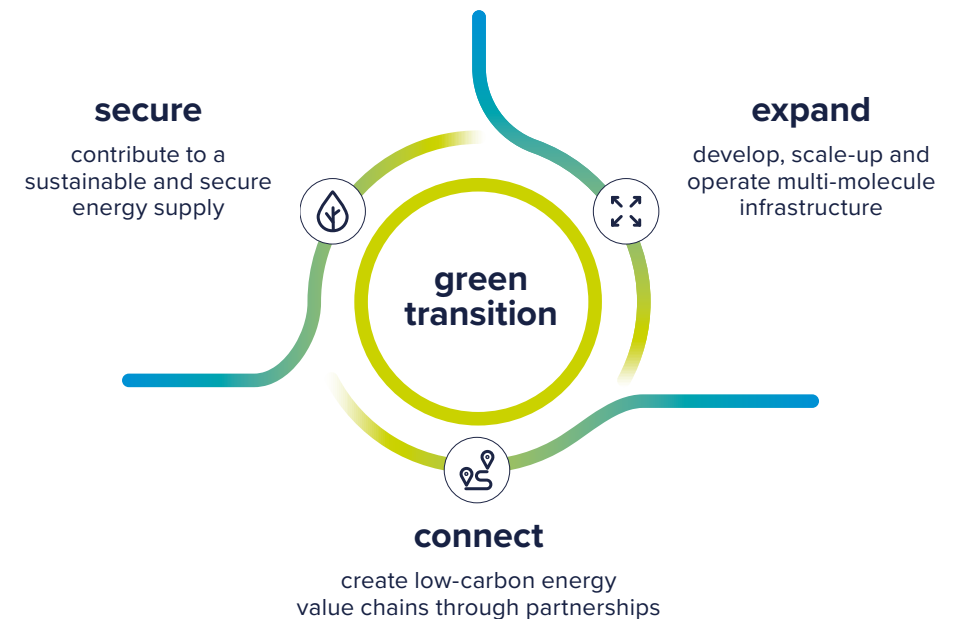
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by 2030, we aim to offer our customers transport capacity for
30 TWh of hydrogen and
30 million tonnes of CO₂ per year

How we do it: 3 pillars



Fluxtailable is our ESG compass (Environment – Social – Governance): how do we ensure we develop our activities sustainably while taking a long-term view for us and for all our stakeholders? We are moving forward in five areas on our sustainability path.



Our context



Further strengthening of climate and energy policies

- The European Commission continued to build on its Green Deal in 2023 with its launch of the Industrial Carbon Management Strategy package and the Net Zero Industry Act package, introducing new regulatory initiatives to support industry in the energy transition. Both packages include measures that, for the first time, create a framework for building out the infrastructure chain for the capture, transport and storage or reuse CO₂.
- Provisional agreement has been reached on the Decarbonisation of the Gas and Hydrogen Markets package, which is expected to pass and take effect in the first half of 2024. This proposal sets out a legal and regulatory framework for incorporating carbon-neutral molecules, such as hydrogen, biomethane and synthetic methane, alongside renewable electricity in the energy system of the future.



- In several European countries, including Belgium, Germany, the Netherlands and France, there were major policy breakthroughs in the development of regulatory frameworks for hydrogen and CO₂. The Belgian federal government is expected to appoint a hydrogen network operator in the first months of 2024. The regions are putting in place a regulatory framework for CO₂ transporting activities.

High west-east flows continue

- In 2023 the European natural gas market continued to feel the impact of geopolitical developments and the European Union's REPowerEU initiative to quickly transition away from the supply of Russian pipeline gas.
- The sharp decline in the Russian supply of gas by pipeline led to maximum deployment of LNG as an alternative source of supply.
- In response to Europe's rising need for LNG imports, several countries, including Germany and the Netherlands, rapidly built or are in the process of building floating LNG import terminals (Floating Storage and Regasification Units – FSRUs) to bring LNG closer to their countries.

- The additional inflow of LNG and new gas transit configurations via pipeline mean that larger flows from western Europe have largely replaced earlier flows from the east. The market expects the new west-east pattern to continue in the years ahead.
- The Belgian grid is an important crossroads for the European gas market. Flows from the west heading towards Germany and the Netherlands remained high in 2023.

North Sea: an important region for hydrogen supply and CO₂ storage

- Given current climate and energy policy, demand for natural gas in Europe is expected to gradually decline after 2030 while volumes of hydrogen and CO₂ transmitted are expected to rise.
- For both hydrogen and CO₂ the North Sea is increasingly emerging as an important geographical region, both as a green energy power plant and a safe storage location.
- The North Sea has sufficient storage capacity for the expected CO₂ volumes and the ecosystem for CO₂ capture and transport in north-western Europe is being developed to a large extent around the industrial clusters in the North Sea countries.
- At the same time, the North Sea offers enormous energy potential that the North Sea countries want to fully harness. They boosted their ambition for offshore wind capacity in 2023 and are aiming for 300 GW of green electricity generating capacity by 2050, up from 30 GW today.
- This acceleration offers major prospects for large-scale production of green electricity and hydrogen from North Sea wind.
- Joint planning of network development for hydrogen, CO₂ and electricity makes it possible to maximise the complementarity of different networks and minimise system costs.

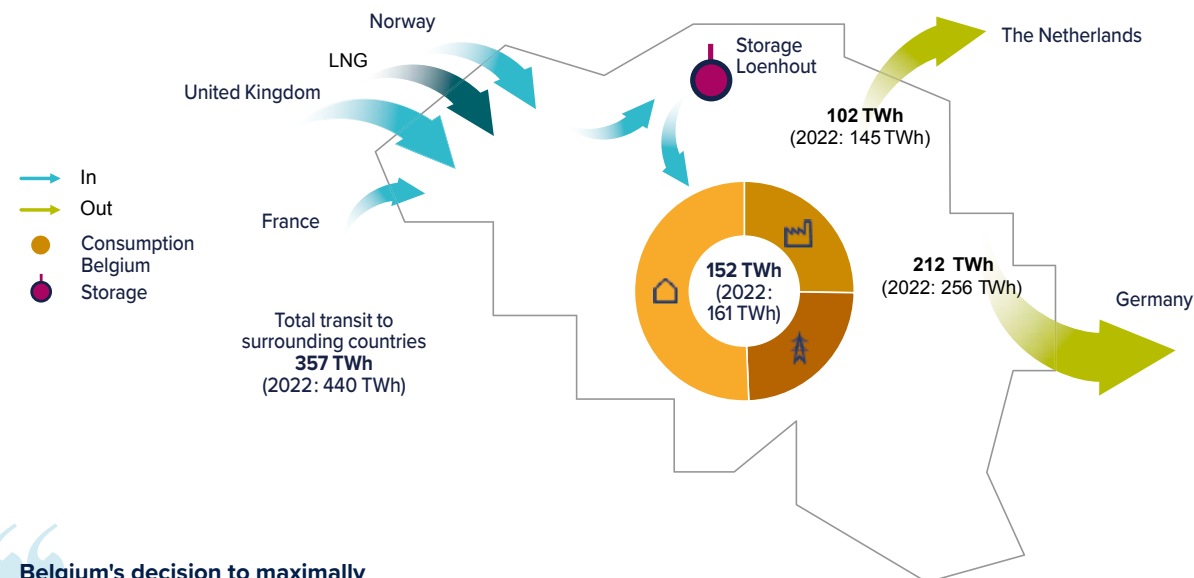


Supporting security of supply 24/7

The geopolitical situation resulting from the war in Ukraine has profoundly changed the dynamics on the gas markets and the direction of gas flows. Our commercial and operational staff are doing their very best to ensure our essential service to society, even during these challenging times.

High volumes to Germany and the Netherlands continue

Together with neighbouring transmission system operators, we found ways to offer maximum physically available capacity for cross-border flows. Result: our customers were once again able to get very large volumes of natural gas to the Netherlands and Germany. Our Belgian grid, with Zeebrugge as a central gateway, once again confirmed its role as an energy crossroads for Europe.



Belgium's decision to maximally exploit Zeebrugge's capacity has been essential for the security of Germany's energy supply since the beginning of the geopolitical crisis.

German Chancellor Olaf Scholz during the Belgian-German energy summit in Zeebrugge

Additional transmission capacity now on-stream

Given the context of changing flows, in 2023 we upgraded the Zeebrugge-Brussels route between Desteldonk and Opwijk by building an additional pipeline in parallel with the existing line. This will boost our capacity to carry natural gas inland from Zeebrugge and at the same time allow us to maintain high flows to neighbouring countries. For Belgium, the extra capacity is needed for the new gas-fired power stations set to commission and because, after 2024, no low-calorific gas from the Groningen field in the Netherlands will flow to the Belgian market. The new pipeline has been designed as a multi-molecule line and can carry hydrogen as soon as the market is ready.



Three more hectares of trees

When we install new pipes, we plant more trees. In so doing we are contributing to the carbon-neutral future in two ways. During the construction of the pipeline between Desteldonk and Opwijk, with the help of Natuurpunt, we planted three hectares of trees in Sint-Truiden, Ninove, Heers, Aalter, Dendermonde, Berlare and Bruges. All thanks to the volunteers!

Desteldonk-Opwijk pipeline: as much extra power as 15 nuclear reactors

The first part of the Desteldonk-Opwijk pipeline commissioned in late 2023, and the second part will follow suit in 2024. This increases transmission capacity from Zeebrugge by 15 GWh/h, equivalent of the power of 15 nuclear reactors. The Desteldonk-Opwijk pipeline is the first phase in the project to upgrade the Zeebrugge-Brussels route. Preparations are now underway for the second phase, with additional infrastructure between Zeebrugge and Evergem.



“The connection to various sources and neighbouring markets, the flexibility in service offerings and the availability of the teams at Fluxys Belgium, that makes all the difference in these turbulent times.

Storage already full by 1 September

The European Union requires Belgium and the other EU member states to ensure, by 1 November each year, their gas storage facilities are at least 90% full so they can go into the winter with buffers filled as much as possible. Thanks in part to the special flexibility built into in Fluxys Belgium's storage services, our customers had already filled 100% of the storage by 1 September.

Finger on the pulse!

Discussing ideas with customers moves things forward and meeting in person gives an extra boost. In 2023, we once again invited distribution system operators and industry connected to our network each for a full day of interaction and exchange. We also met with our customers and partners at our booth at the annual energy fair E-world in Essen.



Large-scale L/H-conversion

The Netherlands' exports of low-calorific gas (L-gas) are decreasing due to the closure of the production field in Groningen. In that perspective, Fluxys Belgium and the transmission system operators in France and Germany are adapting their networks to gradually replace the supply of L-gas by high-calorific natural gas (H-gas) from other sources and so ensure the continuity of the natural gas supply.

In 2023, together with distribution system operators Fluvius and Ores, we made another large-scale switch from L-gas to H-gas. Some 388,000 connections, mainly in Antwerp, Flemish Brabant and Walloon Brabant, were involved.

The switchover of the other affected regions in Flanders and Wallonia will follow in 2024. From then on, L-gas from the Netherlands will only flow southwards through our interconnected transmission network towards France: conversion actions there are likely to last until 2028.

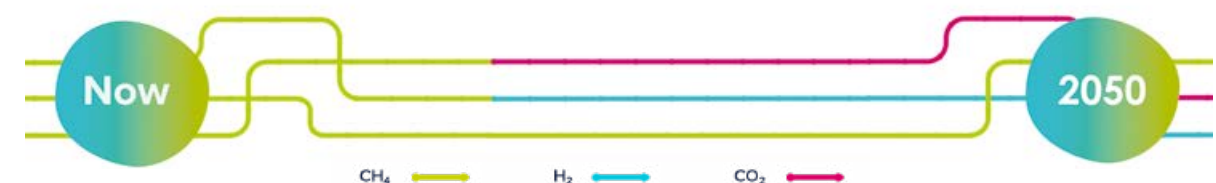
How we are helping to speed up the energy transition

As a key infrastructure partner, we want to contribute to an efficient, reliable and realistic energy system, with green and low-carbon molecules and with CO₂ capture as a supporting and additional solution. An energy system open to the necessary import and export flows of those molecules to and from our country. All for an energy system that ensures carbon neutrality, security of supply and affordability.

We deliver key solutions for large-scale decarbonisation

The common thread in European energy and climate policy is the need for a combination of solutions to achieve climate neutrality. Energy efficiency must be greatly increased, significantly more electricity is required, which must also be completely green or low-carbon, large quantities of green and low-carbon molecules such as hydrogen and biomethane are also required and it must be possible to capture large quantities of CO₂ for reuse or storage.

With its infrastructure, Fluxys Belgium plays a key role in this combination of solutions for the energy transition. We are doing everything we can to further develop our infrastructure and convert it into a multi-molecule system. In doing so, we are preparing the energy system to not only carry natural gas, biomethane and synthetic methane to consumers, but also to ensure the increasing inflow of hydrogen and other green and low-carbon molecules and CO₂. This will enable us to offer consumers powerful tools for large-scale decarbonisation and thus also sustainably safeguard economic activity and employment, among other things.



Crucial role for green and low-carbon molecules

→ raw material for industry

The chemical industry needs green and low-carbon molecules as raw materials for its processes. Products such as fertilisers, which are crucial for the food and agricultural industry, or plastics, for the manufacturing industry, among others, require molecules in the production process.

→ fuel for industry

There are industrial processes that require very high temperatures. With electrification you cannot usually make these processes efficiently sustainable, but this is possible with green and low-carbon molecules.

→ fuel for long-distance transport

Heavy freight traffic, commercial shipping and aviation are difficult to electrify. Green and low-carbon molecules can also play a role here, directly or as raw materials for synthetic fuels (such as e-fuels).

→ fuel for power stations

Green and low-carbon molecules can be used to generate electricity at any time, which is doubly important. After all, increasing electrification will sharply increase both base and peak consumption while there are times and periods when, due to little or no wind or sun in Belgium, it is not possible to generate the necessary green energy. And usually, importing electricity from neighbouring countries is not a solution because their weather conditions are similar. Power plants with green and low-carbon molecules can be controlled flexibly and keep the lights on.

→ heating source for buildings

Green and low-carbon molecules can be used as a source of heating for office buildings, schools, shopping centres and apartment blocks.

Sectors that are difficult to decarbonise rely on CO₂ capture

In some sectors, such as the cement and lime industries, significant amounts of CO₂ are inevitably released via chemical reactions during the production process itself. CO₂ capture is the only option if those sectors are to sustainably maintain their activity and employment. CO₂ capture is an alternative for industrial processes that require high temperatures in those cases where, for example, electricity does not currently offer an alternative. With infrastructure to transport captured CO₂ industry has a way to direct CO₂ to safe storage locations or to companies that reuse CO₂ as a raw material.



Testing hydrogen underground

Can our underground storage site in Loenhout store hydrogen in the future? Just as we explored earlier the storage of natural gas, we are now using our expertise and innovative power to investigate the injection and storage of hydrogen underground. We are implementing the BE-HyStore pilot project together with Ghent University and Geostock, with the support of the federal Energy Transition Fund. After the preparatory research, we carried out a test in 2023 that involved injecting hydrogen more than one kilometre underground.

“With infrastructure for green and low-carbon molecules as well as CO₂, we are helping to build an energy vision that makes sense.



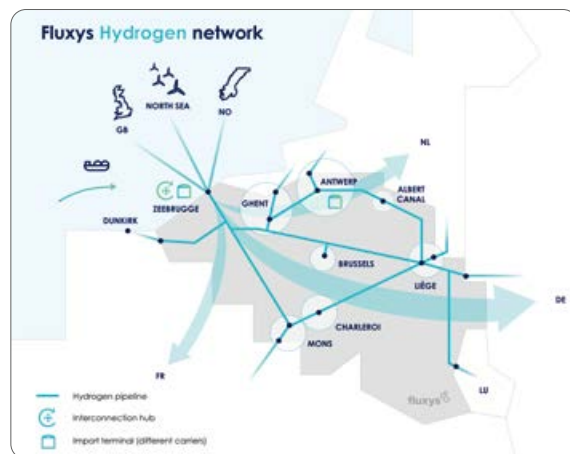
“With all the projects we've seen, we can really feel a tailwind”

Two full days of discussions about the next steps we need to take towards large-scale decarbonisation. We met up with partners and potential customers in the inspiring setting of the Atomium in Brussels. Not only was this event an opportunity for us to update everyone on the development of the hydrogen and CO₂ infrastructure, but it was also a great platform for industry to present a range of projects that help shape the hydrogen and CO₂ value chains. Together we're moving forward, step by step, in the transition to a low-carbon economy.

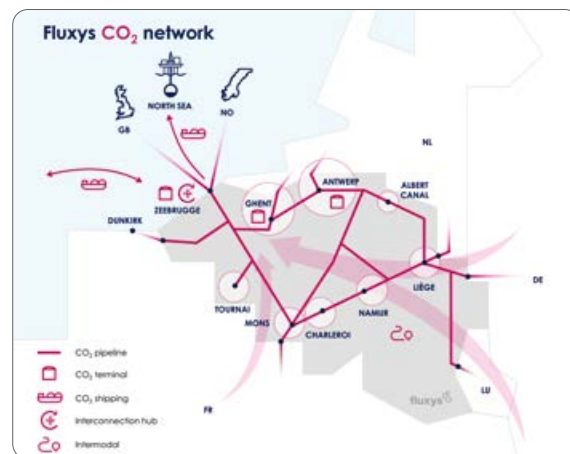
How we are developing our infrastructure into a multi-molecule system

Hydrogen and CO₂ networks connect industrial areas and neighbouring countries to each other: step-by-step development

Long-term vision hydrogen network:
Belgium hub for hydrogen import and transit



Long-term vision CO₂ network:
Belgium hub for CO₂ transit and export



→ Joint development

Since early 2021 we have been preparing the necessary hydrogen and CO₂ infrastructure in cooperation with industry, partners, government authorities, operators in neighbouring countries, distribution system operators and other stakeholders. We are doing everything we can to offer our customers the first transmission capacity for hydrogen and/or CO₂ by 2026.

→ In line with needs

We are developing transmission infrastructure for hydrogen and CO₂ in line with the needs of industrial areas.

→ Connected to neighbouring countries

We are planning connections between industrial areas and with neighbouring countries in order to build the hydrogen and CO₂ networks into integrated systems.

→ Focus on competitive tariffs

Thanks to connections with neighbouring countries, we offer high-capacity infrastructure that should be made available at competitive tariffs thanks to the economies of scale.

→ Crossroads for sustainability

In other words, we are laying the foundation for sustainably cementing Belgium's role as an energy crossroads by making the country a hydrogen and CO₂ hub for the economy in Belgium and North-West Europe.



This project is a climate project. These are the first kilometres of pipeline in the hydrogen highway that will help make our industry greener.
Belgian Federal Energy Minister
Tinne Van der Straeten

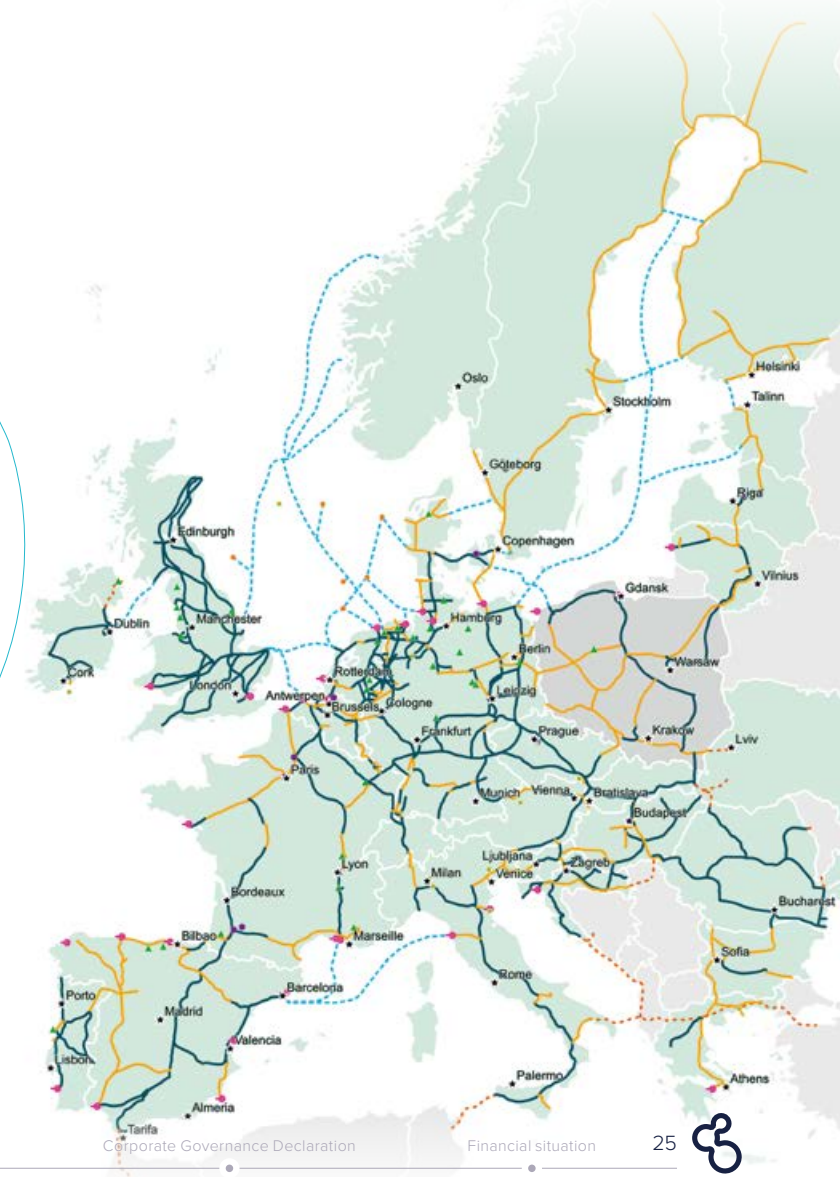
Hydrogen network takes shape

In the summer, we welcomed Prime Minister Alexander De Croo and Federal Energy Minister Tinne Van der Straeten to the project site where the additional pipeline is being built between Desteldonk and Opwijk. EU Energy Commissioner Kadri Simson also visited the pipeline site. Prime Minister De Croo said: "We are fully committed to the transition and we are ensuring that our pipelines are hydrogen-proof."

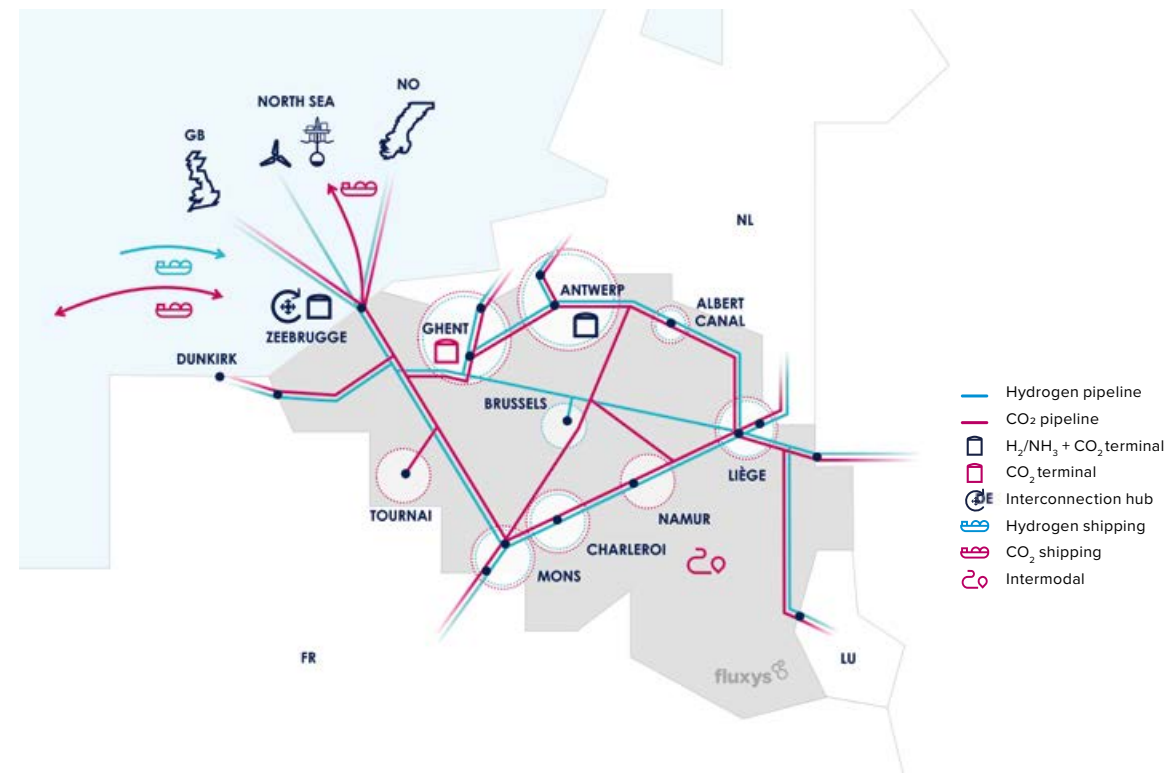
The pipeline is the first part of the additional infrastructure running from Zeebrugge inland to Brussels that we can immediately deploy for the transmission of hydrogen as soon as the market is ready. The infrastructure is a first part of the hydrogen backbone in Belgium for supplying Belgium and the cross-border transport with Germany and the other surrounding countries.

Embedded in the European hydrogen backbone

Since 2020, Fluxys Belgium has been working with other energy infrastructure companies as part of the European Hydrogen Backbone initiative. The initiative has now grown into a joint approach for developing hydrogen infrastructure in 28 European countries that largely consists of repurposed infrastructure that currently carries natural gas.

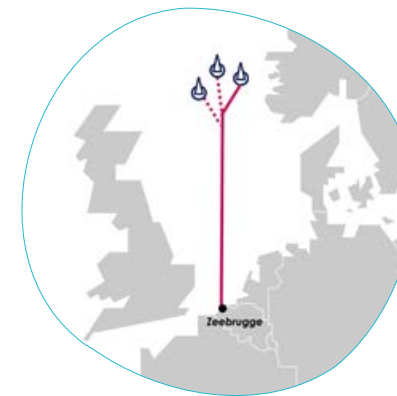
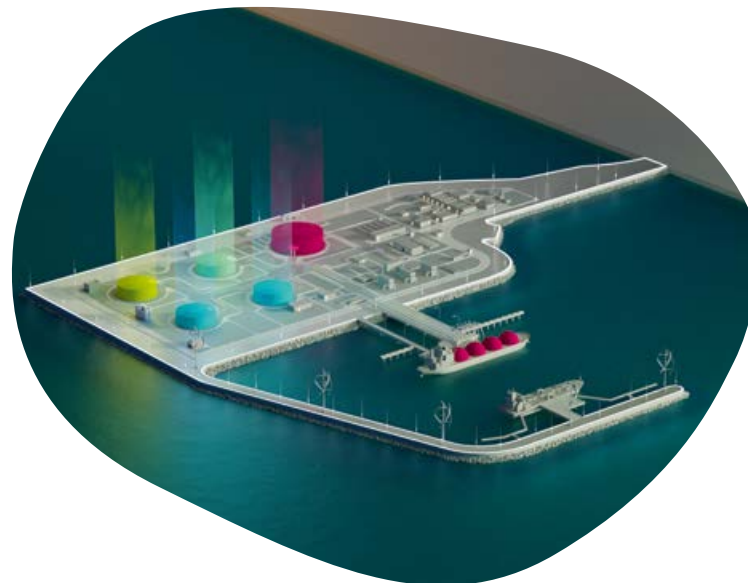


Infrastructure for hydrogen import and CO₂ export



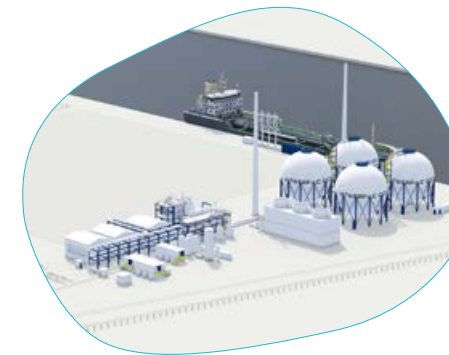
Zeebrugge as a multi-molecule hub

- Open-access terminal
- Importing hydrogen or derivatives for transshipment to the hydrogen network and then transmission within Belgium and to neighbouring countries
- Receiving captured CO₂ from the CO₂ network for transfer to the offshore pipeline and transmission to safe and permanent offshore storage (see 'Offshore CO₂ pipeline in the North Sea' p. 27)
- Status: preliminary research
- Proposed timing: commissioning before 2030



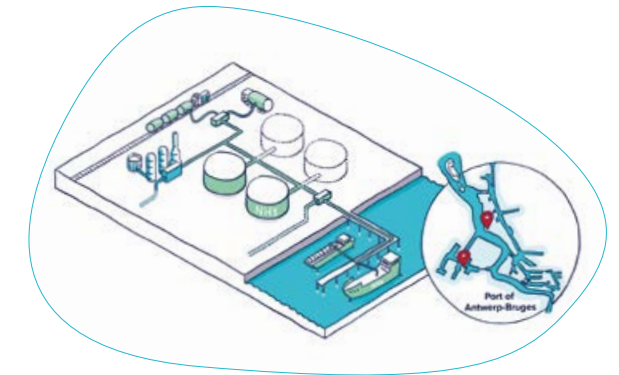
Offshore CO₂ pipeline in the North Sea

- Open-access pipeline
- Project CO₂ Highway Europe of parent company Fluxys and Equinor
- Subsea pipeline from Zeebrugge to storage sites in the Norwegian waters of the North Sea
- Capacity: 30 million tonnes of CO₂ per year
- Status: feasibility study
- Proposed timing: commissioning before 2030



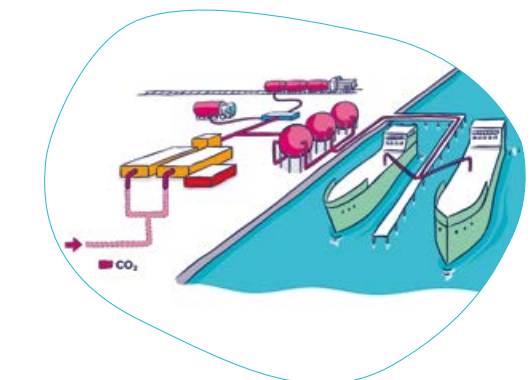
Antwerp@C CO₂ Export Hub

- Open-access terminal
- Project of Fluxys Belgium, Air Liquide and Port of Antwerp-Bruges
- Multimodal terminal for receiving, liquefying and temporarily storing CO₂ and loading it onto ships to be taken to permanent offshore storage
- Capacity: initially 2.5 million tonnes of CO₂ per year, with possibility of expansion to 10 million tonnes of CO₂ per year
- Status: engineering & design
- Proposed timing: commissioning by 2027



Import terminal for green ammonia in Antwerp

- Open-access terminal
- Project of parent company Fluxys and Advorio
- Import terminal for green ammonia: use of green ammonia as a carbon-neutral feedstock and fuel. Potentially also its conversion into green hydrogen for transmission via the hydrogen network. Ammonia is an efficient molecule for the long-distance transmission of green hydrogen generated by wind and solar energy
- Status: feasibility study
- Proposed timing: commissioning by 2028



Ghent Carbon Hub

- Open-access terminal
- Fluxys Belgium project with ArcelorMittal Belgium and North Sea Port
- Multimodal terminal for receiving, liquefying and temporarily storing CO₂ and loading it onto ships to be taken to permanent offshore storage
- Capacity: up to 4 million tonnes of CO₂ per year
- Status: feasibility study
- Proposed timing: commissioning by 2028



Our services to help speed up the energy transition

Natural gas & biomethane services

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



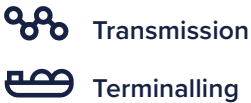
Hydrogen services

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



CO₂ services

- We transport CO₂ to sites where it can be reused or exported to permanent storage
- We provide infrastructure that offers as many takeaway options as possible
- In this way we help decarbonise industry that engages in carbon capture



Ensuring sufficient hydrogen availability

Quickly achieving large volumes with blue hydrogen

At the 2023 North Sea Summit in Ostend, the North Sea countries committed to boosting offshore wind capacity in the North Sea to 300 GW by 2050, making the North Sea the largest green energy plant in Europe. This means there is significant potential for green hydrogen from North Sea wind.

Belgium and Western Europe still have only limited potential to quickly scale up the production of green hydrogen from renewable electricity, but one alternative is 'blue hydrogen'. This is low-carbon hydrogen produced from natural gas, where the released CO₂ is captured and reused or stored.

ENGIE and Equinor are developing their H2BE project in Ghent for the large-scale production of blue hydrogen. The project is an important link in quickly and reliably bringing large volumes of low-carbon hydrogen to market in Belgium. Fluxys Belgium is working with ENGIE and Equinor to connect the project to the hydrogen and CO₂ networks in the Ghent industrial zone.

Importing green hydrogen from overseas

Overseas imports of carbon-neutral hydrogen are another pillar for ensuring the availability of sufficient green hydrogen. To that end, particularly windy and sunny areas where large quantities of green hydrogen can be produced from green electricity are being looked at. Green hydrogen can then be exported by ship to import terminals in Europe, for example in the form of green ammonia.

With this in mind, parent company Fluxys is joining forces with DEME, ENGIE, EXMAR, Port of Antwerp-Bruges and WaterstofNet in the Hydrogen Import Coalition. Governments and ports in Belgium already concluded agreements with Oman, Namibia, Chile and Australia, among others, to import green hydrogen. Parent company Fluxys became a partner in Omani transmission system operator OQGN in 2023, which is expected to play a key role in developing infrastructure to turn the country into an export hub of green hydrogen. Other Belgian companies such as Port of Antwerp-Bruges and DEME also already have a significant presence in the port of Duqm and in the hydrogen sector in Oman.

Extra boost for the biomethane market

So far, biomethane units in Belgium have all been connected to distribution systems. Large-scale facilities can connect to Fluxys Belgium's high-pressure network. In 2023 we made preparations to connect the Green Logix Biogas facilities in Lommel to our network in 2024.

Fluxys is working with the distribution system operators and CREG on an innovative approach for connecting biomethane facilities. The aim is to offer producers an attractive investment solution that allows biomethane to automatically flow into the Fluxys Belgium's network in certain circumstances.



The production of biomethane in Belgium is getting off the ground. Eight biomethane units are currently operational and about 20 projects are in various stages of research, development or construction.

A low-carbon, reliable and affordable energy system: how?



The energy system of tomorrow must take care of three things at one: provide the energy needed at any time in a low-carbon mix that as a whole remains affordable for households and businesses. This is only possible if we take into account the costs and benefits along the whole chain from production through transport and storage to consumption in developing the necessary infrastructure.

A low-carbon energy mix is possible

Oil, natural gas and electricity currently account for a large proportion of the energy mix in Belgium. Greater energy efficiency is expected to reduce the consumption of Belgian homes and businesses by 30 to 40% by 2050. At the same time, the energy mix must evolve towards a low-carbon combination of electricity, molecules and biofuels.

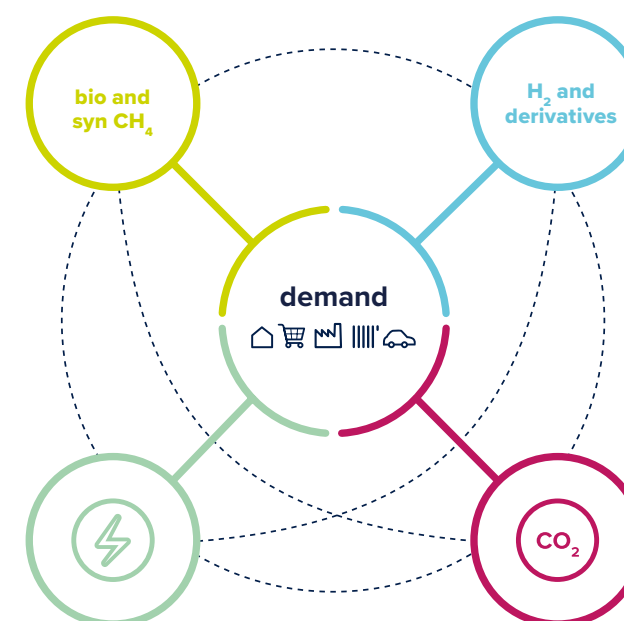
A low-carbon mix of electricity, molecules and biofuels is possible. Belgium and the other North Sea countries plan to turn the North Sea into the largest green energy plant in Europe with plenty of additional green electricity and hydrogen from wind. New technologies leveraging green and low-carbon molecules and carbon capture, use and storage will also play an essential role in the sustainable transition. Also, developments in nuclear technology could potentially contribute to the energy mix in the long term.

Integrated system-based approach for the best possible mix

A low-carbon energy mix in itself is not enough. How do we ensure that the most appropriate technology for climate neutrality is always used for the various types of energy consumption? How do we best enable the various solutions in the mix to work together to ensure that there is enough energy at all times at the lowest possible social cost? To that end, we must look at the energy system as a whole and all the interactions between the different parts. By taking this kind of integrated long-term system-based approach, we gain insight into how the entire chain from production to transport to consumption can be optimised in terms of costs, implementation times and maintenance of security of supply.

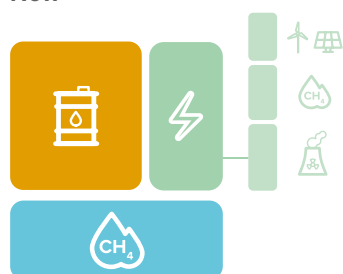
Innovative energy system model: Integration

An integrated system-based approach requires the use of innovative energy system models. Together with, among others, the University of Liège and with the support of the federal Energy Transition Fund, Fluxys Belgium has developed one such system model: Integration. This enables us to map out how, by 2050, flows of electricity, hydrogen and derivatives, methane and CO₂ will optimally complement each other at the lowest price in a carbon-neutral ecosystem.



“Boundaries between our current energy systems are detrimental to our security of supply and energy affordability.”

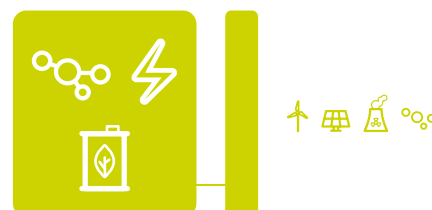
Now



550 terawatt-hours
energy mix in silos

Terawatt-hour/gigawatt-hour is the quantity of energy consumed
Watt is the unit of power of an energy source
1 terawatt-hour is 1000 gigawatt-hours
1 gigawatt = 1 nuclear power plant

2050



350-400 terawatt-hours, of which 100-200 in molecules
a low carbon energy system

 molecules
 electricity
 biofuels

How we are reducing our own climate impact

We are working hard to accelerate the transition to a climate-neutral society with our infrastructure. We are working just as hard on the climate impact of our own activities. Our Go for Net 0 project sets the tone: in 2025 we will halve our greenhouse gas emissions compared to 2017. And in 2050 we will be carbon-neutral in our activities.

Methane emissions down

Our teams are working on four tracks to further systematically tackle methane emissions

Reduce emissions from control equipment

We replace control equipment generating emissions by equipment with no emissions.

Limit emissions during works on the network

Natural gas often has to be removed from a pipeline section during maintenance or repair work. We have various ways of preventing natural gas from being released into the air. An exception to this may be made for urgent maintenance or repair work.

Reduce fugitive methane emissions

With periodic LDAR (Leak Detection And Repair) campaigns we detect parts in the facilities that are not perfectly gastight.

Reduce operational emissions

Various initiatives to minimise or eliminate methane emissions from compressors.

Nice milestone hit

With Go for Net 0 we have a programme to replace more than 750 pieces of equipment that emit methane. Significant progress: our teams reached the 500-unit milestone by the end of 2023!

Approach to CO₂ emissions

Actions taken for compressor facilities

When balancing the network or controlling gas flows, Fluxys Belgium endeavours to use its compressor facilities as little as possible. At our Loenhout underground storage facility, we will also replace natural gas-powered compression facilities with electricity-powered equipment.

Green gas

Fluxys Belgium buys green gas certificates from biomethane producer IOK Beerse to heat its head office and Anderlecht site.

LNG terminal: regasification using the heat from seawater

The Zeebrugge LNG terminal has been using an open-rack vaporiser since 2013. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and emissions. In late 2023, we commissioned three additional open-rack vaporisers.

To further reduce the terminal's CO₂'s emissions we are looking into different options, including the construction of additional open-rack vaporisers.

“We're gaining ground with a range of initiatives, large and small. Every project we tick off is a victory for the team working on it.”

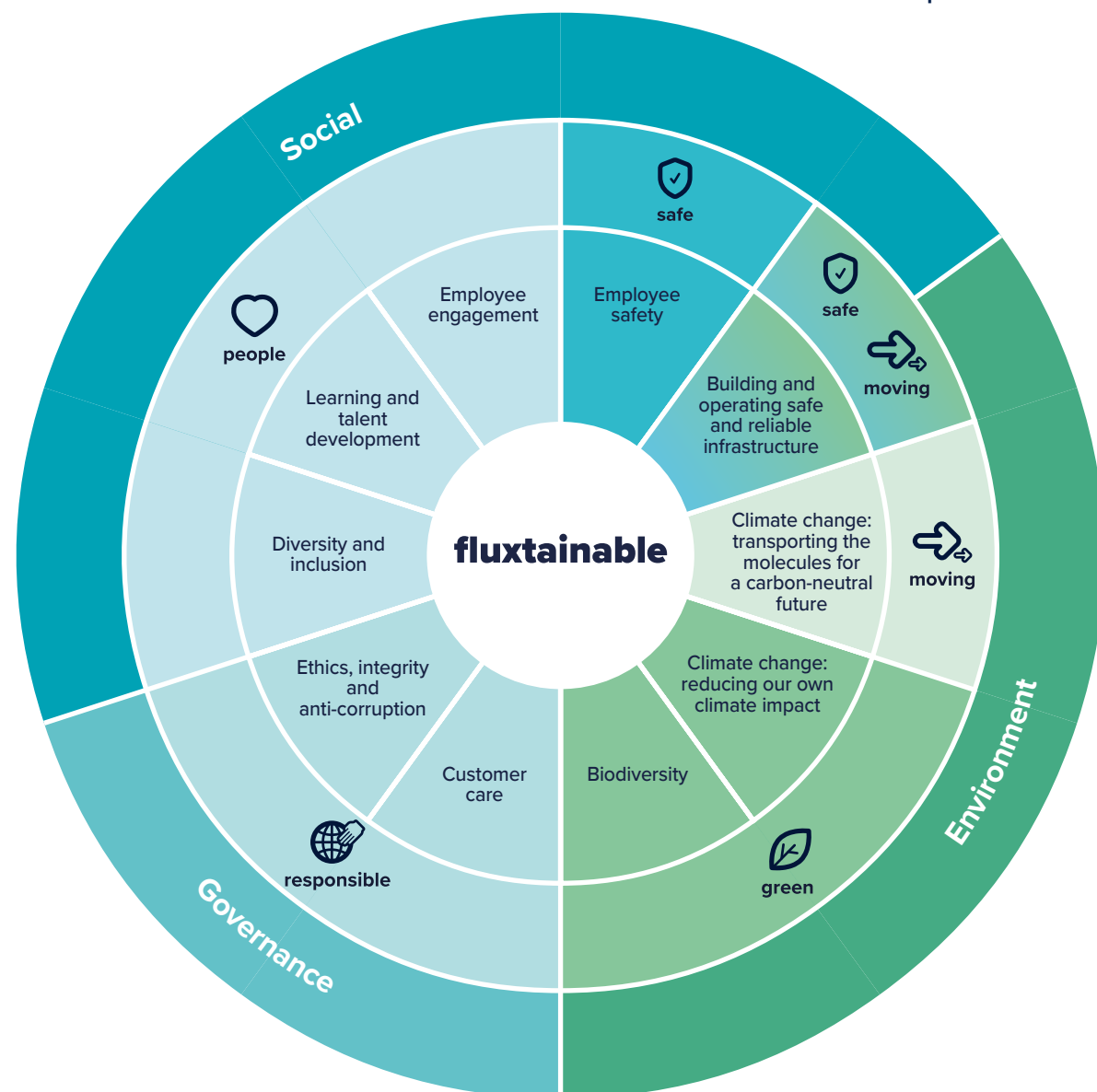


Using seawater for regasification: 116,750 fewer tonnes of CO₂ in 2023

Using heat from seawater to regasify liquefied natural gas significantly reduces the CO₂ footprint of the LNG terminal in Zeebrugge. In 2023, we used the equivalent of about 650 GWh of heat from seawater. In this way we avoided 116,750 tonnes of CO₂ emissions. In late 2023, we commissioned three additional open-rack vaporisers: a milestone in further reducing the terminal's emissions.

Our sustainability path: fluxtainable

“How do we move forward sustainably? We worked with our stakeholders to define our ESG compass.”



Fluxtainable is our ESG compass. How do we ensure that we develop our activities sustainably in a long-term perspective for us and for all our stakeholders? Fluxtainable is also our dashboard for communicating transparently about the progress we are making in our sustainability performance.

What is our impact on the environment and society? And what financial impact do external factors have on our company? On this basis, together with our stakeholders, we identified the ten material ESG topics

that form the core of our path towards sustainability. We group the ten material ESG topics into five key domains.



moving we accelerate the energy transition with multi-molecule infrastructure, today and tomorrow

- both today and tomorrow, our core business is building and operating infrastructure for a reliable and uninterrupted flow of molecules
- our focus is on innovative projects and substantial investments in infrastructure for hydrogen and derivatives, CO₂ and other molecules to make the transition to a low-carbon economy



green we become a net zero company and we preserve the natural capital

- we will reduce our greenhouse gas emissions by 50% in 2025, by 67% in 2030 and achieve carbon neutrality in 2050
- when building new infrastructure and in our daily activities we are committed to preserving and promoting the biodiversity of our sites



safe we keep high safety standards in an evolving business

- our top priority is the safety of our employees and local residents in the areas in which we operate
- transporting, terminalling and storing molecules safely is our core business, today and tomorrow



people we encourage diversity, talent development and employee engagement

- well-being is our priority
- we ensure an inclusive working environment where everyone feels respected and valued
- we encourage continuous learning and personal growth
- our values, feedback culture, the safety of our employees, learning and engagement are all crucial drivers for a successful energy transition



responsible we conduct our business in a responsible way

- our ethical code, which we share with our stakeholders, is the basis for our daily actions
- our commitment to meeting the needs of our customers and ensuring their satisfaction drives us to improve continuously

In 2023, we refined our ESG approach in line with the new Corporate Sustainability Reporting Directive (CSRD). We are taking things one step at a time. This year, we are already proactively reporting, for 2023, largely in accordance with the Directive (see the section on Our ESG performance, p. 65). The Directive takes effect for reporting purpose in 2025 for financial year 2024.

Our people are the driving force

Rapidly advancing technological progress, climate change, the energy transition, demographic shifts and social developments, including in the workplace – these changes and other social trends helped determine our focus in 2023. In such a dynamic environment, talent is both a valuable asset and a crucial factor for ensuring business continuity and encouraging innovation.

Focus on managing change

Companies worldwide are faced with a growing demand for specially trained employees, not just those with technical and operational skills, but also in digital technologies, data analysis, artificial intelligence and sustainability. At the same time, the importance of soft skills, such as creativity, analytical and problem-solving skills, collaboration and interpersonal communication, is on the rise. These are essential for tackling complex challenges, promoting growth in a global context and dealing with uncertainty.

We continued to address these challenges confidently in 2023. After all, at Fluxys we believe that true growth starts with investing in the growth of our human capital. Accordingly, the past year was all about nurturing, developing and deploying the unique skills and capabilities of our experienced and new employees. From inspiring leaders to dedicated team members: every individual contributes to our organisation's resilience and innovative capacity.

“The key constant in 2023 was the high speed of change

Vibrant summer party

Our annual Summer Party was once again a big hit. Nearly 600 enthusiastic and motivated colleagues created a vibrant atmosphere at the Latina Summer Party, enjoying the beats of Latin music under a radiant sun. It was a memorable evening for all, with lots of laughter and dancing. New contacts were made and ideas were shared, all with a view to pushing boundaries together and continuing to build a clean future.

Bright Connections

Working together to endorse our strategic ambitions and setting out the priorities for the coming year in terms of accelerating the energy transition. That is the purpose of our annual Bright Connections event, which last year paid extra attention to our vision of sustainability, fluxtachable, and our values: respect, open and reliable.



Focusing on managing change is a common thread throughout our approach. Why do we do what we do and how do we do it? The answer to these and other questions is, of course, our purpose: Shaping together a bright energy future. We believe that being part of the solution for climate neutrality is our way forward, including in our strategy for our people and our organisation. In this strategy we focus on three key areas:

- Our transformation journey as a company
- Developing future-proof employees
- Offering meaningful work as an attractive employer

Our transformation journey as a company

In 2023 we deployed, through various initiatives, resources in line with our ambitions.

We started the project to renovate our head office in the heart of Brussels, Belgium and Europe. Under our work@fluxys initiative, connectivity, collaboration and workplace choice have become key concepts in our transformation project. We are taking this opportunity to implement activity-based working, in other words choosing a workstation based on the activity being done at that moment. That can mean working at different workstations during the course of a given working day. Having learned from our experiences at head office, we are rolling out this approach to other locations.

In mid-2023 more than 50 Fluxys Group employees were involved in talks to review the company's values. Initially formulated back in 2003, the time had come to evaluate which values were still relevant and which needed to be cultivated in order to achieve Fluxys' ambition in the energy transition. After a generational change with new expressed preferences, the following three values emerged: respect, open, reliable.

We started by setting up organisational structures to strongly support our ambition for powerfully supporting the energy transition. It goes without saying that developing our activities for molecules other than natural gas requires talent in addition to financial, operational and other resources.

Keeping everyone on board is a principle that is crucial to Fluxys, and that was very much the case in 2023. We have a long tradition of constructive social dialogue, which we continued to focus on. All partners were involved in the decision-making process.

Developing future-proof employees

The skills of the future do not come naturally

By offering various learning and development opportunities, encouraging internal mobility and setting up projects with employees from different teams, we enable colleagues to broaden their expertise and give them a chance to become more familiar with different aspects of our organisation. This not only enhances their skills, but also promotes a culture of collaboration and knowledge sharing, which benefits our collective growth. By combining these approaches, we not only increase employee engagement and satisfaction, but also strengthen our flexibility and competitiveness.

Cultivating a culture of lifelong learning

A culture of lifelong learning goes beyond traditional training programmes and professional development initiatives. It involves a mindset and a commitment to growth that lasts throughout the employee's career. By embracing that culture, we enable our employees to gain new knowledge, develop new skills and expand their capabilities.

In 2023 we focused on:

- encouraging employees to take control of their own personal development: every employee is in charge of his or her own growth and development path
- offering accessible learning opportunities: in addition to various platforms, such as keypoint, e-Bib and OASE, we also focused on Lunch & Learn initiatives for learning in groups
- supporting continuous improvement: based on feedback, both formal and informal, we focused almost constantly on improvement processes
- promoting collaboration and knowledge sharing: by working together in teams and on a company-wide basis, by sharing best practices and deploying digital tools that facilitate collaboration
- embracing technology: for example, in connection with onboarding. The app that encourages successful onboarding is highly appreciated by both new colleagues and team managers

Warm welcome

A warm welcome really makes a difference, which is why we make sure new employees immediately feel right at home, get to know their colleagues and immediately feel an affinity with the company. The Meet & Greet is a day-long event where new employees can learn more about the company and get to know each other in a laid-back atmosphere. Nearly 100 new employees experienced their first Fluxys day in this way in 2023.



A new competency model for stimulating growth

In 2023, we introduced a new competency model we custom developed in line with our needs and which reflects the Group's strategic orientations. Our new competency model not only promotes the growth-oriented mindset needed to compete in today's environment, but also sets out the framework for desired leadership behaviours within the organisation. The model is based on optimism, drive and a strong belief that one can develop by challenging oneself and embracing feedback.

Leadership: working on ourselves for a successful transformation

Leadership at all levels is essential for fostering a positive and productive work environment. Leaders face an increasingly complex set of challenges. The intangible aspects of change have become more prominent, making support and guidance necessary for leaders to navigate these transformations.

To meet these needs, in 2023 Fluxys introduced a new leadership programme at all relevant levels. By investing in leadership development, we ensure that our leaders are equipped to effectively lead business and cultural transformations.



Offering meaningful work as an attractive employer

Fully involving employees

Working together, being together and celebrating together are all crucial elements for keeping colleagues involved. Connectivity is not just the foundation underlying the rules on working from home, but is also the basis for events like our Summer Party and our New Year's event. Our onboarding initiatives are also important when it comes to talent retention. Examples include our Meet & Greet events, our visits to Zeebrugge and the Welcome Days.

An attractive employer in a challenging labour market

Attracting new talent is a constant challenge. We previously developed a campaign for this that we continued vigorously in 2023. We also conducted a specific campaign for special profiles for our terminal in Zeebrugge. Our efforts did not stop there, because catching the attention of a potential candidate is just the first step. That is why we took the following initiatives:

- a more optimal recruitment process with a significantly shorter lead time from application to recruitment
- a new onboarding tool to improve the experience of both new employees and managers
- promotion of internal mobility with an important role for appreciating soft skills
- a more attractive salary, in particular by making our mobility options greener.

Lunch & Learn

Our employees broadened their horizons last year with a Lunch & Learn session on the ins and outs of the foreign subsidiaries of parent group Fluxys. This is a way to keep them up to date on what is happening in other parts of Europe and the world and what our big projects and challenges are.

Our digital transformation path



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

Digital transformation: acceleration and expansion

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

Accelerator

Is our innovation lab approach to quickly and flexibly developing digital solutions for our customers, employees and other stakeholders. We always work with ad hoc cross-cutting Accelerator teams to tackle a very specific challenge of our business. We first look for the right problem from the end-user's perspective and then collect the different possible solutions and test the most suitable of them and align them optimally with the end-user's needs.

In 2023, the Accelerator teams developed solutions for gas flow and capacity planning in a multi-molecule system. Other teams worked on innovative ways to cut energy costs and our own emissions, and on solutions to best facilitate the new way of activity-based working within the company. Another team worked on a Digital Twin, a digital double of our network that, among other things, can be used to simulate the flow of other gases than natural gas in the network.

Digital Workplace

Is our approach to creating a working environment that supports digital transformation, hybrid collaboration and connectivity between employees wherever possible. At the same time, our employees are consolidating their digital skills under the guidance of the Digital Coaches. In 2023, we focused on improving the digital dexterity of our employees so that they can make even better use of existing and emerging technological solutions.

Digital inspiration

On Digital Days, we embrace the latest digital developments and enhance our digital skills. Nearly 600 employees have immersed themselves in the world of artificial intelligence, virtual reality and other new trends. Digital Days are inspiring events giving us the opportunity to share exciting insights and explore new digital skills.



Innovation and consolidation of our ICT foundations

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

Cloud

Deploying the Cloud architecture for business applications and exploring the possibility of gradually moving gas flow applications to the Cloud.

Smart Data Factory

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

Internet of Things (IoT)

Using IoT capabilities to optimise the operational management and maintenance of the pipeline network and make it possible to carry out work remotely.

GSmart

Continuing to focus on technological innovation for our in-house applications for gas transport, used by various infrastructure companies.

SAP

Migrating to a new SAP environment for all Enterprise Resource Planning, including the innovation to provide our technicians in the field with up to date tools to best guide their work.

Cybersecurity

Fully committing to securing our data, focusing on our technical sites. In 2023, we obtained ISO 27001 certification in connection with Network and Information Systems (NIS) legislation. To learn more, see 'Safe and reliable infrastructure - Cyber security and ICT systems', p. 98.

Focus on cyber vigilance

Stay alert and don't get hooked: this message is more important than ever at a time of fake emails and phone calls targeting our passwords and sensitive information. To ensure that cybercriminals have no chance, we organise company-wide unannounced drills to teach us to be alert to phishing and spoofing at all times.



Our key financial data

Within the limits of the regulatory framework applicable to our business, we strive to achieve optimal results for our shareholders by maintaining a healthy financial structure, keeping operating costs under control and achieving regulatory incentive targets. Our activities contribute hugely to the prosperity of both our shareholders, our employees, society in general and the economy. At the same time, we are fully committed to accelerating the energy transition and, in so doing, making our contribution to prosperity future-proof.

Consolidated key financial data

Income statement (in thousands of EUR)	31.12.2023	31.12.2022
Operating revenue	592,788	912,559
EBITDA*	285,809	323,167
EBIT*	129,570	147,305
Net profit	77,423	83,728
Balance sheet (in thousands of EUR)	31.12.2023	31.12.2022
Investments in property, plant and equipment for the period	167,654	105,525
Total property, plant and equipment	1,873,286	1,855,375
Equity	613,413	643,617
Net financial debt*	219,404	493,800
Total consolidated balance sheet	3,358,616	3,406,570

* See glossary on page 46-47.

Consolidated turnover and net profit

Fluxys Belgium generated turnover of EUR 592.8 million in 2023. This represents a decrease of EUR 319.8 million compared with 2022, when turnover stood at EUR 912.6 million. This change is in line with the tariff methodology. The exceptional solidarity contribution of EUR 300 million in 2022 was not repeated in 2023. As a result, there was no impact on revenue in 2023 as there was in 2022.

The consolidated net profit decreased by EUR 83.7 million in 2022 to EUR 77.4 million in 2023, a drop of EUR 6.3 million. This change in the net profit was due mainly to the reduction in the fair margin set out in the tariff methodology for the LNG terminal.

Efficiency efforts in line with regulated tariff model

The 2020-2023 tariff methodology (established by the regulator, CREG) applies the principle that all reasonable costs, including interest and fair compensation, are covered by the regulated income. In addition, there are various incentives to control costs and guide and control aspects of company performance. By strictly controlling its operating costs, combined with significant efforts to improve efficiency, Fluxys Belgium has managed to achieve most regulatory objectives and to book those incentives in a period of major operational challenges.

Investments totalling EUR 167.7 million

In 2023 investments in property, plant and equipment totalled EUR 167.7 million, compared with EUR 105.5 million in 2022. Of this amount, EUR 50.4 million was spent on LNG infrastructure projects, EUR 9.1 million on storage-related projects and EUR 106.3 million on transmission-related projects, including EUR 51.3 million for the Desteldonk-Opwijk pipeline, which is ready to be used to carry hydrogen as soon as the market is ready.

Contributing to ever greater prosperity

Fluxys Belgium creates prosperity by contributing to the economic growth of the society and environment in which it operates. This contribution is measured through the added value we generate and distribute to our stakeholders. In 2023 the added value generated by our ongoing activities totalled EUR 491.3 million, up EUR 14.3 million compared with 2022.

Outlook for 2024

Under the 2024-2027 tariff methodology, the net profit from Belgian regulated activities will be determined based on various regulatory parameters, including equity invested, financial structure and incentives.

Reductions in transmission and storage tariffs have no impact on results

In 2023, federal energy regulator CREG approved Fluxys Belgium's new transmission and storage tariff proposals for the 2024-2027 regulatory period. For transmission tariffs, the 10% reduction applied in July 2022 will be extended into the 2024-2027 regulatory period. Storage tariffs will be reduced by 20% compared to 2023. These tariff reductions have no impact on the results of Fluxys Belgium.

The favourable trend in transmission tariffs is mainly due to the sale of additional capacity to support security of supply in Germany and the Netherlands. Market conditions for storage were also more favourable than expected, resulting in higher than expected revenue. As provided for in the regulatory framework, this additional revenue is reserved in the adjustment account and gradually returned to the market, either via tariff reductions or via investments aimed at strengthening security of supply and supporting the energy transition.

Agreement between Fluxys Belgium and CREG on the fair margin

Fluxys Belgium and CREG reached an agreement in February 2024 to propose, via a public consultation of the market, a number of changes to the tariff methodology for the natural gas transmission system, the natural gas storage facility and the LNG facility for the 2024-2027 regulatory period.

The tariff methodology adopted in June 2022 provides for the use of a risk-free interest rate of 1.68% for calculating the margin for the four years in the 2024-2027 regulatory period. In the current context of strong interest rate volatility, an overall upward trend over the past two years and particularly high inflation in 2022, a number of changes are necessary to ensure a fair remuneration for the system operators on the capital invested in regulated assets and to enable them to make the investments to carry out their activities.

The public consultation on the changes to the tariff methodology will run from 14 March to 14 April 2024. The impact of the proposed changes will be covered by the adjustment account. The tariffs set by CREG for the 2024-2027 regulatory period therefore remain unchanged at this stage.

Geopolitical developments

Based on the information available so far, it is extremely difficult to anticipate the impact of the war in Ukraine. Based on the current understanding of the situation, the essential nature of the company's activities and its regulatory framework, at present we do not anticipate the war and the resulting measures and market developments having any significant impact on the consolidated result of Fluxys Belgium in 2024.

Subsidiary activities and statutory profits

Fluxys LNG

Fluxys LNG (a consolidated subsidiary in which Fluxys Belgium holds a 99.9% stake and Flux Re a 0.01% stake) is the owner and operator of the Zeebrugge LNG terminal and sells terminalling capacity and associated services in accordance with the regulatory framework. Fluxys LNG's equity totalled EUR 133.9 million as at 31 December 2023, compared with EUR 141.7 million the previous year. Net profit for financial year 2023 totalled EUR 20.3 million, compared to EUR 32.1 million 2022.

Flux Re

Flux Re (consolidated subsidiary – wholly owned by Fluxys Belgium). Flux Re is a reinsurance company under Luxembourg law and was established in October 2007. Flux Re's statutory equity, before appropriation, fell from EUR 7.7 million as at 31 December 2022 to EUR 5.7 million as at 31 December 2023. Net profit for financial year 2023 totalled EUR 6.8 million, compared with EUR 2.8 million in 2022.

Balansys

Balansys (stake consolidated using the equity method – Fluxys Belgium holds a 50% stake). As part of the integration of the Belgian and Luxembourg gas markets, on 7 May 2015 Fluxys Belgium and the Luxembourg transmission system operator Creos Luxembourg set up the company Balansys, a joint venture in which Fluxys Belgium and Creos Luxembourg each have a 50% stake. On 1 June 2020, the company took over the commercial balancing activities of the integrated Belgian-Luxembourg gas market.

Fluxys hydrogen & Fluxys c-grid

Fluxys hydrogen (a consolidated subsidiary wholly owned by Fluxys Belgium) was established as a subsidiary in 2023 with a view to becoming Belgium's hydrogen transmission network operator and thus support industry in its efforts to make the transition to a low-carbon economy.

Fluxys c-grid (a consolidated subsidiary in which Fluxys Belgium holds a 77.5% stake) was established as a subsidiary in 2023 with a view to becoming CO₂ transmission network operator on Belgian territory and thus support industry in its efforts to make the transition to a low-carbon economy.

Fluxys Belgium NV – 2023 results (Belgian GAAP): proposed allocation of profits

Fluxys Belgium NV's net profit totalled EUR 79.5 million, compared with EUR 84.0 million in 2022.

At the Annual General Meeting on 14 May 2024, Fluxys Belgium will propose a gross dividend of EUR 1.40 per share.

Taking into account a profit of EUR 93.1 million carried over from the previous financial year and a withdrawal of EUR 27.5 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- EUR 98.4 million as a dividend payout and
- EUR 101.7 million as profit to be carried forward.

If this profit allocation proposal is adopted, the total gross dividend for financial year 2023 will be EUR 1.40 per share. This amount will be payable as of 22 May 2024.

Indicators

Prosperity contribution (in millions of EUR)	2023	2022	2021	2020
Added value from continuing operations	491.3	477.0	438.9	427.1
Personnel	135.2	132.9	112.5	110.5
Shareholders (dividend)	98.4	97.0	96.3	91.3
Society (taxes)	31.1	35.1	36.9	37.2
Suppliers	194.3	176.7	155.6	149.3
Financial institutions (interest)	32.3	35.3	36.3	38.8
Financial ratios	2023	2022	2021	2020
Solvency Ratio of (i) net financial debt and (ii) the sum of equity and net financial debt	26%	43%	57%	58%
Interest coverage Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	17.07	21.39	6.75	5.61
Net financial debt*/extended RAB* Ratio of (i) net financial debt and (ii) extended RAB	7%	17%	28%	28%
FFO*/net financial debt Ratio of (i) FFO and (ii) net financial debt	251%	144%	25%	20%
RCF*/net financial debt Ratio of (i) RCF and (ii) net financial debt	206%	125%	13%	10%

Net financial debt (in millions of EUR)	2023	2022	2021	2020
Net financial debt	219.4	493.8	846.0	873.1
Breakdown				
Debt capital market	699.0	700.0	699.1	692.7
Bank loans	240.0	262.3	286.8	310.6
Related parties	187.0	210.3	233.6	257.0
75% of cash and other financial assets	-906.2	-678.2	-373.5	-393.1
Weighted average maturity as at 31 December	7.0	8.1	9.2	10.2
RAB and WACC	2023	2022	2021	2020
RAB* (in millions EUR)				
Transmission	2,046.6	2,059.1	2,047.5	2,086.9
Storage	228.0	228.0	228.8	235.6
LNG terminalling	311.0	305.7	303.0	302.7
Property, plant and equipment outside RAB (in millions EUR)	432.9	417.7	410.4	420.3
Extended RAB*	3,018.6	3,010.6	2,989.7	3,045.4
WACC* before tax (in %)				
Transmission	4.69	4.88	4.92	4.88
Storage	4.87	5.06	5.09	5.04
LNG terminalling	5.36	4.83	4.99	5.14

Glossary

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

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

Net financial debt: interest-bearing liabilities (including lease debts), less regulatory assets, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the remaining 25% is considered a buffer reserve for operational purposes (working capital) and is therefore deemed unavailable for investments). This

indicator gives an idea of the amount of interest-bearing liabilities that would remain if all available cash were used to repay loans.

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

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

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

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

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

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

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

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

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

Extended RAB: Total RAB and other investments in plant, property and equipment outside RAB.

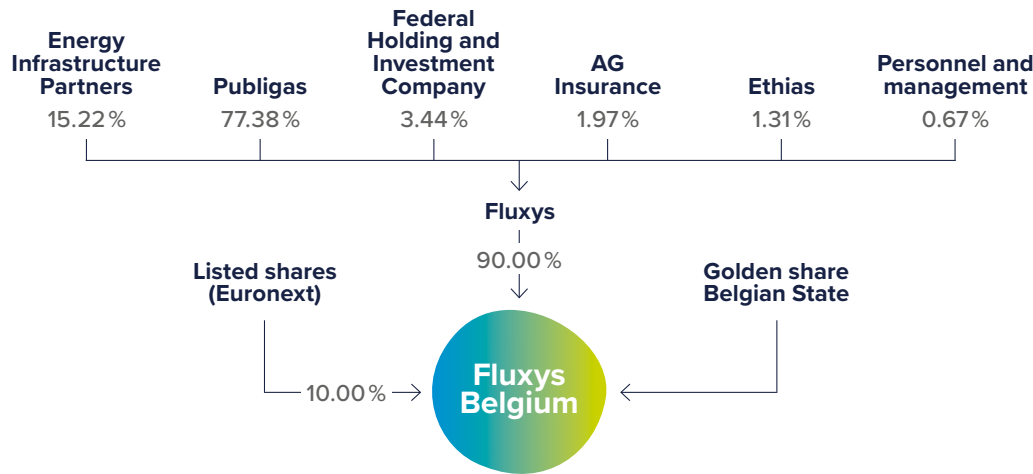
WACC: Weighted Average Cost of Capital, reflects the return allowed by the regulation on the RAB.

Our structure and governance

We are a Fluxys Group company



Our shareholders



Shareholding as at 28 March 2024

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

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

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

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

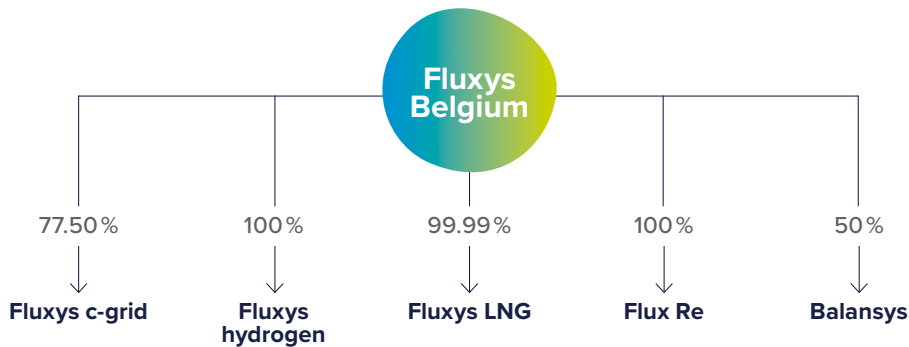
- Class B shares are and will remain registered shares.
- Class D shares are registered or dematerialised at the discretion of the shareholder who will bear any conversion charges.
- Class B shares are automatically converted into class D shares when they are transferred to a third party.
- 16.71% of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

more details about the rights attached to the Belgian State's 'golden share', please refer to the Corporate Governance Declaration, 'Voting rights and special powers'.

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

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

Our subsidiaries



Fluxys c-grid (consolidated subsidiary – 77.5% held by Fluxys Belgium, 10% by Pipelink, 10% by Socofe, 2.5% by FPIM-SFPI). Fluxys c-grid was established as a subsidiary in 2023 to become the operator of the CO₂ transmission infrastructure on the Belgian territory to support the industry in its efforts to make the transition to a low-carbon economy.

Fluxys hydrogen (consolidated subsidiary - wholly owned by Fluxys Belgium). Fluxys hydrogen was established as a subsidiary in 2023 to become the operator of the hydrogen transmission infrastructure on the Belgian territory to support the industry in its efforts to make the transition to a low-carbon economy.

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

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

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

Our governance

Commitment to sustainability

Integral part of our strategic framework. Fluxys Belgium's commitment to sustainability is an integral part of our integrated strategic framework to accelerate the energy transition as an essential infrastructure company.

In 2023, Fluxys Belgium deepened and formalised its ESG sustainability approach with its stakeholders on the basis of a double materiality analysis in line with the EU Corporate Social Responsibility Directive. That process established indicators and time-bound targets for each material ESG domain.

Creating value in a long-term perspective. In our sustainability approach, we take a long-term view, setting out the path to value creation in its various forms within the ecosystem in which we operate. Specifically with regard to the energy transition, we build on our solid experience to develop new business activities driven by the opportunities the transition offers.

Company-wide project. The development of our sustainability approach took shape as a company-wide project in intensive interaction between the management, the departments involved, our stakeholders, the business owners of the material ESG domains, the Audit and Risk Committee and the Board of Directors. The Board of Directors, as the company's most senior management body, is responsible for the sustainability approach as an integral component of the company's strategic framework.

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

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

More information about corporate governance at Fluxys Belgium can be found in the Corporate Governance Declaration from page 133.

Governance structure

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

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

Our Board of Directors as at 28 March 2024

Board of Directors

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

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

Audit and Risk Committee

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

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

Corporate Governance Committee

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

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

Appointment and Remuneration Committee

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

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

Managing Director and CEO and Management Team BE

Managing Director and CEO

Pascal De Buck

Management Team BE

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

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

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

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

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

Our risk management

Enterprise Risk Management

Fluxys Belgium's **Enterprise Risk Management (ERM) system** is based on ISO 31000 and is integrated into the company's strategy, business decisions and activities. The risk management system covers all business risks, including risks related to the material ESG domains for the company. The system maps the impact that risks can have from different perspectives in the short, medium and long term: the impact on people and the environment and the impact on Fluxys Belgium's value creation, operational performance and reputation.

The risk management system assesses the risks and opportunities arising from climate change by translating the 2030, 2050 and 2100 deadlines to three time perspectives: the short term (0-1 years), the medium term (2-5 years) and the long term (5 -10 years).

Process actors

Risk Management organises the risk management system and reports annually to the Audit and Risk Committee. All our departments identify, analyse and evaluate their risks and report on how risks are managed.

In this way, risks in Fluxys Belgium's own activities and in the value chain, risks related to natural disasters or adverse weather conditions and related to CO₂ emission volumes and prices, as well as reputational risks are identified and quantified.

In addition, opportunities linked to new market developments for hydrogen and CO₂ capture and storage are analysed for the impact they can have on the company's financial performance. Risks and opportunities are assessed based on a combination of the magnitude of the impact and the likelihood that the impact will materialise.

The risks and opportunities associated with the material ESG domains for Fluxys Belgium are documented in the section entitled Our ESG performance, p. 65.

They work with management to map out the main risks, the controls and the mitigating measures. The Audit and Risk Committee examines the risk management system and all key risks, controls and mitigating measures every year.

Internal control process

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

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

Our main risks and opportunities

Risks (R) and opportunities (O)		Description
R	Declining role of natural gas in the energy mix and the impact on the value of our assets	The declining role of natural gas in the future energy mix could lead to part of Fluxys Belgium's infrastructure no longer being used.
R	Global geopolitical developments	Geopolitical instability that could have an impact on the gas transmission sector, resulting in political, social and economic instability that could evolve into a crisis scenario.
O	Hydrogen market development	Fluxys Belgium intends to play a key role in Belgium in the energy transition to a low-carbon economy through innovative projects and major infrastructure investments in: (a) terminalling, transmission and storage of low-carbon molecules (hydrogen, biomethane, etc.), (b) CO ₂ transmission and terminalling.
O	CO ₂ market development	
O	Biomethane market development	
R	Development of the hydrogen and CO ₂ markets is not geared to the necessary investment needs	Fluxys Belgium may run the risk of not achieving its transition targets. It may also run the financial risk that market developments for H2 and CO ₂ are not moving at the same pace as the investment efforts that need to be made.
R	Failure to achieve our emission targets	Fluxys Belgium's activities generate greenhouse gas emissions (methane and CO ₂) that contribute to climate change. Fluxys may run the financial and reputational risk of not achieving its greenhouse gas emission reduction targets (methane and CO ₂).
R	Industrial incidents and cyber attacks on facilities and ICT infrastructure	Industrial incidents and some cyber incidents can damage Fluxys Belgium's infrastructure, endanger people's safety, cause unavailability impacting service continuity and result in financial consequences.
R	Damage to the ecosystems and biodiversity in and around our facilities	Certain Fluxys Belgium activities can harm ecosystems and biodiversity. This can lead to financial risks (such as sanctions) and reputational risks.
R	Failure to comply with regulations, underlying frameworks and standards	Increasing regulations requiring the introduction of underlying frameworks and standards - Financial and reputational impact of failure to meet these requirements.
R	Human capital management: risks related to employee health, diversity, equal opportunities and talent development	The inability to attract, retain and secure talent in a changing environment and a lack of skills in and knowledge of new developments can have a negative impact on business efficiency.
R	Risks related to ethical and honest conduct and corruption	A lack of ethics or proven corruption at Fluxys Belgium and its value chain can have a negative impact on the company's commercial reputation and/or financial results.

Global geopolitics

Since the outbreak of war in Ukraine, various sanctions have been imposed against Russia and Belarus, as well as against Russian and Belarussian companies. In this context, Fluxys Belgium is not active on the Russian market and has no investments in Russian companies. Fluxys Belgium therefore sees no indications of impairment losses.

In its activities, Fluxys Belgium conducts business with Russian companies in accordance with European and national gas regulations and operates in full compliance with the sanctions regime.

Fluxys LNG is the company with the largest exposure to a Russian-controlled counterparty through long-term contracts. However, to date there have been no changes in regular flows or in payments.

A possible change in the sanctions regime and the possible termination of long-term contracts could lead

to a temporary reduction in Fluxys LNG's economic contribution to the Fluxys Belgium group. Any impacted capacity could be offered again to the market but there remains a risk that such capacity could only be partially resold. In this case, the regulatory framework for terminalling activity is such that the regularisation account provides a certain buffer for less revenue and there is a limited risk for Fluxys LNG of not achieving the pre-determined return.

Based on the current situation, Fluxys Belgium's net result is generally very limited in its exposure to declines in volume, given the regulated nature of its activities. Depending on how the war develops and on the duration and scope of the sanctions, Fluxys Belgium may temporarily face an adverse impact on cash income if, for example, customers default on payments for booked capacity.

Insurance

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

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

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

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

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

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

Legal and regulatory framework

Europe

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

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

Belgium

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

On 11 July 2023, a law on the **transmission of hydrogen by pipeline** was passed, which then entered into force on 4 August 2023. This Hydrogen Act sets out the procedure for **certifying and appointing a hydrogen transmission system operator**, which will be responsible for planning, developing and operating the future Belgian hydrogen transmission network featuring regulated and third-party access.

The Hydrogen Act:

- provides for the vertical unbundling of hydrogen transmission from the production and supply of hydrogen, natural gas, biogas, biomethane, other forms of synthetic methane and electricity;

In late 2021, the European Commission published its Proposal for a Directive of the European Parliament and of the Council on common rules for the internal markets in renewable and natural gases and in hydrogen, as well as its Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen. These texts are intended to replace respectively the 3rd Gas Directive and 2nd Gas Regulation by introducing a regulated framework for the European renewable gas and hydrogen market, similar to the existing framework for natural gas. An agreement between the Council and Parliament was reached on these texts in December 2023 and January 2024. It is expected that these texts will be finalised and adopted in the first half of 2024.

- guarantees non-discriminatory access to the hydrogen transmission system for all interested parties;
- sets out, among other things, the rules and procedures for the preparation of the grid development plan and the setting of regulated grid tariffs;
- designates CREG as the regulator for hydrogen transmission;
- establishes the procedure for granting hydrogen transmission permits;
- provides for exemptions for existing hydrogen networks; and
- mandates the hydrogen transmission system operator to establish quality standards for the transmission of hydrogen via the hydrogen transmission system, standards to be validated by the Minister for Energy, taking into account all relevant European standards, and after consulting the relevant stakeholders.

In late November 2023, Fluxys Hydrogen SA, a wholly owned subsidiary of Fluxys Belgium, submitted its application to be certified and appointed as hydrogen transmission system operator.

In January 2024, CREG launched a consultation on its draft decision that ended on 14 February 2024. In this draft decision, CREG notes, on the basis of the certification request submitted and the documents in the file, that Fluxys Hydrogen currently complies with the principles relating to the certification conditions set out in Article 10 of the Hydrogen Act and the tasks of the hydrogen transmission system operator referred to in Article 13 of this law.

The appointment of the hydrogen transmission system operator is expected in the first months of 2024.

Legislation

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

The third package of legislative measures, in particular the 3rd Gas Directive, was transposed into Belgian legislation (law of 8 January 2012 amending the Gas Act adopted on 21 January 2012):

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

New EU regulations adopted against the backdrop of the European energy crisis in 2022

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

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

All of these regulations are still applicable in 2024. .

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

Setting tariffs

General remarks

The decisions laying down the tariff methodology for the period 2024-2027 for the natural gas transmission system, the natural gas storage facility and the LNG facility were adopted by CREG on 30 June 2022. This methodology includes the rules which system operators must comply with when preparing, calculating and submitting tariffs and which the regulator itself will use for processing these tariff proposals.

The 2024-2027 tariff proposal for transmission services, submitted by Fluxys Belgium on 22 December 2022 and based on that methodology and the network code for tariffs (TAR-NC)¹, was amended and the amended version was approved by CREG on 6 April 2023. The approved tariffs are valid for a period of four years, subject to a revision due to the regulatory assets and liabilities not developing in the way forecast in the tariff proposal.

The 2024-2027 amended tariff proposal for storage services was approved by CREG on 21 December 2023. It includes a 20% tariff reduction.

The last updated tariff proposal for terminalling services was approved by CREG on 22 June 2023. This tariff proposal made it possible to introduce a new pricing approach for truck loading operations.

Agreement between Fluxys Belgium and CREG on fair margin

Fluxys Belgium and CREG reached an agreement in February 2024 to propose, through a public consultation to the market, a number of changes to the tariff methodology for the natural gas transmission grid, the natural gas storage facility and the LNG facility for the 2024-2027 regulatory period.

The tariff methodology, adopted in June 2022, provides for the use of a risk-free rate of 1.68% to calculate the margin for the four years of the 2024-2027 regulatory period. In the current context of high volatility of interest rates, an overall upward trend over the past two years and a particularly high inflation in 2022, a number of changes are urging themselves to ensure a fair return on the capital invested in the regulated assets for the network operators and to enable them to make the investments for the performance of their duties.

The public consultation on the changes to the tariff methodology will run from 14 March to 14 April 2024.

The impact of the proposed changes will be covered by the regularisation account. The tariffs set by CREG for the period 2024-2027 will therefore remain unchanged at this stage.

Principles

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

Operating costs

Operating costs are divided into:

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

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

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

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

Financial expenditure

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

Regulated return

The regulated return is the return on equity invested as authorised by the regulatory provisions governing the return on capital investment. This is calculated using

a remuneration rate applied to the average annual value of the regulated assets (average Regulatory Asset Base, or RAB). This RAB, based on the calculations under Belgian accounting standards, varies from year to year, taking into account new investments, decommissioning, authorised depreciation and changes in operating capital.

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

- For the part of the equity up to and including 40% of the RAB, the following applies:
average RAB in year n x S² x [(OLO n) + (β x risk premium)] x (1+α)

The remuneration rate (in %) as established by CREG for year n is equal to the sum of the risk-free interest rate (based on 10-year Belgian linear bonds (OLO)) and a premium for the risk of the shares market, weighted with the applicable beta factor. The reference financial ratio of 40% is applied to the average value of the Regulatory Asset Base (RAB) to calculate the reference equity.

The parameters for the tariff period 2020-2023 are as follows:

- OLO n = for year n, the risk-free interest rate of 2.4%, based on 10-year OLO;
- β (system operator risk vis-à-vis global market risk) = 0.65 for transmission; 0.78 for storage and terminalling;
- risk premium = 3.5%;
- α (illiquidity premium) = 20% for transmission, storage and terminalling.

- For the part of the equity that exceeds 40%, the following applies:
average RAB in year n x (S - 40%) x (OLO n + 70 basis points)

CREG encourages a ratio between equity and regulated asset base that is as close as possible to 40%. As a result, the part of the reference equity that exceeds 40% of the regulated asset base is remunerated at a lower rate: the risk-free interest rate, set at 2.4%, for the regulatory period 2020-2023, based on 10-year Belgian linear bonds (OLO) and a premium of 70 basis points.

The methodology also provides for a specific level of authorised margin for new facilities or extensions to facilities to promote security of supply, or for new facilities or extensions to storage or LNG facilities. The remuneration of the LNG facilities combines a RAB x WACC formula for the initial and replacement investments of the terminal

- Capped at 40%.

with an IRR (Internal Rate of Return) formula for extension investments undertaken since 2004. CREG establishes a maximum IRR per investment, which Fluxys LNG may not exceed to ensure the attractiveness and competitiveness of the LNG terminal.

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

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

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

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

Annual settlement

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

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

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

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

When devising the 2024-2027 tariff proposal, the natural gas transmission system operator identified the expected development in the adjustment account for the relevant regulatory period 2020-2023. This includes an expected decrease in the adjustment account towards zero by the end of 2027.

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

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

Code of Conduct

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

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

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

Compliance officer

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

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



herewego Our ESG performance



Our ESG compass: fluxtainable



Fluxtainable is our ESG compass. How do we ensure that we develop our activities sustainably in a long-term perspective for us and for all our stakeholders? Fluxtainable is also our dashboard for communicating transparently about the progress we are making in our sustainability performance.

What is our impact on the environment and society? And what financial impact do external factors have on our company? On this basis, together with our stakeholders, we identified the ten material ESG topics that form the core of our path towards sustainability. We group the ten material ESG topics into five key domains.



moving

accelerate the energy transition with multi-molecule infrastructure, today & tomorrow



green

become a net zero company and preserve the natural capital



safe

keep high safety standards, in an evolving business



people

encourage diversity, talent development and employee's engagement



responsible

conduct our business in a responsible way

Double materiality assessment

Introduction

Following up on our previous materiality assessment, which was carried out in 2020, Fluxys Belgium has thoroughly reviewed this process according to the concept of double materiality in line with the Corporate Sustainability Reporting Directive (CSRD).

The concept of double materiality involves considering two perspectives, namely inside-out and outside-in.

The Fluxys Sustainability Department, alongside the Internal Audit & Risk Department, took the lead when it came to this assessment. The Sustainability Department, the Risk Department, the business owners, the Management Team and the Board of Directors were all involved in this process.

- The Sustainability Department and the Risk Department developed the sustainability framework, held workshops, analysed the value chain and engaged with Fluxys' stakeholders.
- The business owners and executives identified and evaluated the impacts, risks and opportunities (IROs).
- The Management Team worked with the business owners to validate the workshop results as well as the results of the value chain analysis. The material topics were chosen on this basis.
- The Board of Directors validated the material topics chosen.

Methodology

Our double materiality assessment consisted of four phases [ESRS 2 IRO 1] with nine supporting steps.

The entire process took place between January and October 2023.



Step 1: Determine the CSRD perimeter (ESRS 1 §62-67)

The entities falling within the scope of CSRD reporting in 2024 for the 2023 financial year are Fluxys Belgium NV/SA, Fluxys LNG NV/SA and Flux RE NV/SA.

The assessment did not include Fluxys hydrogen NV/SA or Fluxys c-grid, as these entities had only been established in late 2023. In terms of materiality, these entities do not have to be considered yet.

Balansys NV/SA is part of Fluxys Belgium's value chain. This is in line with the scope of the financial statements.

Step 2: Understand our ESG context (ESRS 1 AR 9)

We investigated the environmental, social and governance (ESG) context in which Fluxys operates (i.e. regulatory environment, external factors, company policies, business practices).

Step 3: Identify and classify stakeholders (ESRS 1 §22-24 & AR 8)

Stakeholders are individuals or groups who can affect or be affected by Fluxys' decisions and actions.

The following stakeholders have been identified:

- Employees (social partners, senior management, association of executives)
- Directors
- Shareholders
- Financial institutions and investors
- Authorities and regulators
- Suppliers and contractors
- Customers and end users
- NGOs and affected communities
- Internal and external experts (e.g. from academia)

Step 4: Develop a stakeholder engagement plan (ESRS 1 §22-24, AR 8)

In early 2023, we drew up an engagement plan for each of the stakeholder groups identified. For each stakeholder group, the engagement plan determined the following:

- The selection of a representative stakeholder sample to engage with
- The selection of relevant ESG matters to engage on
- The engagement method. There were two types of stakeholder engagement:
 - *Direct* engagement through surveys, discussions and workshops
 - *Indirect* engagement through the collection of material ESG information from reports, benchmarks and/or websites

The following subjects have been discussed with stakeholders: working conditions - health and safety; employee engagement/motivation; diversity and inclusion: equal treatment and opportunities for all; training and skills development; ethics and integrity; climate change (energy transition and impact of emissions); human rights in the value chain; customer care; safe and reliable infrastructure; corporate culture; and ethics.

The expertise and knowledge of our stakeholders allowed us to refine and validate the list of material topics.

Step 5: Map the value chain¹ (ESRS 1 §39)

We mapped our value chain’s activities to flesh out our own materiality assessment. In this step, we expanded the materiality assessment to cover our entire value chain, meaning that it encompassed not only the impact of our own activities but also the potential impact of those in our value chain.

Each tier within the value chain, both upstream and downstream,² was analysed to identify important sectors and/or companies.

The mapping process was implemented as follows:

- Upstream level 2+: analysis of the key sectors that supply our suppliers, e.g. the plastics sector, the steel sector, electrical materials such as cables
- Upstream level 1: analysis of key suppliers representing the main categories in our Scope 3
- Level 0: analysis of peers

- Downstream level 1: analysis of key customers/ system users and end users and sector benchmark
- This involved material ESG information from reports, websites and publicly available materials.

This step allowed us to identify the potential material topics in our value chain.

Step 6: Identify impacts, risks and opportunities (IROs) (ESRS 2 DR IRO-1)

In this step, using existing business processes as a starting point, we identified actual and potential as well as negative and positive sustainability impacts applicable to our own activities over the short, medium and long term, covering all affected stakeholders.³ By means of an analysis conducted with the business owners and business experts, we compiled a long list of topics. Following frequent workshops, this resulted in a shortlist of key topics.

We also assigned an impact score for the long list of topics (see Step 7). For the shortlist, we also assessed the financial risks and opportunities.

Step 7: Conduct an impact materiality assessment (ESRS 2 DR IRO-1, §52(b))

To systematically assess impacts, we defined a scoring system with clear criteria for the impacts, risks and opportunities identified in Step 6.

Depending on the characteristics of the impact (i.e. positive/ negative, actual/potential), the materiality assessment is based on different components (ESRS EI §45-46).

Each impact is scored on a scale of 1 to 5 for each of the scoring components (i.e. scale, scope, irremediability and likelihood), depending on the defined criteria. For example, the set criteria for calculating the scope of an impact goes from 1 (local impact) to 5 (global impact).

The next step of the impact assessment involved defining the materiality threshold (ESRS 1 §36&42) for each impact, risk and opportunity. We decided to set the threshold to 3 as according to our internal scoring matrix, the impact becomes significant when scale, scope, irremediability and likelihood achieve this score (or higher) and so are considered material.

With regard to close calls (i.e. IROs falling just below or just above the threshold), we performed an additional review and analysis to ensure that these IROs were included or excluded accordingly.

Step 8: Conduct a financial materiality assessment (ESRS 2 DR IRO-1, §52(c))

For the shortlist of key topics, we also assessed the financial risks and opportunities. This assessment was based on our existing risk management system. See 'Our Risk Management', p. 54.

In line with the European Sustainability Reporting Standards (ESRS), Fluxys' existing risk management system considers the likelihood and potential scale of financial effects. Moreover, a threshold has been set above which a risk or opportunity is defined as financially material. We consider various scenarios that are likely to materialise and potential financial effects that may not already be reflected in the financial statements, including:

- potential situation that a future event may affect the cash flow generation potential;
- capitals that are not recognised as assets from accounting and financial reporting perspectives (e.g. natural, intellectual, social, relationship capitals);
- possible future events that may influence the evolution of such capitals.

Step 9: Consolidate the assessment results (ESRS 1 §21 and ESRS 2 IRO – 2 §59)

In this step, we consolidated and grouped the results of the materiality assessment. The final list of material topics was validated by the Management Team and the Board of Directors.

Our material topics

The entire assessment process and materiality list compiled under ESRS 1 AR 16 resulted in the following ten material topics:

1. Climate change: transporting the molecules for a carbon-neutral future⁴
2. Climate change: our own emissions
3. Build and operate safe and reliable infrastructure
4. Customer care
5. Employee safety
6. Employee engagement
7. Diversity and inclusion
8. Learning and talent development
9. Ethics, integrity and efforts to combat corruption
10. Biodiversity

Objectives

We have set objectives for each material topic. These objectives are measurable and we have outlined how they are to be monitored and reviewed, employing specific metrics. They possess a clear scope, emphasising outcome-driven results, and are defined with underlying assumptions. They are also time limited and science based (in the case of environmental objectives).

The process is auditable, requiring comprehensive documentation throughout.

These objectives are explained in detail in the following sections on our ESG performance.

1. By 'value chain', we mean all activities, resources and relationships the company uses to create its products or services from design to delivery, consumption and the end of service life.
2. The value chain encompasses actors upstream and downstream of the company. Actors upstream of the company supply products or services that are used in the development of the company's products or services (e.g. suppliers). Entities downstream receive products or services from the company (e.g. customers).
3. According to EFRAG standards.

4. Given the connection between the first two material topics, the reporting on 'Climate change: transporting the molecules for a carbon-neutral future' has been included in the 'Climate change' section.

Environment

Material topics linked to the environment:

- Climate change p. 73
 - Transporting the molecules for a carbon-neutral future p. 73
 - Reducing our own climate impact p. 73
 - Biodiversity p. 90
- EU taxonomy for sustainable economic activities p. 83

Climate change

Transition plan for climate change mitigation (ESRS E1-1)

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
			Potential	
Accelerate the energy transition with infrastructure able to transport various molecules, both now and in the future	Climate change mitigation and adaptation: transporting the molecules for a carbon-neutral future	Fluxys Belgium intends to be in Belgium an important partner in society's energy transition to a low-carbon economy, by means of innovative projects and major investments in: <ul style="list-style-type: none">the terminalling, transport and storage of low-carbon molecules (H2, biomethane, etc.);transport for the storage and reuse of CO2 and the terminalling of CO2.		Fluxys Belgium may fail to achieve its transition objectives. It may also face the financial risk of the markets for H2 and CO2 not developing at the same pace as the investments made.
ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
			Actual	
Become a net-zero company that preserves natural capital	Climate change mitigation: own emissions	Fluxys Belgium's activities generate greenhouse gases (CH4 and CO2), which exacerbate climate change.		Fluxys Belgium may run the financial and reputational risk of not achieving its greenhouse gas emission targets (CO2 and CH4).

Governance model for climate change management

For more information about Fluxys Belgium’s governance model for climate change management, see ‘Our structure and governance’, p. 48 and ‘Our risk management’, p. 54.

Transition plan for climate change mitigation (ESRS E1-1)

Fluxys Belgium's transition plan is based on the ESRS E1 requirements and sets science-based greenhouse gas (GHG) emission reduction targets to ensure that its business model and strategy are compatible with the transition to a climate-neutral economy and the aim of limiting global warming to 1.5 °C. The transition plan is also evaluated against the taxonomy (see ‘EU taxonomy for sustainable economic activities’, p. 83).

The product and service portfolio

Fluxys Belgium's strategy focuses on accelerating the energy transition and as such encompasses projects involving the transport of hydrogen and CO₂ (and biomethane), as discussed and decided at Board level (highest responsibility for climate-related issues). This strategy is compatible with a sustainable economy limiting global warming to 1.5 °C in line with the Paris Agreement and with the goal of achieving climate neutrality in 2050.

Thanks to the use of climate-related scenarios and output from its commercial process, Fluxys Belgium can propose a tangible infrastructure transition plan (see 'How we are helping to speed up the energy transition', p.21). Fluxys Belgium uses the results of its climate-related scenarios (the Distributed Energy and Global Ambition scenarios) as input for the carbon-neutral scenarios employed by ENTSO-E and ENTSG for the ten-year development planning of the gas and electricity systems in the EU. The scenarios picture different pathways to achieving carbon neutrality in the EU-27 in 2050 and cutting emissions by at least 55% in 2030.

- **Distributed Energy scenario:** this scenario seeks to achieve energy autonomy based on indigenous renewable energy sources. It translates into both a societal change in behaviour and a strong decentralised drive towards decarbonisation

through local initiatives by citizens, communities and businesses, supported by authorities. This would maximise renewable energy generation in Europe and lead to a significant drop in energy imports.

- **Global Ambition scenario:** this scenario is driven by a global approach towards the Paris Agreement targets. It translates into the development of a wide range of renewable and low-carbon technologies (many being centralised) and the use of the global energy trade as a tool to accelerate decarbonisation. Economies of scale lead to cost reductions in technologies such as offshore wind but imports of decarbonised energy from various sources are also considered a viable option.

Actions relating to the development of H₂/CO₂ transport (ESRS E1-3)

In 2023, Fluxys Belgium approved its indicative investment plan for the period 2024-2033. This plan incorporates decarbonisation projects and the gradual reconfiguration of our existing network into a carbon-neutral energy system.

Own emissions

Decarbonisation levers identified relating to own emissions.

Fluxys Belgium has set itself the target of reducing overall greenhouse gas emissions from its own operational activities to become net zero in 2050. This target includes Scope 1 and Scope 2 emissions, namely direct emissions linked to our own emissions and indirect emissions linked to the generation of the electricity we consume.

Specific sub-targets have been defined, i.e. cut GHG emissions by 67% at the end of 2030 and by 80% at the end of 2035 (compared to 2017 levels, which serves as the current benchmark year). These targets are compatible with a sustainable economy limiting global warming to 1.5 °C in line with the Paris Agreement and with the goal of climate neutrality in 2050.

To cut our emissions, we have launched the Go4^{Net0} programme, which is a rolling programme identifying additional measures required to achieve the target (see 'How we're reducing our own climate impact', p. 32). More information about the nature of the Scope 1 and 2 emissions is provided in the annex 'Methodology for calculating greenhouse gas emissions', p. 121.

Acting and investing to reduce our emissions (see ESRS E-3)

Scope 1

To define our Scope 1 reduction targets, we closely monitored direct CO₂ and CH₄ emissions linked to our activities and their possible evolution in the future. Based on that analysis, we identified the actions needed to reduce our greenhouse gas emissions, evaluated the reduction potential of those actions and devised a plan to align with the 1.5 °C scenario.

Initiatives launched in 2023 to cut our own emissions

In 2023, the following initiatives intended to cut our own emissions were rolled out:

- Three additional ORVs were built and put into operation at Zeebrugge LNG Terminal. Using the heat from seawater to regasify LNG significantly reduces energy consumption and hence CO₂ emissions at the facility.
- Initiative to replace gas engines with electrical engines at the storage facility in Loenhout.
- Research into and follow-up on technology to further reduce emissions currently considered as locked-in (see 'Locked-in emissions' below, p. 76).
- As part of our Go4Net0 programme, the MethER project focuses specifically on mitigating measures to reduce methane emissions linked to our own activities (see 'How we're reducing our own climate impact', p. 32).

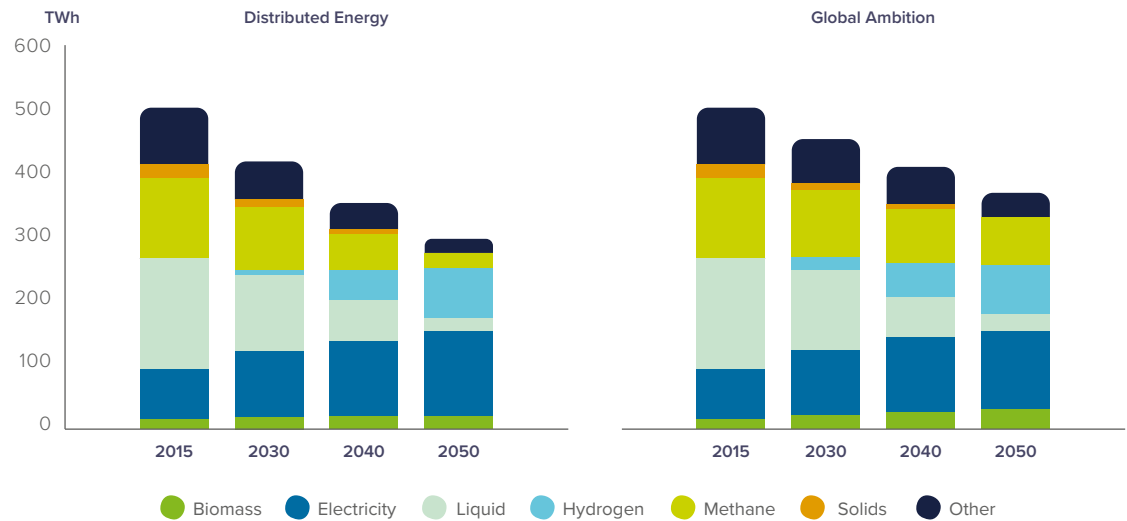


Figure: The results of the Distributed Energy and Global Ambition scenarios for Belgium show energy demand gradually shifting away from fossil fuels and being replaced by electricity, biomass and biomethane, synthetic methane, biofuels, hydrogen and hydrogen derivatives.

Investments to reduce our own emissions in the investment plan 2024-2033

Type of investment to reduce our own emissions	Amount in €m in indicative investment plan 2024-2033	Time horizon
Additional ORVs and other opportunities to further reduce LNG terminal CO ₂ emissions	125.0	2024 - 2027
Replacement of gas engines with electrical compressors at underground storage facility	50.1	2023 - 2026
Actions to reduce pneumatic emissions (MethER)	70.1	2018 - 2033
Recompression units at compressor stations	8.2	2021 - 2026
Interventions: mobile recompression and other equipment	8.4	2024 - 2025

Other actions to mitigate climate change

In addition to the above examples, other types of measures are also taken during the operation of our infrastructure in order to reduce the impact on our environment:

- As such, we have concluded operational agreements with neighbouring system operators in order to coordinate our actions and aim for the rational use of our networks (e.g. by starting up as few compressors as possible).

- Furthermore, we are constantly seeking to achieve maximum energy efficiency in our activities by taking maximum advantage of the operational flexibility of our pipelines and by optimally adjusting the configurations in our pressure-reducing stations.
- In recent years, various installations at the LNG terminal have been renovated and adapted to boost the energy efficiency of the infrastructure.

The need to offset some of our carbon emissions has yet to be assessed.

Type	Amount in €m in indicative investment plan 2024-2033	Time horizon
Other solutions - improving energy efficiency	29.1	2022-2031

Scope 2

In 2023, Fluxys Belgium contracted green electricity to cover the entirety of the electricity consumed by its activities. These contracts allow us to limit our Scope 2 emissions.

Scope 3

The detailed assessment of Scope 3 emissions linked to our activities is still underway.

Locked-in emissions

Our assessment identified the following locked-in Scope 1 emissions:

- CO₂ emissions from heating systems in our pressure-reducing stations
- CO₂ emissions from small devices such as emergency generators
- Unavoidable methane emissions as residual incompressible emissions during interventions such as emergency interventions, and some possible fugitive emissions identified during Leak Detection and Repair (LDAR) campaigns.

Based on this assessment, the financial impact of locked-in emissions is deemed to be below the materiality thresholds.

Policies and systems to manage risks and monitor material impacts of climate change (ESRS E1-2/3)

Assessment of physical climate risks

Risks	Value chain	Time horizon	Analysis	Measures
Physical climate risk - assets:				
In a >4 °C scenario, severe and more frequent hazards (storms, floods, rising sea levels, wildfires) could damage pipelines, installations and storage facilities, impacting safety, availability and costs.	Direct operations - downstream	Long term	Low ⁵	<ul style="list-style-type: none">Processes and construction standardsHSE policy and periodic auditsGeneral emergency plan and incident response

Policies and systems to monitor material impacts of physical climate risks (ESRS E1-3)

- Fluxys Belgium has continuous processes in place and uses construction standards to mitigate climate-related impacts on its assets.
- Our efforts to manage climate change risks stem from the Health, Safety and Environment (HSE) policy. The Environmental Management System provides the framework for managing, monitoring and improving measures. Internal and external audits are also carried out periodically. Moreover, this system includes environmental impact assessments listing possible preventive and mitigating measures to minimise impacts, a monitoring approach and a complaints management structure.
- Fluxys Belgium's general emergency plan is also part of the HSE policy and documents the overarching methodology for responding to incidents on its networks. Among other things, this plan also details the crisis organisation, sets out the most likely incident scenarios and provides guidance on the steps to be taken in the event of an incident. The members of the crisis team undergo specific training, and emergency drills are also regularly organised in order to ensure the team's responsiveness.

Description of the risk management process used to assess physical climate risks (ESRS E1-2)

Step 1: Identification

The exposure of our assets to physical climate risks is assessed through an impact analysis for each hazard identified.

Physical climate hazards were assessed to determine the physical risk posed to the pipelines, above-ground installations, the LNG terminal and other key activities of Fluxys Belgium.

Step 2: Assessment

The hazard frequency change and vulnerability were used to determine the impact score for each hazard assessed. Mitigation measures help Fluxys reduce its overall physical risks.

Step 3: Outcome of the risk assessment

According to Fluxys Belgium’s defined materiality threshold, none of the physical risks assessed were classified as material in the short (one year), medium (five years), long (ten years) or longer term (to 2050). Fluxys Belgium has implemented relevant mitigation actions that reduce the physical risk impact scores to below the materiality threshold.

Quantification of material physical risks is required (in terms of monetary value and as a percentage (%) of total assets as at the reporting date) within three years of reporting. Since Fluxys Belgium has not identified any physical risks as material, quantification is not required.

5. Quantification of material climate-related risks is required to address the material climate-related impacts, risks and opportunities. Since Fluxys Belgium has not identified the energy consumption of its own activities or physical climate hazards as potentially having a material impact, quantification is not required.

Insight into the process used to identify and assess physical climate-related risks for Fluxys Belgium and its value chain

Scenarios and sources used for the physical risk assessment

- The high emissions scenario used in this analysis is the SSP5-8.5⁶ from the IPCC AR6.⁷ This scenario is consistent with a future in which there have been no policy changes to reduce emissions and is characterised by increasing greenhouse gas emissions that lead to extreme changes in global weather patterns. Where information was unavailable, this scenario was used in conjunction with the corresponding RCP 8.5⁸ high emissions scenario.
- Physical climate risks were identified for the various timeframes assessed using hazards, vulnerability and expert insights as input for the climate-related scenario analysis conducted for Fluxys Belgium.

Physical climate hazards assessed

- The hazards assessed are the most common climate hazards considered globally, namely:
 - Floods
 - Convective storms/tropical cyclones
 - Wildfires
 - Rising sea levels
 - Heatwaves
 - Drought
- Those hazards have been analysed in terms of their impact on the safety of employees and residents living in the vicinity of gas infrastructure, on the availability of the infrastructure, and in terms of financial impact.
- This analysis was conducted for different types of assets: (underground) pipelines, installations (such as pressure-reducing stations or compressor stations) and the LNG terminal in Zeebrugge.

Scenario timeframe considered

Varying scenario timeframes (2030, 2050 and 2100) were used to assess the change in climate hazards in the scenario analysis.

Climate-related transition risks and opportunities

Risks	Value chain	Time horizon	Analysis	Measures
Transition – market				
the role of natural gas in the future energy mix - drop in demand for natural gas could lead to some Fluxys infrastructure no longer being used, loss of revenues	Downstream	Long term	High	• Development of new activities to accelerate the energy transition (see also the ten-year transition and investment plan)
Transition – Technology				
difference in timing between capital investments needed in new molecules vs a market that is not yet generating revenues	Direct operations Downstream	Long term	Medium high	• Investment plan for the development of a hydrogen network and a CO ₂ network
Transition – GHG emissions				
Non-respect des objectifs en matière d'émissions	Direct operations	Long term	Medium high	• Go4Net0 programme to achieve the reduction targets
Climate change – Energy consumption				
Les activités de Fluxys pourraient nécessiter une plus grande consommation d'énergie	Direct operations	Medium term	Low ⁹	• Use of technology to boost energy efficiency

Opportunities	Value chain	Time horizon	Analysis	Measures
Transition – H ₂ market				
Revenues from transmission, terminalling and storage of hydrogen	Downstream	Long terme	High	• Objectives and commitment regarding the transport of new molecules • Investment plan
Transition – Carbon market				
Revenues from transmission and terminalling of CO ₂	Downstream	Long terme	Medium high	• Objectives and commitment regarding the transport of new molecules • Investment plan
Transition – Biomethane market				
Revenues from biomethane transmission	Downstream	Medium term	Medium low	• Objectives and commitment regarding the transport of new molecules • Investment plan

6. Shared Socioeconomic Pathway.
7. Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change.
8. Representative Concentration Pathway.

9. Quantification of material climate-related risks is required to address the material climate-related impacts, risks and opportunities. Since Fluxys Belgium has not identified the energy consumption of its own activities or physical climate hazards as potentially having a material impact, quantification is not required.

Policies and systems to monitor material impacts of physical climate risks (ESRS E1-3)

- Actions relating to the development of H₂/CO₂ transport, see p. 74.
- Actions relating to the reduction of our emissions, see p. 75.

Description of the risk management process used to assess transition risks and opportunities (ESRS E1-2)

Step 1: Identification

Fluxys Belgium identified key climate transition risks and opportunities by looking at:

- key changes to the gas transport sector (e.g. technological changes or upcoming regulations, the region (Belgium), society's energy consumption and demand, and the impact of geopolitical events);
- the key mechanisms and driving forces taken into consideration (e.g. goal of carbon neutrality by 2050, policies (e.g. EU Emissions Trading System (ETS)), and market interests, e.g. growth of the H₂ and CO₂ market);
- Fluxys Belgium's existing strategy;
- Fluxys Belgium's entire value chain (supply chain, own activities and downstream market).

Step 2: Assessment

With the aid of internal experts, the various transition risks and opportunities have been analysed to determine their financial impact on Fluxys. Mitigation measures help Fluxys reduce these risks.

Step 3: Outcome of the risk and opportunities assessment

Of the key transition risks and opportunities impacting Fluxys Belgium identified through the scenario analysis, three out of four risks are considered material in the long and longer term. All risks and opportunities identified were also analysed and quantified, taking into account existing and planned mitigation measures.

Insight into the process used to identify and assess physical climate transition risks and opportunities

Scenarios and sources used for the assessment

- The climate scenario in line with limiting global warming to 1.5 °C is the Net Zero Emissions (NZE) by 2050 scenario.
- For the purposes of Fluxys Belgium's assessment of transition risks and opportunities, three key information sources were used, namely the IEA,¹⁰ ENT-SOG's¹¹ TYNDP 2022 and Fluxys' Energy Outlook 2030 and 2050. These sources were supplemented by additional research documents when required (e.g. latest IPCC study, published in April 2022).
- The climate-related scenario analysis, alongside expert insight, aided the assessment of the risks and opportunities identified for Fluxys Belgium.

Transition events analysed

The transition risks and opportunities were analysed throughout the value chain using the transition risk categories from the TCFD,¹² namely:

- Regulation
- Market
- Technology

Scenario timeframe considered

- Varying timeframes (2030, 2050 and 2100) were used to assess the change in transition events in the scenario analysis.
- Extrapolation was used to analyse the impact in the short (one year) and long term (ten years) for integration into Fluxys Belgium's ERM matrix and processes.

Targets¹³ related to climate change mitigation and adaptation (ESRS E1-4)

Commitments	Objectives
Reduce our greenhouse gas emissions to bring us into line with the scenario compatible with limiting global warming to 1.5 °C	<p>Cut our Scope 1 and 2 emissions (compared to 2017 levels):</p> <ul style="list-style-type: none">• By 50% at the end of 2025• By 67% at the end of 2030• By 80% at the end of 2035• Net zero in 2050 <p>The targets are based on the use profile of Zeebrugge LNG Terminal in 2022 and the theoretical reduction in CO₂ emissions at the facility through the use of ORVs using heat from seawater.</p> <p>Fluxys has no EU ETS objective.</p> <p>Scope 3: The Science Based Targets initiative (SBTi) sector-guidance standard for the oil and gas sector is currently under development. Fluxys Belgium is waiting for the publication of the standard to align its Scope 3 targets with sector trends.</p>
Be the essential infrastructure partner to accelerate the energy transition	From 2024 onwards, in addition to our specific H ₂ and CO ₂ projects, 90% of the total length of our major new CH ₄ pipeline projects will be designed and built to transport low-carbon gas and CO ₂ .

Commitment 1: Reduce our greenhouse gas emissions to bring us into line with the scenario compatible with limiting global warming to 1.5 °C

The target and decarbonisation levers are explained in 'Transition plan (E1-1)', p. 75.

Commitment 2: Be the essential infrastructure partner to accelerate the energy transition

Gas transmission is one of Fluxys Belgium's key activities. While Fluxys currently transports natural gas (mainly methane), we are preparing to transport molecules that support a carbon-neutral future, such as hydrogen and CO₂ in gaseous form.

Our network must be ready to transport these low-carbon molecules as well as CO₂. As such, we have set ourselves the target that, from 2024 onwards, 90% of the total length of our major new CH₄ pipeline construction projects (i.e. projects spanning at least 5 km in total) will be designed and built to transport not only natural gas but also low-carbon gases, such as hydrogen, or CO₂.

Pipelines capable of accommodating different molecules not only mitigate the future risk of unused pipelines but also support the decarbonisation of the world around us.

Such pipelines are designed based on appropriate specifications (e.g. steel of a certain quality, specific pipe thicknesses) and are built using suitable methods (e.g. specific welding processes).

Alongside new infrastructure, existing infrastructure will also be used to transport these new molecules in the future, with some modifications made where necessary.

In 2023, work began on the 44-km-long link between Desteldonk and Opwijk, with this pipeline having a diameter of 1,000 mm. The section linking Desteldonk to Zele has already been commissioned, while commissioning of the remaining section linking Zele and Opwijk is scheduled for mid-2024. This is the first pipeline laid by Fluxys that has been designed to transport hydrogen.

The second project rolled out in 2023 links Fexhe to Les Awirs, spanning a distance of 10 km. This is intended to connect Les Awirs power station. The procedures followed during the construction of this pipeline will ultimately make it possible to supply the power plant with hydrogen. The project began in August 2023, with a view to connecting Les Awirs power station during 2024.

10. International Energy Agency.
11. European Network of Transmission System Operators for Gas.
12. Task Force on Climate-related Financial Disclosures.

13. The undertaking may omit the information prescribed by ESRS E1-9 for the first year in which it prepares its sustainability statement.



More broadly and beyond investments made in new pipelines, the taxonomy indicators provide an overview of investments, operational expenses and green revenues:

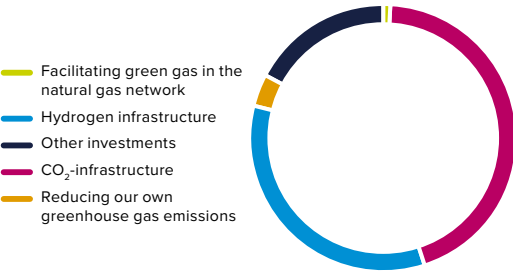
KPIs	Unit	2023	
ESRS indicators			
Energy consumption mix (DR E1-5)			
Total energy consumption linked to our own activities	MWh	1,416,017.47	
Total energy consumption from fossil fuels	MWh	1,193,235.25	
Total energy consumption from nuclear power	MWh	0	
Percentage of nuclear energy consumption in total energy consumption	%	0	
Total energy consumption from renewable sources	MWh	222,782.22	
Consumption of renewable fuels	MWh	0	
Consumption of electricity, heat, steam and cooling purchased or acquired (renewable sources)	MWh	222.767,00	
Consumption of self-generated renewable energy without fuel	MWh	15.22	
Percentage of renewable sources in total energy consumption	%	16	
Consumption of fuel from coal and coal products	MWh	0	
Consumption of fuel from crude oil and petroleum products	MWh	10,132.01	
Consumption of fuel from natural gas	MWh	1,182,975.13	
Consumption of fuel from other fossil fuel sources	MWh	0	
Consumption of electricity, heat, steam or cooling purchased or acquired (fossil sources)	MWh	128.11	
Percentage of fossil sources in total energy consumption	%	84	
Non-renewable energy generation	MWh	37.19	
Renewable energy generation	MWh	15,22	
Gross scope 1, 2, 3 emissions and total greenhouse gas emissions (DR E1-6)		2023	2017
Total GHG emissions (market based)	tCO ₂ e	502,592.71	250,414
Gross GHG emissions - Scope 1	tCO ₂ e	286,911.77	234,259
% of Scope 1 emissions from regulated ETs	%	68	20
Gross GHG emissions - Scope 2 (location based)	tCO ₂ e	28,954.08	16,155
Gross GHG emissions - Scope 2 (market based)	tCO ₂ e	16.52	16,155
Gross GHG emissions - Scope 3 ¹⁴	tCO ₂ e	215,664.30	N/A
Intensity of GHG emissions based on net revenue	tCO ₂ e/M€	608.6	N/A
Internal carbon pricing (ESRS E1-8) ¹⁵		2023	
Internal carbon pricing: carbon price per tonne of CO ₂ emissions	€	116.37	
Accelerate the energy transition with multi-molecule infrastructure, today and tomorrow			
% of the total length of our major new CH ₄ pipeline projects designed and built to transport low-carbon gas or CO ₂	%	100	
EU taxonomy (DR E1-3):		2023	2022
Sustainable OPEX (aligned with the taxonomy)	%	16.26	5.91
Sustainable CAPEX (aligned with the taxonomy)	%	31.01	15.05
Sustainable turnover (aligned with the taxonomy)	%	0	0

EU taxonomy for sustainable economic activities

Over 80% of the investment plan focused on sustainable economic activities

In 2023, Fluxys Belgium approved its indicative investment plan for the period 2024-2033. In total, the programme represents investments worth €5.9 billion. Estimated investments in the development of hydrogen and CO₂ infrastructure, the reduction of our own greenhouse gas emissions and other investments in sustainable economic activities account for over 80% of this amount.

Context of the EU taxonomy for sustainable economic activities



The European Commission has rolled out a sustainable finance action plan. According to this regulation or 'taxonomy', companies like Fluxys Belgium must specify which of their activities are environmentally sustainable.

From 2023 onwards, companies must indicate what proportion of their activities contribute to the Commission's six environmental objectives, namely:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems;
- transition to a circular economy.

Only economic activities related to the climate change mitigation objective are relevant for Fluxys Belgium.

The economic activities selected in this way must not significantly harm (DNSH) the other objectives mentioned above, i.e. climate change adaptation, protection of water resources, prevention of pollution, protection of biodiversity and ecosystems. The circular economy criteria do not apply to our activities.

Economic activities making a significant contribution to climate change mitigation

For the 2023 financial year, Fluxys Belgium examined its economic activities and assessed whether they could be eligible under the EU taxonomy and also sustainable (aligned), in accordance with Annexes I and II of the Delegated Regulation on Climate.

As such, Fluxys Belgium has identified the following economic activities as being **eligible activities**:

- 4.14) Transmission and distribution systems for renewable and low-carbon gases

This category of eligible economic activity includes the following Fluxys activities:

- The construction and operation of facilities able to transport hydrogen and other renewable and low-carbon gases
- The modification of the transmission system to allow the transport of hydrogen and other renewable and low-carbon gases
- Research, development and innovation activities relating to the construction and operation of pipelines used to transport renewable and low-carbon gases
- Environmentally sustainable activities (aligned):

Environmentally **sustainable activities (aligned)**:

- **Technical screening criteria** – The economic activity complies with the technical screening criteria because, in connection with these activities, we take the necessary measures to transform the existing network, turn it into a network able to transport renewable and low-carbon gases, as well as detect and repair methane leaks and cut greenhouse gas emissions. We consider the activities related to the greening of our current operations to be an essential part of the economic activity in question.

14. The detailed analysis of scope 3 emissions related to our operations is ongoing.
15. Fluxys Belgium uses a 'shadow' internal carbon price, which is determined based on the allowance prices under the Emissions Trading System (ETS). The main aims of introducing an internal carbon price are (1) drive low-carbon investments and (2) identify and seize low-carbon opportunities. The internal carbon price is reviewed on a quarterly basis.

• **Do no significant harm (DNSH)** – The economic activity was also assessed to ensure that it does not significantly harm the following four objectives: climate change adaptation, sustainable use of water, pollution prevention, and protection of biodiversity. The circular economy criteria do not apply to our activities. To this end, we drew on the various environmental risk assessments that already exist within the company.

• **Minimum guarantees** – With a series of company-internal control mechanisms, Fluxys Belgium ensures that appropriate limitations are placed on risks related to corruption, non-respect for human rights, unfair competition and tax fraud. In 2023, Fluxys Belgium was not prosecuted or convicted for any of these offences.

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

Turnover

In 2023, no revenue was generated from the sale of transmission capacity for renewable or low-carbon gases.

				Substantial contribution criteria		DNSH criteria ('Does not significantly harm')														
Economic Activities	Code(s)	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Turnover, year N	Taxonomy-aligned proportion of Turnover, year N-1	Category (enabling activity or)	Category (transitional activity)			
		m€	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T			
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transmission and distribution networks for renewable and low-carbon gases	4.14	0 m€	0%	0%	Y/N	Y/N	Y		Y	N/A	Y	Y	Y	0%	N/A	N/A	N/A			
Turnover of environmentally sustainable activities (A.1)		0 m€	0%	0%	Y/N	Y/N								0%	N/A	N/A	N/A			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%																	
Total (A.1 + A.2)		0 m€	0%															0%		
B. Taxonomy non-eligible activities																				
Turnover of Taxonomy-non-eligible activities (B)		593 m€	100%																	
TOTAL (A + B)		593 m€	100%																	

Capital expenditure

Capital expenditure covers investments, mainly in connection with the Go4^{Net}0 project to reduce our company's climate impact.

				Substantial contribution criteria		DNSH criteria ('Does not significantly harm')											
Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity or)	Category (transitional activity)
		m€	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T
A. Taxonomy-eligible activities																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
Transmission and distribution networks for renewable and low-carbon gases	4.14	58,1 m€	31,01%	100%	N/A	N/A	Y		Y	N/A	Y	Y	Y	31,01%	5,91%	N/A	N/A
CapEx of environmentally sustainable activities (A.1)		58,1 m€	31,01%	100%	N/A	N/A								31,01%	5,91%	N/A	N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
CapEx of taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%														
Total (A.1 + A.2)		58,1 m€	31,01%														
B. Taxonomy non-eligible activities																	
CapEx of Taxonomy-non-eligible activities (B)		129,37 m€	68,99%														
TOTAL (A + B)		187,47 m€	100%														

Operating expenses

- We work with industrial partners, academic institutions and public authorities on projects linked to the transport of renewable or low-carbon molecules, as well as on the Go4Net0 project to reduce our company's impact on the climate.
- As such, our operating expenses include staff costs relating to the performance of maintenance and leak detection and repairs, including pipeline pigging, special helicopter flights, and the costs of specific studies into the transport of renewable or low-carbon molecules.

				Substantial contribution criteria		DNSH criteria (‘Does not significantly harm’)													
Economic Activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year N	Taxonomy-aligned proportion of OpEx, year N-1	Category (enabling activity or)	Category (transitional activity)		
		m€	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T		
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution networks for renewable and low-carbon gases	4.14	8,8 m€	16,26%	100%	N/A	N/A	Y		Y	N/A	Y	Y	Y	16,26%	15,05%	N/A	N/A		
OpEx of environmentally sustainable activities (A.1)		8,8 m€	16,26%	100%	N/A	N/A								16,26%	15,05%	N/A	N/A		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of taxonomy-eligible but not environmentally sustainable activities (A.2)		0 m€	0%																
Total (A.1 + A.2)		8,8 m€	16,26%													16,26%	15,05%		
B. Taxonomy non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		45,6 m€	83,74%																
TOTAL (A + B)		54,4 m€	100%																

Biodiversity

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Negative	Actual	
Become a net-zero company that preserves natural capital (E)	Biodiversity	Our activities have a direct impact on local ecosystems, which can affect biodiversity (e.g. through temporary disruptions during works or during operation through noise pollution, NOx emissions). The sector in which Fluxys operates also runs the risk of impacting biodiversity throughout our value chain (e.g. in the production of steel for our pipelines).		Some of Fluxys Belgium's activities may harm ecosystems and biodiversity. This could lead to financial risks (i.e. fines) and reputational risks.
		Measures		
		Policies		
		• Fluxys' Health, Safety and Environment Policy		
		Actions		
		• Environmental management system • Environmental studies and monitoring • Internal and external audits • Measures to prevent and mitigate negative impacts • Reducing noise pollution • Handling environmental complaints		

Policies (ESRS E4-2)

Fluxys' Health, Safety and Environment Policy

By biodiversity, we mean respect for the local ecosystems on which we have an impact.

Health, safety and the environment (HSE) is a responsibility and commitment for both Fluxys and its employees. Fluxys is committed to the environment by responding to the need for infrastructure to transport the energy of the future, investing in cutting our greenhouse gas emissions and improving our ecological footprint.

Actions (ESRS E4-3)

Environmental management system

Fluxys Belgium's Environmental Management System provides the framework for management, monitoring and improvement measures for environmental coordinators. Environmental coordinators advise on and recommend ways to minimise the impact of Fluxys' activities on ecosystems and on the environment in general.

Environmental studies and monitoring

During the design phase, Fluxys Belgium takes care to limit the impact on the environment and neighbouring area during the construction and operation of new facilities, in particular with the help of environmental studies.

The impact on the environment and local ecosystems is assessed each time an application is submitted for

a permit to build or operate a new facility, or when an environmental permit is renewed. These environmental studies gauge a project's potential impact in various areas, including air, water and soil pollution, ambient noise, the production of waste, spatial integration, mobility, and the impact on biodiversity.

Alongside these studies, we continuously monitor greenhouse gases and atmospheric emissions (see 'Climate change: our own emissions', p. 81). Noise levels as well as any air, soil and wastewater pollution are also monitored through a range of measurements and analyses.

Internal and external audits

Internal audits of the application of the HSE policy are carried out periodically by the Internal Audit team and the Technical Compliance Department.

The two Seveso facilities (the Loenhout gas storage facility and Zeebrugge LNG Terminal) are required by law to undergo an environmental audit every three years. The environmental audit is externally validated and submitted to the competent authorities. The most recent audit was conducted in December 2022.

Measures to prevent and mitigate negative impacts

Fluxys Belgium takes great care to ensure the conservation of ecosystems in those areas where its infrastructure is built and/or operated. Environmental impact assessments gauge our infrastructure's impact on ecosystems (see above, p. 77). Preventive or mitigating measures are taken where possible.

When laying new pipelines, Fluxys Belgium always takes care to ensure that work causes as little disruption to the environment as possible, for instance:

- In certain circumstances, the routes of new pipelines are revised to minimise disruption to certain ecosystems and protected areas.
- In certain situations, directional drilling is used to cross nature reserves in order to protect these areas.
- The topsoil excavated during construction can be sown to preserve it. In some cases, the topsoil is enriched with organic fertilisers to maintain its fertility once it has been restored.
- Preventive measures can be taken to avoid the spread of undesirable species on site.
- Work sites are sized and planned according to the natural resources to be preserved (e.g. specific standalone trees, specific nesting period).

We also ensure that nature is allowed to recover after construction. We invest in nature compensation measures involving local species. In some cases, we go further than the legal requirements in force in Belgium's various regions.

When it comes to compensation for deforestation carried out in connection with the construction of new pipelines, we naturally comply with the legal requirements and we go beyond these requirements in the case of backbones (main pipelines). In 2023, for example, as part of the Zeebrugge-Opwijk construction project (a multi-purpose backbone spanning almost 100 km), afforestation initiatives were implemented, going beyond that legally required, over a total area of 6.5 ha.

Fluxys does not use offsetting as a means of compensating for the negative impact of its activities on biodiversity.

Reducing noise pollution

Fluxys Belgium uses a range of techniques to limit the noise generated by its pressure-reducing stations, compressor stations and other facilities. When building new infrastructure, a lot of attention is paid to potential noise pollution from the design phase onwards.

Handling environmental complaints

Environmental complaints from external parties are monitored and result in improvement measures. In 2023, local residents submitted eight environmental complaints to Fluxys directly. Complainants predominantly contacted us to express dissatisfaction about noise. All the complaints have been resolved.

Commitments and objectives (ESRS E4-4)

Commitments	Objectives
At Fluxys, we preserve natural capital.	Implementation of an action plan to preserve and foster biodiversity <ul style="list-style-type: none">• By 2026, for every kilometre of backbone laid, Fluxys Belgium will plant 500 m² of vegetation in addition to the legal compensation provided for in cases of deforestation and felling.• By 2028, Fluxys will implement an action plan to foster biodiversity at a number of these sites.

Fluxys has two main areas of activity: building infrastructure such as pipelines and operating our Fluxys sites. Our biodiversity objectives are in line with these two activities::

1. The construction of pipelines temporarily impacts biodiversity, more specifically owing to the deforestation and felling carried out in the construction zones. We are legally required to introduce mechanisms to compensate for this deforestation. Fluxys has set itself the target of going beyond these legal requirements by ensuring, by 2026, the planting of an additional **500 m² of vegetation** per kilometre of pipeline built in connection with our backbone strategy. To support us in this endeavour, we are partnering with experts in the field.

2. Our second objective is to roll out an **action plan to foster biodiversity at some of our sites**. To this end, we will be conducting a biodiversity audit of some of our sites, to be conducted by an external ecological expert, and taking appropriate steps based on this expert's recommendations. Pending this audit, the first actions have been identified and will be implemented within this framework: converting certain areas of our compressor and storage stations into flower fields (one field of flowers per year) and pruning hedges outside the nesting period from 2024 onwards according to current contracts with our suppliers. Some flower fields have already been sown and are being maintained at the Weelde and Winksele sites.

An in-depth biodiversity assessment on and around the above-ground facilities at the Loenhout gas storage site was carried out in 2022. Taking this as a basis, initiatives will be launched to foster biodiversity in the vicinity of these facilities, such as modifying the pools for amphibians and placing nest boxes in the bushes around the station.

Performance indicators (ESRS E4-5, E4-6)

KPI	Unit	2023	2022
# m² of 'voluntarily' planted vegetation linked to the number of kilometres of backbone built	#m²	30.000	New
# m² of area compensated for in kind owing to deforestation related to the number of kilometres of backbone built	#m²	8.540	New
# of compressor stations where certain areas have been converted into fields of flowers	#	1	New

Social

→ Performance indicators regarding the company's own workforce p.95

→ Material topics linked to social factors

Build and operate safe and reliable infrastructure p.96

Employee safety p.101

Diversity and inclusion p.104

Employee engagement p.106

Learning and talent development p.111

Performance indicators regarding the company's own workforce (ESRS S1-6, S1-9, S1-16, ESRS 2 DR GOV-1)

KPIs	Unit	2023	2022
ESRS indicators:			
Total number of employees	#	942	909
Total number of men		780	756
Total number of women		162	153
Permanent employees	#	926	894
Permanent employees: men	#	775	New
Permanent employees: women	#	151	New
Temporary employees	#	16	15
Temporary employees: men	#	5	New
Temporary employees: women	#	11	New
Total number of employees who left the company during the reporting period	#	60	62
Number of executive employees	#	4	New
Number of non-executive employees	#	12	New
Members of the Board of Directors: men	#	13	New
Members of the Board of Directors: women	#	8	New
Gender diversity ratio on the Board of Directors	%	38	New

The figures are based on the active workforce of Fluxys Belgium and Fluxys LNG. Non-active employees, such as those absent due to long-term illness, are not included in the figures. Unless otherwise indicated, the

figures refer to the number of people and not to FTEs. Furthermore, the figures represent the situation as at 31 December 2023.

Safe and reliable infrastructure (entity specific)

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Positive	Actual	
Accelerate the energy transition with infrastructure able to transport various molecules, both now and in the future	Build safe and reliable infrastructure	Fluxys provides its customers with safe and reliable access to molecules via our infrastructure in order to ensure the security of the energy supply to distribution systems, industrial customers and power stations.		Industrial incidents and certain cyber incidents can damage Fluxys Belgium's infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss.
		Measures		
		Policies		
		<ul style="list-style-type: none">HSE policyProcedure for communicating with local residents and neighbouring companies		
		Actions		
		<ul style="list-style-type: none">Preventive measures in the design, construction, operation and end-of-life of infrastructureAudited Safety Management SystemThorough maintenance and inspectionEmergency plan and procedureHealth and safety trainingCyber security and ICT systemsActions to ensure good neighbourly relations		

Policies (DR S1-1)

HSE policy

The Health, Safety and Environment (HSE) policy focuses on the safety of employees, residents and anyone else in the vicinity of our infrastructure. We pledge to our stakeholders that we will act in a safe, reliable and sustainable manner.

Fluxys invests in numerous measures, procedures and actions to prevent incidents and accidents. Our contractors are also bound by this policy and must live up to our commitment to making safety our top priority.

We adopt active risk management through an audited Safety Management System (SMS).

All incidents or near-incidents are investigated thoroughly and action is taken immediately to prevent such incidents from recurring.

Procedure for communicating with local residents and neighbouring companies

Fluxys has an information and awareness-raising policy aimed at organising communication from Fluxys to local residents about Fluxys infrastructure and infrastructure projects and to a wide range of target groups about the obligation to report third-party works near Fluxys infrastructure (see 'Actions to ensure good neighbourly relations, p. 98).

Actions (ESRS S1-4)

Preventive measures in the design, construction, operation and end-of-life of infrastructure

Preventive measures such as risk assessments and monitoring of standards are incorporated from the design phase onwards.

Fluxys uses only qualified and certified contractors in its construction projects. Moreover, the company's entities involved in construction projects are Safety, Health and Environment Checklist for Contractors (SCC) certified.

Prior to commissioning, a series of tests is carried out under the supervision of an approved inspection body. The condition of the pipes is then checked regularly as part of an inspection programme. The pipelines are also fitted with coatings and a cathodic protection system to prevent corrosion.

Any infrastructure that will no longer have a transmission function in the future is safely taken out of service.

Audited Safety Management System

Fluxys has a planned, structural approach to safety, the environment and prevention, using a Safety Management System to ensure the longevity and reliability of its infrastructure, including a Pipeline Integrity Management System (PIMS).

The Safety Management System is continuously updated to take account of the latest developments and is also subject to periodic internal and external audits.

The Safety Management System for storage and LNG terminalling activities is covered by the Seveso legislation. The Federal Public Service Employment, Labour and Social Dialogue conducts specific inspections at both Seveso sites in conjunction with the Flemish government's Environment Department.

Within the Safety Management System, risk assessments are the instrument used to identify and assess the safety aspects pertaining to the integrity of the infrastructure and to define the safety-critical controls.

The Safety Management System also integrates in-house training aspects relating to maintenance, prevention of damage and work by third parties and the raising of awareness among stakeholders such as municipalities, the fire brigade, landowners, architects, contractors and excavator operators.

Thorough maintenance and inspection

Patrols (by car, helicopter or on foot) follow the route of the pipelines to detect any anomalies. During our patrols, we also make sure that there are no unreported works near our pipelines in Belgium. With regard to reported works, the patrols ensure that the planned safety instructions are being followed.

In order to detect such works preventively, our main pipelines are equipped with an acoustic detection system.

Maintenance programmes specific to each type of facility ensure that infrastructure remains safe and reliable throughout its life cycle. All maintenance activities are carried out by competent internal or external staff. Where possible, pipelines are periodically inspected internally.

Emergency plans and procedures

With a view to limiting the impact of incidents, Fluxys has a crisis team and emergency plans and procedures for both its operational and ICT activities. Central Dispatching also plays a coordinating role should an incident be reported.

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

Fluxys' general emergency plan documents the overall methodology for responding to incidents. In addition, there are specific emergency plans that define the crisis response for different sites and operating risks.

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

The emergency plan is part of Fluxys' Safety Management System (SMS). The members of this crisis team undergo specific training. We also organise regular emergency drills to ensure that our organisation is responsive.

Health and safety training

Training for excavator operators

Specific training courses have been developed for all excavator operators to make them aware of the preventive measures to be adopted when working near our facilities.

Employee training courses

Training and awareness-raising campaigns are also organised for employees with a view to preventing incidents (see 'Employee safety', p. 101).

Cyber security and ICT systems

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

Cyber security programme

Fluxys uses an Information Security Management System (ISMS) to take care of structured cyber-security management.

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

NIS certification

In 2023, Fluxys obtained ISO 27001 certification to comply with the Network and Information Systems (NIS) legislation. This certification confirms our unwavering commitment to securing our data, embodying a promise of trust and excellence in information risk management.

Back-up facilities

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

Cyber threats

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

Operational monitoring and continuity

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

Training and awareness raising

Fluxys also focuses on training and awareness raising. In 2023, we carried out several phishing exercises (including phishing via text). We also organised training courses on cyber hygiene (including digital footprint) and industrial process security.

Actions to ensure good neighbourly relations

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

Through open and ongoing dialogue, we work alongside and listen to local residents and operators in the vicinity of our infrastructure, and we intend to be good neighbours to all those affected by the construction and operation of our facilities. The company also ensures that the construction and operation of its infrastructure cause minimal disruption.

Designated, permanent point of contact

Owners and operators of land have a designated point of contact at Fluxys, right from a project's preliminary phase through to the restoration of a site following the laying of a pipeline or other works. This allows them to consult with someone familiar with their concerns and the features of their land from the outset. These points of contact are members of a dedicated, specific team specially tasked with understanding the interests of landowners and operators and defending these in their dealings with Fluxys.

Infrastructure construction projects

Transparent communication and community involvement from the outset

In the case of new infrastructure projects, from the planning phase onwards Fluxys aims to transparently provide information to and communicate with the relevant authorities, municipal bodies, local residents and other parties involved about our intentions in terms of timing and impact.

Information sessions

In the case of infrastructure projects on a larger scale, we suggest to municipal authorities that an information session be held for local residents before the permit procedures get underway. This gives residents the chance to discuss the project and its potential impact with us and enables us, where possible, to take on board any feedback at the start of the project.

In addition, local residents can formally ask questions about the project by means of public surveys. At the consultation sessions that are part of the permit processes, complaints and comments about the project are noted and dealt with.

Compensation for farmers, horticulturists, foresters and hunters

Fluxys Belgium builds the vast majority of its facilities (pipelines and surface stations) in areas used for agriculture, horticulture or forest management. The purpose of the land crossed in the land-use plan remains unchanged. Fluxys does not expropriate land but rather establishes easements with landowners. With long-term good neighbourly relations in mind, with regard to compensation we have signed memorandums of understanding (for agriculture) with the country's three largest agricultural organisations (Boerenbond, Algemeen Boerensyndicaat (ABS) and Fédération Wallonne de l'Agriculture) and (for forestry) with Hubertus (the Flemish hunting association), Landelijk Vlaanderen and Nature, Terres et Forêts (NTF).

These agreements set out, based on benchmark market prices, the compensation due to those in the agriculture, horticulture, forest management or hunting industries that encounter disruption or are temporarily unable to use their land during the construction of a facility. If any problems attributable to the presence of our pipelines persist after the work has been carried out, we will deal with these on a case-by-case basis on the basis of an expert report. Farmers have their own designated point of contact to this end.

Infrastructure operating period

Providing information and raising awareness

Fluxys Belgium has an ongoing programme to identify local stakeholders: in consecutive five-year cycles, we visit all owners and operators of land on which an underground pipeline is located, or which is located within the immediate vicinity of such infrastructure. A similar initiative is being undertaken with representatives of the police and/or fire services in the towns, cities and municipalities in which we operate.

During each municipal legislature, we organise an information session for the mayor and aldermen concerned in municipalities housing Fluxys pipelines. In addition, Fluxys organises various information and awareness-raising initiatives relating to the safety of works undertaken in the vicinity of our infrastructure. The initiatives focus on everyone involved in such works, such as architects, clients, designers, contractors, owners and operators, municipalities, notaries and emergency services. These initiatives generally take the form of

information sessions, publications in specialist journals, awareness-raising campaigns in the media, or participation in working groups and federations.

Following up on reports of works

Damage by third parties is the main cause of major incidents involving pipelines. To avoid such damage, and because good neighbourly relations also depend above all on the safe operation of our facilities, anyone wishing to carry out work near natural gas transmission infrastructure is legally obliged to notify Fluxys in advance.

Fluxys responds to every such notification, confirming whether any natural gas transmission infrastructure is located in the vicinity of the planned work. If this is the case, the applicant is sent all the relevant information and details of further procedures to be followed to carry out the work safely.

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

Fluxys ensures that the competent authorities are notified of incidents and violations when work is carried out near our infrastructure.

Commitments and objectives

Commitments	Objectives
<ul style="list-style-type: none">• Maintain high safety standards in an evolving sector and ensure the safety of local residents and anyone near our infrastructure.• Ensure the reliability of our facilities to guarantee security of supply in order to accelerate the energy transition.	<ul style="list-style-type: none">• Zero industrial incidents having a major impact on the safety of employees, residents and anyone else connected to our infrastructure• Fulfil 100% of the confirmed firm capacity nominations (transport and storage)

Safety

The very nature of our activities (transport of molecules, terminalling, storage) entails industrial risks to the safety of our employees, local residents and anyone near our infrastructure. Operating in complete safety is our top priority. We are rolling out several initiatives, actions and investments to prevent these risks (see 'Actions', p. xx).

Fluxys is a socially responsible transmission system operator that builds safe infrastructure and operates it safely. We set a goal of zero industrial incidents having a major impact on safety. By this, we refer to explosions, fires, uncontrolled gas venting, pollution, etc.

which have a major impact on the safety (life-threatening injuries or injuries resulting in permanent disability/ death) of local residents and employees.

Reliability

Our reliability is largely measured by the continuity of our transmission capacity, which guarantees the security of the energy supply to our customers. Unannounced capacity interruptions can have significant impacts on our customers, on their activities and on the energy supply in Belgium and neighbouring countries. As such, we have set ourselves the target of respecting all nominations confirmed by our customers in terms of firm capacity, both for storage and transmission.

Performance indicators

KPIs	Unit	2023	2022
# of industrial incidents having a major impact on safety	#	0	New
Damage to infrastructure caused by third parties, resulting in a gas leak	#	0	0
Reduction or interruption in firm transmission capacity	#	0	0

S1. Our workforce - Working conditions - Employee safety

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Negative	Potentiel	
Ensure the safety of employees and residents in an evolving company (S)	Employee safety	The nature of Fluxys' activities poses inherent risks to the safety of employees, which could impact their health.		Certain events and circumstances may cause harm to employees. These may include illnesses or other health problems, mental health problems, or physical injuries.
		Measures		
		Policies		
		<ul style="list-style-type: none">• HSE policy• Global Prevention Plan• Absenteeism policy		
		Actions		
		<ul style="list-style-type: none">• Safety Management System (SMS)• Safety culture• Internal structures for monitoring health, safety and well-being• Health and safety training• In-house communication and awareness-raising campaign on safety• Preventive measures in design, construction and operation• Audited Safety Management System		

Policies (ESRS S1-1)

HSE policy

Health, safety and the environment (HSE) is a responsibility and commitment for both Fluxys and its employees. The application of this policy is based on principles of transparency and trust.

Occupational health and safety

- Fluxys is committed to investing in occupational health and safety and incident prevention.
- Employees and contractors have an individual responsibility to actively participate in occupational health and safety.
- We continuously improve to further enhance our health and safety culture.

Integrity of our infrastructure

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

Global Prevention Plan (2022-2026)

The 2022-2026 Global Prevention Plan (GPP) focuses on occupational safety and the associated processes as well as the prevention of psychosocial risks and on well-being, moving around at work and road safety. One of the pillars of the plan is to strengthen the safety culture throughout the organisation.

In addition, the company is committed to lifelong learning, especially with regard to the safe use of our infrastructure to transport other molecules, such as hydrogen and CO₂.

Absenteeism policy

See ‘Employee engagement: absenteeism’, p. 107.

Actions (ESRS S1-4)

Safety Management System (SMS)

See 'Safe and reliable infrastructure', p. 97.

Safety culture

In 2023, an internal analysis was carried out on safety within Fluxys. Following this, a programme encouraging safe behaviour will be launched in 2024.

Safety training

In 2023, (gas-related) technical, safety and job-specific training accounted for more than half the number of hours of training completed. Starting this year, workshops have been organised on our external sites to raise awareness among our employees of the measures to be taken on polluted external sites. An e-learning programme on potentially hazardous substances has been developed and implemented for employees in technical roles.

Fluxys Belgium uses various e-learning platforms to periodically remind contractors' employees of the general and specific safety rules. Every employee of a contractor scheduled to work on a Fluxys site or facility must complete a training module and must demonstrate that they are familiar with our safety rules. To be able to provide each contractor with information in their native language, this module has been extended to other languages (12 languages instead of the ten available in 2022) and other sites.

For more information on training, see 'Our workforce: learning and talent development', p. 111.

For more information on employee well-being and engagement, see 'Employee engagement', p. 106.

Internal structures for monitoring well-being (S1-2)

Fluxys Belgium is home to several structures that support the safety, well-being and health of employees and contractors, and where actions in this area are taken.

Internal Workplace Health & Safety Department (SIPPT/IDPBW)

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

Committee for Prevention and Protection at Work (CPPW)

See 'Employee engagement: social dialogue', p. 107.

Local Joint Consultation Committee

See 'Employee engagement: social dialogue', p. 107.

Collective bargaining agreement 90

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

In-house communication and awareness-raising campaign on safety

Fluxys frequently highlights themes related to safety. Ergonomics, handling of potentially hazardous substances, and personal and collective protective equipment were all examples of themes addressed in this connection in 2023.

Preventive measures in design, construction and operation

'Safe and reliable infrastructure', p. 96.

Audited Safety Management System

See 'Safe and reliable infrastructure', p. 96.

Commitments and objectives (ESRS S1-5)

Commitments	Objectives
Ensure the safety of employees, now and in the future, with regard to the transport and storage of molecules that accelerate the energy transition	Zero industrial incidents having a major impact on safety

The very nature of our activities entails industrial risks for our employees. We are striving to achieve zero industrial incidents having a major impact on their safety. By industrial incident having a major impact on safety, we refer to explosions, fires, uncontrolled gas venting, pollution, etc. that have serious consequences for the safety (life-threatening injuries or injuries

resulting in permanent disability/death) of employees and local residents. Alongside this objective, Fluxys also has another internal objective to minimise 'minor' accidents and incidents linked to employee safety. The limits defined in this framework are monitored by internal bodies that track occupational safety, health and well-being.

Performance indicators (ESRS S1-14)

KPIs	Unit	2023	2022
Industrial incident having a major impact on safety	#	0	New
ESRS indicators:			
Percentage of people in the workforce who are covered by the company's health and safety management system	%	100 %	New
Number of fatalities due to occupational accidents*	#	0	0
Occupational accidents resulting in inability to work lasting more than one day*	#	16	10
Accident frequency: [(number of occupational accidents x 1,000,000 / number of hours worked)]*	#	11.43	New
Number of days lost due to occupational accidents and number of fatalities resulting from occupational accidents*	#	171	173

* The indicators only refer to internal employees

Our workforce: diversity and inclusion

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Positive	Actual	
Encourage diversity, talent development and employee engagement (S)	Diversity and inclusion	Diversity, inclusion and equal opportunities at Fluxys foster innovation and have a positive impact on employees.		A lack of diversity in the workforce can lead to a business organisation that lacks the necessary skills, talents and experience.
		Measures		
		Policies		
		• Ethical Code • Whistleblowing policy		
		Actions		
		• Encouraging diversity in recruitment • Diversity in experience • Fair processes • In-house survey on engagement and feedback • Fostering digital inclusion through various initiatives • Confidential counsellors • Our company values: respect, openness, and reliability		

Policies (ESRS S1-1)

Ethical Code

Fluxys Belgium's commitment to ethical behaviour is firmly entrenched in our values. Our Ethical Code covers a range of areas and defines different principles including the principles of equal opportunities, human rights and non-discrimination. We do not tolerate discrimination in any form. We expect our employees and contractors to treat each other with respect and dignity and to behave appropriately.

Whistleblowing policy

In 2023, the whistleblowing policy was defined within Fluxys and communicated internally and externally. Future actions are planned to raise awareness of the Code of Ethics. For more information, see Ethics, integrity and efforts to combat corruption, p. 117.

Actions (ESRS S1-4)

Encouraging diversity in recruitment

Fluxys Belgium encourages diversity and complementary profiles so that all candidates feel welcome, whatever their gender, age, background, etc. It is their skills and talents that make the difference.

Diversity in experience

Fluxys Belgium devotes considerable attention to diversity in terms of experience. For example, this approach translates to the recruitment of young people with no or very limited work experience (starter jobs).

In 2023, we hired around a hundred new employees. Some roles are reserved for colleagues who have limited professional experience or who have fewer opportunities on the job market.

Fair processes

The criteria applied to employee remuneration, evaluation, career development, training and the work-life balance are identical for all colleagues at the same level of seniority and having the same role. The difference in the average basic salary between men and women is due to seniority, type of role, and the division between old and new salary conditions.

In-house survey on engagement and feedback (ESRS S1-2)

An in-house survey allows us to keep track of employee engagement and well-being (see 'Employee engagement', p. 106). Along with feedback, this survey is one of the ways we can listen to employees and act accordingly to support the inclusion of everyone.

Coaching sessions and information sessions for managers and employees are also offered to foster the culture of openness and feedback within the company. See also the sections on feedback in 'Employee engagement', p. 109 and 'Learning and talent development', p. 112.

Fostering digital inclusion through various initiatives

Greater digitalisation is opening up new opportunities for our activities. Fluxys seizes these opportunities and helps its employees navigate the digital world via numerous training courses and coaching sessions. For more information, see 'Learning and talent development', p. 112.

Commitments and objectives (ESRS S1-5)

Commitments	Objectives
At Fluxys, we nurture a work environment where the diversity of talents is recognised and considered as a strength and where everyone is welcome, respected and valued for who they are.	Shore up awareness of diversity and inclusion within the company by training all managers ¹⁶ by 2025 and by organising an in-house awareness-raising campaign every two years.
Raising awareness of diversity and inclusion among all employees and training all managers is a key first step towards supporting and encouraging diversity and inclusion in the company. Indeed, a lack of awareness can lead to unconscious biases, which are vectors of discrimination. Fluxys has set itself a double objective for the years to come:	<div><div>1. Raise awareness of diversity and inclusion among all employees every two years, with a first campaign in 2024 and a second in 2026.</div><div>2. Ensure that all managers have undergone training by the end of 2025.</div></div> <p>In 2023, senior managers and members of the HR community participated in workshops or presentations on the subject.</p>

Performance indicators (ESRS S1-9, S1-16)

Performance indicators	Unit	2023	2022
Share of employees under 30	%	10	New
Share of employees aged between 30 and 50	%	50	New
Share of employees over 50	%	40	New
Average base salary ratio (based on FTEs)			
Men	%	100	100
Women	%	92	92

16. A manager is anyone responsible for a team of at least one person.

Employee engagement (entity specific)

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Positive	Potentiel	
Encourage diversity, talent development and employee engagement (S)	Employee engagement	The engagement and well-being of our employees are essential for Fluxys. Impact: Numerous initiatives and our corporate culture contribute to the engagement and well-being of our employees in their everyday lives.		The inability to attract, retain and secure future talents in a changing environment and a lack of skills and knowledge in new developments may have a negative impact on the company's efficiency.
		Measures		
		Policies		
		<ul style="list-style-type: none">• HSE policy• Global Prevention Plan• Social dialogue policy• Absenteeism policy• Telework policy• Disconnection policy• Whistleblowing policy• Salary policy linked to benchmarks		
		Actions		
<ul style="list-style-type: none">• Survey on engagement• Social dialogue• In-house events• Group-level initiatives to foster the feeling of belonging• Encouraging feedback• Personal coaching and coaching feedback• Extensive range of training on offer• Measures and processes to deal with psychosocial risks• Redefined values• New way of working• Fluxtainable• De Vriendenkring/L'Amicale and Connect & Move				

Policies (ESRS 2, MDR-P)

HSE policy

Our HSE policy comprises three pillars, the first of which is the well-being of our employees. For more information, see 'Employee safety', p. 101.

Global Prevention Plan (2022-2026)

The 2022-2026 Global Prevention Plan also focuses on employee well-being and psychosocial risks. Moreover, it sets great store by hybrid working. Furthermore, the company is committed to supporting training and life-long learning and nurtures a culture in which feedback is encouraged and contributes to the well-being and development of employees. For more information, see 'Learning and talent development', p. 111.

Social dialogue policy

Good industrial relations are vital for company cohesion and business development, which is why Fluxys Belgium engages in transparent, constructive social dialogue with all employees, members of the Works Council, the CPPW, the trade union delegation and executive representatives. Given the distribution of Fluxys' activities across different sites, social dialogue is also carried out on the ground via the Local Joint Consultation Committee.

2023 was a year of preparation for the trade union elections to be held in 2024. With the help of the social partners, we endeavoured to digitalise the process so that as many employees as possible could participate.

Absenteeism policy

Measuring and monitoring absenteeism gives us an objective view of the general health of employees. The level of absenteeism fell in 2023 and remains below the Belgian market average. As part of our absenteeism policy, we actively strive to support employees during their illness as well as before and after their return to work. Employees have access to personalised advice and support in this regard. Support is based on regular contact and cooperation between the employee in question, their manager, HR and internal and external prevention and protection at work services. In 2023, additional efforts were made to support and communicate with employees absent due to illness and with their managers.

We also made sure to pay attention to those teams and colleagues who ensure the continuity of work and services when an employee is absent.

Telework policy

A telework policy was extended in 2021 to support the balance between employee flexibility and connectivity. All employees can telework according to the established principles. The resources needed to work from home are provided.

Disconnection policy

In a constantly online world, disconnecting from time to time is also important to boost balance and well-being. Fluxys is evolving, which goes hand in hand with new digital tools and new ways of working. Technology allows us to be online anywhere and at any time. At Fluxys, we advise employees on this matter, with the support of a disconnection policy. This policy, which was honed and adapted in 2023, has been communicated to employees and is available on the intranet.

Whistleblowing policy

In 2023, the whistleblowing policy was defined and communicated internally and externally (for more information, see 'Ethics, integrity and efforts to combat corruption', p. 117). Training on this subject was also provided.

This policy supports the culture of openness, feedback and transparency that Fluxys fosters and encourages.

Salary policy linked to benchmarks

Fluxys has a salary policy that is regularly benchmarked.

Actions (ESRS 2, MDR-A)

Our engagement survey (ESRS S1-2)

In late 2021, we conducted a company-wide survey about the engagement, well-being and work experience of our employees. 87% of staff took part. According to the results, over 70% of respondents feel involved or very involved.

HR monitors the performance of the survey, the results and the subsequent actions taken.

In 2023, we continued to work on the 2021 results in all teams and with the social partners. Actions have been initiated to preserve positive initiatives and to improve areas of concern. These actions were carried out in three areas:

- Work pressure, workload and stress, enabling all employees to engage with the new way of working, including the option to telework
- Communication, with an emphasis on informing, involving and inspiring and, post-pandemic, the return of plenty of in-person meetings
- Connection and cohesion, with initiatives to strengthen informal relations and spontaneous contact after work.

Social dialogue (ESRS S1-8)

100% collective agreements:

Salary and working conditions are set for all employees through consultation and negotiation in collective agreements.

- 63% of active Fluxys Belgium and Fluxys LNG employees are salaried staff members. Their salary and working conditions are partly negotiated at sectoral level through collective bargaining agreements; in addition, certain salary and working conditions are determined at company level and negotiated with local staff representatives.
- 37% of active employees are executives. Their salary and working conditions are based on our salary policy and linked to benchmarks.

Consultation within various consultation bodies

Fluxys Belgium is home to several bodies to promote social dialogue.

Works Council

Socio-economic issues are discussed every month within the **Works Council**. A statement of company and employment results is also presented periodically and complete financial and economic information is communicated each year to staff representatives. Employees elect their representatives to the Works Council every four years.

Committee for Prevention and Protection at Work (CPPW)

Meeting every month, the CPPW is a consultative body between employees, the employer and line management where they can discuss issues and problems concerning employee well-being. The committee makes proposals concerning, among other aspects, the policy for preventing accidents, incidents and occupational illnesses, the Global Prevention Plan and the annual action plan. CPPW members are elected by staff every four years.

Local Joint Consultation Committee

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

Trade union delegations and points of contact

Employee representation organisations appoint trade union delegates who represent salaried workers affiliated with a union. These delegations are appointed locally so that social dialogue is as close as possible to the environment of staff members. For smaller sites, trade unions can appoint a contact person responsible for promoting social dialogue at local level. Quarterly meetings are also held with each trade union to discuss specific issues that concern them.

Executive representation

Fluxys organises periodic consultations with executive representatives, during which topics specifically related to executives are discussed. In this context, framework agreements can also be concluded regarding the conditions of employment of executives.

Working groups

To promote social dialogue, Fluxys also organises working groups with staff representatives. A monthly working group prepares the Works Council meeting and ad hoc working groups are set up when specific topics need to be discussed and prepared (e.g. on mobility, trade union elections, work regulations).

In-house events

In-house events bring colleagues together at key times: they promote connectivity, the exchange of information but also foster employee engagement.

Feedback is a gift

Fluxys encourages feedback to aid the performance, development and well-being of employees. Training and/or coaching on this subject is offered to employees and managers to develop their feedback skills (see 'Learning and talent development', p. 112).

Extensive range of training on offer (soft skills, safety, well-being, specific technical skills, etc.)

Fluxys offers employees numerous opportunities for training and development. Training covers a range of topics, including well-being and stress management. In the summer, Summer Coaching gave Fluxys employees the opportunity to receive coaching and advice on feedback and managing conflict, time and stress.

Recently, e-Bib, an online library, was shared with employees, giving more advice on well-being at work (see 'Learning and talent development', p. 111).

Measures and processes to deal with psychosocial risks

The psychosocial burden at work is one of the facets of well-being. A support process and associated solutions are also in place in the event of inappropriate behaviour or psychosocial problems. These solutions include confidential counsellors, psychosocial prevention advisors, specific support via external psychologists, etc.

Managers are regularly made aware of psychosocial risks.

Redefined values

In 2023, we also redefined our values. The energy transition poses new challenges, and our values are essential to overcoming these challenges. Openness, respect and reliability: three values resulting from a consultation process involving our employees.

Initial communication sessions were organised to share these new values with employees. A wider communication and change approach has been defined to cultivate our new values.

New way of working

Given the new ways of working (e.g. telework, the many forms of hybrid working), the office now serves a new function, becoming a meeting point and source of connectivity beyond just work. We are gradually adding a new dimension to office work according to the new way of working (NWOW) principles. This is a real change process involving the redevelopment of the head office in Brussels, based on an overarching theme: we are a large team and together we are making Fluxys the essential infrastructure partner to accelerate the energy transition.

Fluxtailable

2023 was a key year in our sustainable development journey. The double materiality assessment required by the CSRD was an opportunity for Fluxys to review its vision in terms of sustainable development. This resulted in Fluxtailable, a chance to engage and motivate employees on this key topic. Initial communications on this subject were launched in 2023 and will continue in 2024. For more information, see 'Double materiality', p. 68.

De Vriendenkring/L'Amicale and Connect & Move

De Vriendenkring/L'Amicale is a group of employees who organise sports and cultural activities throughout the year for their colleagues, partners and children. This is a form of voluntary engagement that fosters cohesion and togetherness within the company. Fluxys actively supports this group and its initiatives.

The Connect & Move initiative encourages colleagues to exercise together, form teams and take part in sports events.

Commitments and objectives (ESRS 2, MDR-T)

Commitments	Objectives
<p>At Fluxys, we foster the well-being and engagement of our employees. Engaged and enthusiastic employees are our most important asset to achieve our mission today, while actively contributing to the energy transition of tomorrow.</p>	<p>Maintain the proportion of engaged employees above 70%</p>
<p>Employee engagement, enthusiasm, motivation and energy are essential to achieving our mission: shaping a bright energy future. The energy transition poses additional challenges which are met by the heart of our company: the employees.</p> <p>Fluxys monitors the level of engagement of its employees by means of a regular survey. In 2021, the rate of engaged and very engaged employees exceeded 70%.</p>	<p>In light of the energy transition and the transformation it brings, we are aiming to maintain the proportion of engaged employees (engaged and very engaged) above 70%. Employee engagement contributes to Fluxys' appeal as an employer and to employee retention. It is also one of the indicators of employee well-being.</p> <p>A new internal survey is planned for late 2024 or early 2025. New actions and new focus areas will then be identified to bolster employee engagement.</p>

Our workforce: learning and talent development

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Positive	Actual	
Encourage diversity, talent development and employee engagement (S)	Learning and development	Providing access to all forms of training and internal mobility opportunities allows employees to undergo continuous training, to be able to carry out our mission today while being ready to support the energy transition. It also boosts their well-being and employability.		The inability to attract, retain and secure future talents in a changing environment and a lack of skills and knowledge in new developments may have a negative impact on the company's efficiency.
		Measures		
		Policies		
		• Global Prevention Plan 2022-2026		
		Actions		
		• The onboarding process • Extensive catalogue and range of training courses offered • On-the-job training • Training and networking • Feedback • Internal mobility of talents • Digital Day and digital coaching		

Policies (ESRS S1-1)

Global Prevention Plan 2022-2026

The 2022-2026 Global Prevention Plan highlights different areas including lifelong learning with a focus on skills, training and preparation for the future with a more specific focus on new molecules and digitalisation. This plan covers themes and projects that may have a positive influence on employees. The themes and projects are defined in consultation between top management, line management, the SIPPT/IDPBW and employee representatives.

Actions (ESRS S1-4)

The onboarding process

In order to support the inclusion of new employees, an onboarding process has been developed with days and events for all new arrivals and other specific training depending on the role in question. This process begins before a new hire's first day of work, via an Enboarder platform to guide future colleagues. Colleagues responsible for onboarding new hires also support these future new employees.

Learning and connection are at the heart of this process, which is punctuated by discussions with management.

Extensive catalogue and range of training courses offered

Fluxys offers its internal employees an extensive range of training and learning resources in order to allow them to continuously enhance their knowledge and skills. Fluxys also provides for development opportunities. In our corporate culture, learning and development is a top priority.

Fluxys sets great store by the development and acquisition of technical skills linked to core activities. In addition to this training, employees also have the opportunity to expand their soft skills (communication, feedback, etc.) as well as their linguistic and digital skills.

This comes in different formats: welcome and onboarding programmes, job-related training, online training, group training, hybrid training, Lunch & Learn, coaching, etc.

Employees also have access to information at all times via the intranet and via the three portals available to them: KeyPoint, OASE and the online library e-Bib.

While some training courses are mandatory, others are left to the discretion of the employee, who is in charge of their own development.

Fluxys updates the training catalogue regularly. This catalogue supports our strategic aims and is accessible to all employees.

On-the-job training

On-the-job training refers to all initiatives that aim to teach employees the skills and/or impart the knowledge necessary to perform their jobs while the employees are doing their work. This allows them to learn through hands-on and active participation.

Training and networking

Meet & Greets as key events in the onboarding of new colleagues

New hires are invited to a Meet & Greet day during which they learn about Fluxys' activities while networking with each other and with management. Informal events are also planned to strengthen connection and put new employees at ease.

Visits to Zeebrugge Terminal are back

After being unable to visit the terminal for several years due to COVID, **136** colleagues had the opportunity to visit the Zeebrugge terminal and connect over a fun activity.

Lunch & Learn: a new event for 2023

With two particularly successful events under our belts already, the Lunch & Learn aims to give employees the opportunity to stay informed on certain key topics while having fun with colleagues. During these sessions, our in-house specialists provide insight into a given subject and participants can ask them questions.

Feedback

At Fluxys, we encourage feedback as a source of learning and development. Conversations between managers and their direct reports are key to aiding employee development.

Training and coaching sessions for managers and/or employees are also offered to foster the culture of openness and feedback within the company.

Internal mobility of talents

Fluxys gives internal talents the opportunity to take on new responsibilities and roles. Internal mobility is encouraged and specific development actions are rolled out. In 2023, 46 employees took on new challenges.

Digital Day and digital coaching

Greater digitalisation is opening up new opportunities for our activities. Fluxys seizes these opportunities and supports this evolution by helping its employees navigate the digital world. In addition to conventional training, digital inclusion is also bolstered by means of innovative initiatives such as Digital Day and coaching by Digital Coaches, who are tasked with helping employees improve their digital skills via on-the-job coaching or inspiration/training sessions.

Commitments and objectives (ESRS S1-5)

Commitments	Objectives
We foster and maintain the development of talents at Fluxys by encouraging lifelong learning and continuous training throughout our employees' careers. Every employee's talent can be developed through training, exciting projects and opportunities for internal mobility.	The objective associated with this material topic is currently being developed. It will be published in the 2025 annual report covering the 2024 fiscal year.

Performance indicators (ESRS S1-13)

Performance indicators	Unit	2023	2022
Average number of training days per employee	#	6.24	5.64

Governance

Material topics linked to governance:

- Customer Care p. 115
- Ethics, integrity and efforts to combat corruption p. 117

Customer care (entity specific)

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Positive	Actual	
Conduct our activities responsibly	Customer care	The quality of information communicated to customers contributes to the proper functioning of the market and security of supply in Belgium and neighbouring countries.		Discriminatory treatment of customers and a lack of transparency in sharing information can lead to dissatisfied customers, which could have financial consequences for Fluxys.
		Measures		
		Policies		
		• Code of conduct		
		Actions		
		• Annual audit of the proper application of the Code of Conduct • Transparent service offering • A sales team that listens to customers • A service offering tailored to market needs • Market consultations and information sessions • Regular monitoring of compliance with commitments regarding non-discriminatory access to the network by the compliance coordinator • Points of contact for complaints		

Policies (ESRS 2, MDR-P)

Code of Conduct (CREG)

The Code of Conduct is introduced by the Gas Act and established by the Commission for Electricity and Gas Regulation (CREG) following consultation. It is part of the regulatory framework and in particular sets out the conditions of connection and access to transport infrastructure as well as the conditions linked to balancing services.

Actions (ESRS 2, MDR-A)

Audit of the correct application of the Code of Conduct

Fluxys Belgium's sales teams work in accordance with the Code of Conduct. An annual audit verifies the correct application of the code. The results of this audit are shared with the Fluxys Belgium Corporate Governance Committee and with CREG.

Transparent service offering

In accordance with the regulatory framework and in particular with transparency obligations, information on Fluxys Belgium's service offering, standard contracts, tariffs, etc. is publicly available on our website.

In the interest of continuous improvement and simplification, we anticipate the needs of our customers by regularly adapting this offer. In the event of a modification, in accordance with our Code of Conduct we consult the market on the planned modifications and we collect any comments before officially requesting approval from CREG. The consultation results are also published on the website.

A sales team that listens to customers

Our sales team is the point of contact for our current and potential customers. The team helps customers make the best use of our services. The team also keeps track of customers' expectations in terms of the development of new services or adjustments to the commercial offer.

A service offering tailored to market needs

The geopolitical situation resulting from the war in Ukraine has profoundly changed the dynamics on the gas markets and the direction of flows in Europe. As in 2022, our sales team continued its efforts to maximise the capacity on offer and contribute to security of supply in Belgium and neighbouring countries (see 'Legal and regulatory framework', p. 59).

Market consultations and information sessions

When adapting existing services, developing new services, proposing new tariffs or suggesting amendments to contractual documents, Fluxys always organises a market consultation in accordance with the regulatory framework.

Only after this consultation can the documents be submitted to the regulator, CREG, for approval. Fluxys regularly holds information sessions to guide customers through the various planned changes, explain the associated process to them, collect their feedback and answer any questions they may have. Customers can also contact us with any specific questions.

In 2023, nine consultations were held in Belgium and the associated communication actions were rolled out. That same year, various events were organised, including the End User Day (for industrial customers directly connected to the Fluxys network), the DSO Day (for distribution system operators) and participation in E-world (annual fair for stakeholders in the energy market where Fluxys Belgium and the other Fluxys Group subsidiaries have the opportunity to meet current and potential customers).

Commitments and objectives (ESRS 2, MDR-T)

Commitments	Objectives
At Fluxys, we are committed to satisfying our customers and treating them fairly.	In the event of changes, new products or new subscription windows, roll out appropriate communication initiatives to provide our customers with information.

At Fluxys, we are committed to satisfying our customers and treating them fairly. In our regulated environment, customer satisfaction depends on the quality of the information provided to them, for instance. As such, our communication with them is vital.

Our products, services and tariffs change regularly. In these situations and in accordance with regulatory requirements, Fluxys consults the market in order to present suggested changes and collect any feedback.

Regular monitoring of compliance with commitments regarding non-discriminatory access to the network by the compliance coordinator

A compliance coordinator has been appointed within the company to ensure compliance with its commitments regarding non-discriminatory access to the network.

Every year, the compliance coordinator compiles a report on compliance with commitments regarding non-discrimination, transparency and confidentiality. The report is discussed in the Corporate Governance Committee and is available on the Fluxys website. To find out more about the legal and regulatory framework and the Code of Conduct, see 'Legal and regulatory framework', p. 58.

Points of contact for complaints

Customers and other market players can contact the sales team, the Fluxys Belgium compliance coordinator or CREG to lodge complaints regarding our services.

Furthermore, transport or storage capacities are regularly put up for sale by Fluxys, which notifies the market.

In this context, our objective is to roll out suitable communication initiatives (e.g. email, one-page summaries published on the website, information sessions) in order to fulfil our transparency obligations and ensure that customers have useful and sufficient information.

Performance indicators (ESRS 2, MDR-M)

KPI	Unit	2023	2022
Share of market communication/consultation	%	100	New

This performance indicator measures the effectiveness of Fluxys Belgium's and Fluxys LNG's communication and transparency by comparing the sum of the information published on a market consultation and the information sessions organised with the total number of market consultations.

G1 - Ethics, integrity and efforts to combat corruption

ESG strategy	Topic	Impact materiality (ESRS 2 SBM-3)		Risk (ESRS 2 SBM-3)
		Negative	Potentiel	
We conduct our activities responsibly (G)	Ethics, integrity and efforts to combat corruption	A lack of ethics or proven corruption can have societal impacts including on respect for human rights (e.g. loss of trust, potential impact on access to energy for all).		A lack of ethics or proven corruption within Fluxys and its value chain may have a negative impact on the commercial reputation and/or financial results of the company.
		Measures		
		Policies		
		• Ethical Code • Procedure for reporting unethical behaviour • Whistleblowing policy • General terms and conditions of purchase: respect for human rights in the supply chain		
		Actions		
		• Training in the whistleblowing policy • Training in the Ethical Code		

Governance (ESRS 2)

For more information about Fluxys Belgium's governance model, see 'Our structure and governance', p. 48.

Policies (ESRS G1-1)

Ethical Code

Fluxys' commitment to ethical behaviour is firmly entrenched in our values. The current Fluxys Ethical Code came into force in 2022 and was widely disseminated internally. It can be viewed on the Fluxys website and the intranet. It encompasses a wide range of areas: a safe and respectful working environment; thoughtful interactions with business partners (including gifts and events); human rights; the fight against corruption; money laundering; conflicts of interest; and general principles about how the company competes.

The Code also expects customers, suppliers and other partners to comply with equivalent standards. As Fluxys redefined its values in 2023, an adaptation of the Ethical Code is planned for 2024.

Procedure for reporting unethical behaviour (GR 1-1, ESRS S1-3 §32 (b-c) & ESRS S2-3 §27(b))

Our employees can contact their manager or the Ethics & Compliance Team for advice on problematic situations or to report a (potential) violation of the ethics rules. Employees, customers, suppliers and partners can also email ethics@fluxys.com to report a (potential) violation in complete confidentiality.

In accordance with our Ethical Code and the European directive, Fluxys Belgium has developed a formal procedure regarding whistleblowers and the protection thereof (see below). The **Ethical Code** specifies how complaints will be handled.

Whistleblowing policy (ESRS G1-1, ESRS S1-3 §32(b-c) and ESRS S2-3 §27(b))

In 2023, Fluxys' whistleblowing policy was outlined and explained both internally and externally during several information sessions. It is available on the website and on the intranet. With this policy, we are placing ethical conduct at the top of our priorities and aligning ourselves with the applicable laws and regulations.

As such, we want to set out a formal and secure framework for reporting acts that violate applicable laws or a company's ethical principles. Confidentiality and protection are key concepts in this regard.

Anyone having reasonable suspicion of misconduct can email whistleblowing@fluxys.com. The policy specifies how reports will be handled, as well as the mechanisms in place to protect whistleblowers.

General terms and conditions of purchase: respect for human rights in the supply chain (ESRS G1-2)

Fluxys Belgium's general terms and conditions of purchase for suppliers impose various human rights obligations on contractors, including the following:

- The obligation to insure personnel against occupational accidents
- The obligation to comply with the laws regarding occupational health and safety
- The granting of a minimum wage to employees, the payment of wages, obligations regarding the environment and its protection
- The ban on employing foreign workers residing in Belgium illegally

Actions (ESRS G1-3)

Training in the whistleblowing policy

The whistleblowing policy was rolled out in 2023. It was communicated in-house to all employees. Training was organised at senior management level to explain in more detail the backdrop to this policy, as well as management's role when employees wish to report an event. In doing so, we are striving to foster a culture in which employees are comfortable speaking up.

Training in the Ethical Code

The Ethical Code is shared with each new employee. It is also made available to all staff and is a reference tool within the company.

We provide more specific information and training to employees most exposed to certain ethical risks, such as the Procurement Department, management, or the Business Development Department.

A new training course is planned from 2024 onwards following the update of our Ethical Code.

Commitments and objectives

Commitments	Objectives
We provide for a safe and respectful working environment, maintain high standards in terms of human rights and are committed to conducting business ethically by being responsible in dealings with our business partners.	Train all employees in the Ethical Code every three years, including new hires
Training and regular awareness-raising among employees are essential levers to ensure knowledge of and compliance with the Ethical Code and related policies. This is why we aim to train all employees, including new hires, in the Ethical Code every three years.	More specifically, in 2024 we will develop a new training course specific to the Ethical Code and associated policies. Our goal is for all employees to have completed the course by the end of 2026.

Performance indicators (ESRS G1-4)

Performance indicators / ESRS indicators	Unit	2023
Number of convictions for violations of anti-corruption and anti-bribery laws	#	0
Amount of fines for violations of anti-corruption and anti-bribery laws	#	0



Annexes



→ **Methodology for calculating greenhouse gas emissions (Scope 1 and 2)** **p. 121**

→ **CSRD overview table** **p. 122**

Methodology for calculating greenhouse gas emissions (Scope 1 and 2)

Purpose

This document describes the methodology to calculate Fluxys’ scope 1 and 2 emissions. This methodology is largely based on the reporting principles of the GHG-Protocol.

Definitions

Scope 1

Direct GHG-emissiosn from sources that we owned and controlled.

1. Sources of CO₂

CO₂ emissions from gas consumption:

- Stationary combustion: gas turbines, gas engines, boilers and heaters in facilities where Fluxys Belgium has the operational control.
- Consumption of office buildings (headquarters and regional operating centres)
- Combustion via flaring on our LNG terminal facility or during interventions
- Fleet (CNG vehicles)
- CO₂ emissions relating to diesel and gasoline consumption
 - Fleet of vehicles
 - Emergency generators

Scope and sites

- Scope 1 and 2 emissions
- All the relevant sources from our Belgian activities and sites where Fluxys has operational control.

2. Sources of CH₄

- Pneumatic emissions: emissions from pneumatic regulation systems
- Fugitive emissions: emissions due to sealing problems on some equipment (flanges, pipe equipment, valves, joints, seals)
- Operational emissions: emissions due to machinery starting and stopping and incomplete combustion
- Interventions: the volume of residual gas released into the air during interventions
- Incidents: volume released into the air due to emergency breakdowns/shutdowns or due to pipeline damage caused by third parties.

For the purpose of our calculation, we assume that 1 kg of methane contributes 29.8 times as much to climate change as 1 kg of CO₂ (GWP100 = 29.8, according to the sixth IPCC Report).

Scope 2

The CO₂ footprint of the generation of the electricity purchased. As stipulated in the Greenhouse Gas

Protocol, Scope 2 emissions physically occur at the facility where the electricity is generated.

Reported emissions

With regard to the company fleet: since we do not know the origin of the electricity used by the cars (charged at home or via public charging stations), we conservatively calculated CO₂^{eq} Scope 2 emissions for this specific usage based on the average carbon intensity of the Belgian electricity mix in 2023.

CSRD overview table

The table below provides an overview of the various transparency obligations to be fulfilled under the CSRD and ESRS. The 'Page number' column indicates which topics have been identified as not being material for

Fluxys. Such topics were identified in line with the double materiality assessment conducted by Fluxys. This assessment is detailed in 'Double materiality assessment', p. 68.

Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS 2	General disclosures	BP-1	General information	General basis for preparation of sustainability statements	3; 4; 5(a); 5(b) i.; 5(b) ii.; 5(c); 5(d); 5(e)	*
ESRS 2	General disclosures	BP-2	General information	General basis for preparation of sustainability statements - Disclosures in relation to specific circumstances - Disclosures in relation to specific circumstances - Time horizons - Disclosures in relation to specific circumstances - Value chain estimation - Disclosures in relation to specific circumstances - Sources of estimation and outcome uncertainty - Disclosures in relation to specific circumstances - Changes in preparation or presentation of sustainability information - Disclosures in relation to specific circumstances - Reporting errors in prior periods - Disclosures in relation to specific circumstances - Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements - Disclosures in relation to specific circumstances - Incorporation by reference - Disclosures in relation to specific circumstances - Use of phase-in provisions in accordance with Appendix C of ESRS 1	6; 7; 8; 9(a); 9(b); 10(a); 10(b); 10(c); 10(d); 11(a); 11(b) i.; 11(b) ii.; 12; 13(a); 13(b); 13(c); 14(a); 14(b); 14(c); 15; 16; 17(a); 17(b); 17(c); 17(d); 17(e)	*
ESRS 2	General disclosures	GOV-1	Governance (GOV)	The role of the administrative, management and supervisory bodies	19; 20(a); 20(b); 20(c); 21(a); 21(b); 21(c); 21(d); 21(e); 22(a); 22(b); 22(c) i.; 22(c) ii.; 22(c) iii.; 22(d); 23(a); 23(b)	95
ESRS 2	General disclosures	GOV-2	Governance (GOV)	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	24; 25; 26(a); 26(b); 26(c)	*
ESRS 2	General disclosures	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	27; 28; 29(a); 29(b); 29(c); 29(d); 29(e)	*
ESRS 2	General disclosures	GOV-4	Governance (GOV)	Statement on due diligence	30; 31; 32; 33	*

* These items are currently being developed and prepared by Fluxys.
** These topics are not material to Fluxys

Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS 2	General disclosures	GOV-5	Governance (GOV)	Risk management and internal controls over sustainability reporting	34; 35; 36(a); 36(b); 36(c); 36(d); 36(e)	*
ESRS 2	General disclosures	SBM-1	Strategy (SBM)	Strategy, business model and value chain	38; 39; 40(a) i.; 40(a) ii.; 40(a) iii.; 40(a) iv.; 40(b); 40(c); 40(d) i.; 40(d) ii.; 40(d) iii.; 40(d) iv.; 40(e); 40(f); 40(g); 41; 42(a); 42(b); 42(c)	73; 90; 96; 101; 104; 106; 111; 115; 117
ESRS 2	General disclosures	SBM-2	Strategy (SBM)	Interests and views of stakeholders	43; 44; 45(a) i.; 45(a) ii.; 45(a) iii.; 45(a) iv.; 45(a) v.; 45(b); 45(c) i.; 45(c) ii.; 45(c) iii.; 45(d)	70; 73; 90; 96; 101; 104; 106; 111; 115; 117
ESRS 2	General disclosures	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	46; 47; 48(a); 48(b); 48(c) i.; 48(c) ii.; 48(c) iii.; 48(c) iv.; 48(d); 48(e) i.; 48(e) ii.; 48(f); 48(g); 48(h); 49	73; 90; 96; 101; 104; 106; 111; 115; 117
ESRS 2	General disclosures	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material impacts, risks and opportunities	51; 52; 53(a); 53(b) i.; 53(b) ii.; 53(b) iii.; 53(b) iv.; 53(c) i.; 53(c) ii.; 53(c) iii.; 53(d); 53(e); 53(f); 53(g); 53(h)	70, 71
ESRS 2	General disclosures	IRO-2	Impact, risk and opportunity management	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	54; 55; 56; 57; 58; 59	71; 122-130
ESRS 2	General disclosures	MDR-P	Impact, risk and opportunity management	Policies adopted to manage material sustainability matters	63; 64; 65(a); 65(b); 65(c); 65(d); 65(e); 65(f)	77; 80; 90; 96; 101 104; 107; 111; 115; 117
ESRS 2	General disclosures	MDR-A	Impact, risk and opportunity management	Actions and resources in relation to material sustainability matters	66; 67; 68(a); 68(b); 68(c); 68(d); 68(e); 69(a); 69(b); 69(c)	77; 80; 90; 96; 101 104; 107; 111; 115; 117
ESRS 2	General disclosures	MDR-M	Metrics and targets	Metrics in relation to material sustainability matters	73; 74; 75; 76; 77(a); 77(b); 77(c); 77(d)	80; 82; 95; 100; 103; 116
ESRS 2	General disclosures	MDR-T	Metrics and targets	Tracking effectiveness of policies and actions through targets	78; 79(a); 79(b); 79(c); 79(d); 79(e); 80(a); 80(b); 80(c); 80(d); 80(e); 80(f); 80(g); 80(h); 80(i); 80(j); 81(a); 81(b) i.; 81(b) ii.	81; 92; 100; 105; 110; 113; 116; 118

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** These topics are not material to Fluxys



Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS E1	Climate change	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	13	*
ESRS E1	Climate change	E1-1	Strategy (SBM)	Transition plan for climate change mitigation	14 ; 15 ; 16 (a) ; 16 (b) ; 16 (c) ; 16 (d) ; 16 (e) ; 16 (f) ; 16 (g) ; 16 (h) ; 16 (i) ; 16 (j) ; 17	73
ESRS E1	Climate change	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	18 ; 19 (a) ; 19 (b) ; 19 (c)	73
ESRS E1	Climate change	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	20 (a) ; 20 (b) i. ; 20 (b) ii. ; 20 (c) i. ; 20 (c) ii. ; 21	69 ; 74
ESRS E1	Climate change	E1-2	Impact, risk and opportunity management	Policies related to climate change mitigation and adaptation	22 ; 23 ; 24 ; 25 (a) ; 25 (b) ; 25 (c) ; 25 (d) ; 25 (e)	77 ; 80
ESRS E1	Climate change	E1-3	Impact, risk and opportunity management	Actions and resources in relation to climate change policies	26 ; 27 ; 28 ; 29 (a) ; 29 (b) ; 29 (c) i. ; 29 (c) ii. ; 29 (c) iii.	76 ; 77 ; 80 ; 82
ESRS E1	Climate change	E1-4	Metrics and targets	Targets related to climate change mitigation and adaptation	30 ; 31 ; 32 ; 33 ; 34 (a) ; 34 (b) ; 34 (c) ; 34 (d) ; 34 (e) ; 34 (f)	81
ESRS E1	Climate change	E1-5	Metrics and targets	Energy consumption and mix - Energy consumption and mix - Energy intensity per net turnover	54 ; 55 ; 56 ; 57 ; 58 ; 59	82
ESRS E1	Climate change	E1-6	Metrics and targets	Gross Scope 1, 2, 3 emissions and total GHG emissions - GHG intensity per net turnover	66 ; 67 ; 68 (a) ; 68 (b) ; 68 (c) ; 68 (d) ; 68 (e) ; 69 (a) ; 69 (b) ; 69 (c)	70 ; 82
ESRS E1	Climate change	E1-7	Metrics and targets	GHG removal and mitigation projects financed through carbon credits	56 (a) ; 56 (b) ; 57 (a) ; 57 (b) ; 58 (a) ; 58 (b) ; 59 (a) ; 59 (b) ; 60 ; 61 (a) ; 61 (b) ; 61 (c)	*
ESRS E1	Climate change	E1-8	Metrics and targets	Internal carbon pricing	62 ; 63 (a) ; 63 (b) ; 63 (c) ; 63 (d)	82
ESRS E1	Climate change	E1-9	Metrics and targets	Potential financial effects from material physical and transition risks and potential climate-related opportunities	64 (a) ; 64 (b) ; 64 (c) ; 65 (a) ; 65 (b) ; 66 (a) ; 66 (b) ; 66 (c) ; 66 (d) ; 67 (a) ; 67 (b) ; 67 (c) ; 67 (d) ; 67 (e) ; 68 (a) ; 68 (b) ; 69 (a) ; 69 (b) ; 70	*
ESRS E2	Pollution	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	11 (a) ; 11 (b)	**

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** These topics are not material to Fluxys

Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS E2	Pollution	E2-1	Impact, risk and opportunity management	Policies related to pollution	12 ; 13 ; 14 ; 15 (a) ; 15 (b) ; 15 (c)	**
ESRS E2	Pollution	E2-2	Impact, risk and opportunity management	Actions and resources related to pollution	16 ; 17 ; 18 ; 19 (a) ; 19 (b) ; 19 (c)	**
ESRS E2	Pollution	E2-3	Metrics and targets	Targets related to pollution	20 ; 21 ; 22 ; 23 (a) ; 23 (b) ; 23 (c) ; 23 (d) ; 24 (a) ; 24 (b) ; 24 (c) ; 25	**
ESRS E2	Pollution	E2-4	Metrics and targets	Pollution of air, water and soil	26 ; 27 ; 28 (a) ; 28 (b) ; 29 ; 30 (a) ; 30 (b) ; 30 (c) ; 31	**
ESRS E2	Pollution	E2-5	Metrics and targets	Substances of concern and substances of very high concern	32 ; 33 ; 34 ; 35	**
ESRS E2	Pollution	E2-6	Metrics and targets	Potential financial effects from pollution- related impacts, risks and opportunities	36 ; 37 ; 38 (a) ; 38 (b) ; 39 (a) ; 39 (b) ; 39 (c) ; 40 (a) ; 40 (b) ; 40 (c) ; 41	**
ESRS E3	Water and marine resources	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	8 (a) ; 8 (b)	**
ESRS E3	Water and marine resources	E3-1	Impact, risk and opportunity management	Policies related to pollution	9 ; 10 ; 11 ; 12 (a) i. ; 12 (a) ii. ; 12 (a) iii. ; 12 (b) ; 12 (c) ; 13 ; 14	**
ESRS E3	Water and marine resources	E3-2	Impact, risk and opportunity management	Actions and resources related to pollution	15 ; 16 ; 17 ; 18 (a) ; 18 (b) ; 18 (c) ; 18 (d) ; 19	**
ESRS E3	Water and marine resources	E3-3	Metrics and targets	Targets related to pollution	20 ; 21 ; 22 ; 23 (a) ; 23 (b) ; 23 (c) ; 24 (a) ; 24 (b) ; 24 (c) ; 25	**
ESRS E3	Water and marine resources	E3-4	Metrics and targets	Pollution of air, water and soil	26 ; 27 ; 28 (a) ; 28 (b) ; 28 (c) ; 28 (d) ; 28 (e) ; 29	**
ESRS E3	Water and marine resources	E3-5	Metrics and targets	Substances of concern and substances of very high concern	30 ; 31 ; 32 (a) ; 32 (b) ; 33 (a) ; 33 (b) ; 33 (c)	**
ESRS E4	Biodiversity and ecosystems	E4-1	Strategy (SBM)	Transition plan and consideration of biodiversity and ecosystems in the strategy and business model	11 ; 12 ; 13 (a) ; 13 (b) ; 13 (c) ; 13 (d) ; 13 (e) ; 13 (f) ; 14 ; 15	90
ESRS E4	Biodiversity and ecosystems	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	16 (a) i. ; 16 (a) ii. ; 16 (a) iii. ; 16 (b) ; 16 (c)	90
ESRS E4	Biodiversity and ecosystems	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material biodiversity and ecosystems related impacts, risks and opportunities	17 (a) ; 17 (b) ; 17 (c) ; 17 (d) ; 17 (e) i. ; 17 (e) ii. ; 17 (e) iii. ; 18 (a) ; 18 (b) ; 18 (c) ; 19 (a) ; 19 (b)	90

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Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS E4	Biodiversity and ecosystems	E4-2	Impact, risk and opportunity management	Policies related to biodiversity and ecosystems	20; 21; 22; 23(a); 23(b); 23(c); 23(d); 23(e); 23(f); 24(a); 24(b); 24(c); 24(d)	90
ESRS E4	Biodiversity and ecosystems	E4-3	Impact, risk and opportunity management	Actions and resources related to biodiversity and ecosystems	25; 26; 27; 28(a); 28(b) i.; 28(b) ii.; 28(b) iii.; 28(c)	90
ESRS E4	Biodiversity and ecosystems	E4-4	Metrics and targets	Targets related to biodiversity and ecosystems	29; 30; 31; 32(a) i.; 32(a) ii.; 32(a) iii.; 32(b); 32(c); 32(d); 32(e); 32(f)	92
ESRS E4	Biodiversity and ecosystems	E4-5	Metrics and targets	Impact metrics related to biodiversity and ecosystems	33; 34; 35; 36; 37; 38(a); 38(b); 38(c); 38(d); 38(e); 39; 40(a); 40(b); 40(c); 40(d) i.; 40(d) ii.; 41(a); 41(b) i.; 41(b) ii.; 41(b) iii.	92
ESRS E4	Biodiversity and ecosystems	E4-6	Metrics and targets	Potential financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	42; 43; 44(a); 44(b); 45(a); 45(b); 45(c)	92
ESRS E5	Resource use and circular economy	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	11(a); 11(b)	**
ESRS E5	Resource use and circular economy	E5-1	Impact, risk and opportunity management	Policies related to resource use and circular economy	12; 13; 14; 15(a); 15(b); 16	**
ESRS E5	Resource use and circular economy	E5-2	Impact, risk and opportunity management	Actions and resources related to resource use and circular economy	17; 18; 19; 20(a); 20(b); 20(c); 20(d); 20(e); 20(f)	**
ESRS E5	Resource use and circular economy	E5-3	Metrics and targets	Targets related to resource use and circular economy	21; 22; 23; 24(a); ** 24(b); 24(c); 24(d); 24(e); 24(f); 25; 26(a); 26(b); 26(c); 27	**
ESRS E5	Resource use and circular economy	E5-4	Metrics and targets	Resource inflows	28; 29; 30; 31(a); ** 31(b); 31(c); 32	**
ESRS E5	Resource use and circular economy	E5-5	-	Resource outflows - Resource outflows - Products and materials - Resource outflows - waste	33; 34(a); 34(b); 35; 36(a); 36(b); 36(c); 37(a); 37(b) i.; 37(b) ii.; 37(b) iii.; 37(c) i.; 37(c) ii.; 37(c) iii.; 37(d); 38(a); 38(b); 39; 40	**
ESRS E5	Resource use and circular economy	E5-6	Metrics and targets	Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	41; 42(a); 42(b); 43(a); 43(b); 43(c)	**

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Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS S1	Own workforce	SBM-2	Strategy (SBM)	Interests and views of stakeholders	12	95
ESRS S1	Own workforce	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	13(a); 13(b); 14(a); 14(b); 14(c); 14(d); 14(e); 14(f) i.; 14(f) ii.; 14(g) i.; 14(g) ii.; 15; 16	96; 101; 104; 106; 111
ESRS S1	Own workforce	S1-1	Impact, risk and opportunity management	Policies related to own workforce	17; 18; 19; 20(a); 20(b); 20(c); 21; 22; 23; 24(a); 24(b); 24(c); 24(d)	96; 101; 104; 111
ESRS S1	Own workforce	S1-2	Impact, risk and opportunity management	Processes for engaging with own workers and workers' representatives about impacts	25; 26; 27(a); 27(b); 27(c); 27(d); 27(e); 28; 29	96; 102; 107
ESRS S1	Own workforce	S1-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for own workers to raise concerns	30; 31; 32(a); 32(b); 32(c); 32(d); 32(e); 33; 34	98; 117
ESRS S1	Own workforce	S1-4	Impact, risk and opportunity management	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	35; 36(a); 36(b); 37; 38(a); 38(b); 38(c); 38(d); 39; 40(a); 40(b); 41; 42; 43	96; 102; 104; 111
ESRS S1	Own workforce	S1-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	44(a); 44(b); 44(c); 45; 46; 47(a); 47(b); 47(c)	100; 103; 105; 113
ESRS S1	Own workforce	S1-6	Metrics and targets	Characteristics of the undertaking's employees	48; 49; 50(a); 50(b) i.; 50(b) ii.; 50(b) iii.; 50(c); 50(d) i.; 50(d) ii.; 50(e); 50(f); 51; 52(a); 52(b)	95
ESRS S1	Own workforce	S1-7	Metrics and targets	Characteristics of non-employee workers in the undertaking's own workforce	53; 54; 55(a); 55(b) i.; 55(b) ii.; 55(c); 56; 57	*
ESRS S1	Own workforce	S1-8	Metrics and targets	Collective bargaining coverage and social dialogue	58; 59; 60(a); 60(b); 60(c); 61; 62; 63(a); 63(b)	**
ESRS S1	Own workforce	S1-9	Metrics and targets	Diversity metrics	64; 65; 66(a); 66(b)	95; 105
ESRS S1	Own workforce	S1-10	Metrics and targets	Adequate wages	67; 68; 69; 70; 71	**
ESRS S1	Own workforce	S1-11	Metrics and targets	Social protection	72; 73; 74(a); 74(b); 74(c); 74(d); 74(e); 75; 76	**
ESRS S1	Own workforce	S1-12	Metrics and targets	Persons with disabilities	77; 78; 79; 80	**
ESRS S1	Own workforce	S1-13	Metrics and targets	Training and skills development metrics	81; 82; 83(a); 83(b); 84; 85	*

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Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS S1	Own workforce	S1-14	Metrics and targets	Health and safety metrics	86; 87; 88(a); 88(b); 88(c); 88(d); 88(e); 89; 90	103
ESRS S1	Own workforce	S1-15	Metrics and targets	Work-life balance metrics	91; 92; 93(a); 93(b); 94	**
ESRS S1	Own workforce	S1-16	Metrics and targets	Compensation metrics (pay gap and total compensation)	95; 96; 97(a); 97(b); 97(c); 98; 99	95; 105
ESRS S1	Own workforce	S1-17	Metrics and targets	Incidents, complaints and severe human rights impacts	100; 101; 102; 103(a); 103(b); 103(c); 103(d); 104(a); 104(b)	**
ESRS S2	Workers in the value chain	SBM-2	Strategy (SBM)	Interests and views of stakeholders	9	**
ESRS S2	Workers in the value chain	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	10(a) i.; 10(a) ii.; 10(b); 11(a) i.; 11(a) ii.; 11(a) iii.; 11(a) iv.; 11(a) v.; 11(b); 11(c); 11(d); 11(e); 12; 13	**
ESRS S2	Workers in the value chain	S2-1	Impact, risk and opportunity management	Policies related to value chain workers	14; 15; 16; 17(a); 17(b); 17(c); 18; 19	**
ESRS S2	Workers in the value chain	S2-2	Impact, risk and opportunity management	Processes for engaging with value chain workers about impacts	20; 21; 22(a); 22(b); 22(c); 22(d); 22(e); 23; 24	**
ESRS S2	Workers in the value chain	S2-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for value chain workers to raise concerns	25; 26; 27(a); 27(b); 27(c); 27(d); 28; 29	**
ESRS S2	Workers in the value chain	S2-4	Impact, risk and opportunity management	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	30; 31(a); 31(b); 32(a); 32(b); 32(c); 32(d); 33(a); 33(b); 33(c); 34(a); 34(b); 35; 36; 37; 38	**
ESRS S2	Workers in the value chain	S2-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	39(a); 39(b); 39(c); 40; 41; 42(a); 42(b); 42(c)	**
ESRS S3	Affected communities	SBM-2	Strategy (SBM)	Interests and views of stakeholders	7	**
ESRS S3	Affected communities	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	8(a); 8(b); 9(a) i.; 9(a) ii.; 9(a) iii.; 9(a) iv.; 9(b) i.; 9(b) ii.; 9(c); 9(d); 10; 11	**
ESRS S3	Affected communities	S3-1	Impact, risk and opportunity management	Policies related to affected communities	12; 13; 14; 15; 16(a); 16(b); 16(c); 17; 18	**

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Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS S3	Affected communities	S3-2	Impact, risk and opportunity management	Processes for engaging with affected communities about impacts	19; 20; 21(a); 21(b); 21(c); 21(d); 22; 23; 24	**
ESRS S3	Affected communities	S3-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for affected communities to raise concerns	25; 26; 27(a); 27(b); 27(c); 27(d); 28; 29	**
ESRS S3	Affected communities	S3-4	Impact, risk and opportunity management	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	30; 31(a); 31(b); 32(a); 32(b); 32(c); 32(d); 33(a); 33(b); 33(c); 34(a); 34(b); 35; 36; 37; 38	**
ESRS S3	Affected communities	S3-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	39(a); 39(b); 39(c); 40; 41; 42(a); 42(b); 42(c)	**
ESRS S4	Consumers and end users	SBM-2	Strategy (SBM)	Interests and views of stakeholders	8	**
ESRS S4	Consumers and end users	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	9(a); 9(b); 10(a) i.; 10(a) ii.; 10(a) iii.; 10(a) iv.; 10(b); 10(c); 10(d); 11; 12	**
ESRS S4	Consumers and end users	S4-1	Impact, risk and opportunity management	Policies related to consumers and end users	13; 14; 15; 16(a); 16(b); 16(c); 17	**
ESRS S4	Consumers and end users	S4-2	Impact, risk and opportunity management	Processes for engaging with consumers and end users about impacts	18; 19; 20(a); 20(b); 20(c); 20(d); 21; 22	**
ESRS S4	Consumers and end users	S4-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for consumers and end users to raise concerns	23; 24; 25(a); 25(b); 25(c); 25(d); 26; 27	**
ESRS S4	Consumers and end users	S4-4	Impact, risk and opportunity management	Taking action on material impacts on consumers and end users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	28; 29(a); 29(b); 30; 31(a); 31(b); 31(c); 31(d); 32(a); 32(b); 32(c); 33(a); 33(b); 34; 35; 36; 37	**
ESRS S4	Consumers and end users	S4-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	38(a); 38(b); 38(c); 39; 40; 41(a); 41(b); 41(c)	**
ESRS G1	Business conduct	GOV-1	Governance (GOV)	The role of the administrative, management and supervisory bodies	5(a); 5(b)	117
ESRS G1	Business conduct	IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material impacts, risks and opportunities	6	117

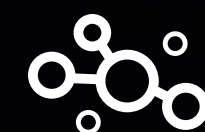
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Standard	Cross-cutting/ thematic	No.	Scope of reporting	Designation of the DRs	DR number	Page number
ESRS G1	Business conduct	G1-1	Impact, risk and opportunity management	Corporate culture and business conduct policies	7 ; 8 ; 9 ; 10 (a) ; 10 (b) ; 10 (c) i. ; 10 (c) ii. ; 10 (d) ; 10 (e) ; 10 (f) ; 10 (g) ; 10 (h) ; 11	117
ESRS G1	Business conduct	G1-2	Impact, risk and opportunity management	Management of relationships with suppliers	12 ; 13 ; 14 ; 15 (a) ; 15 (b)	**
ESRS G1	Business conduct	G1-3	Impact, risk and opportunity management	Prevention and detection of corruption or bribery	16 ; 17 ; 18 (a) ; 18 (b) ; 18 (c) ; 19 ; 20 ; 21 (a) ; 21 (b) ; 21 (c)	118
ESRS G1	Business conduct	G1-4	Metrics and targets	Confirmed incidents of corruption or bribery	22 ; 23 ; 24 (a) ; 24 (b) ; 25 (a) ; 25 (b) ; 25 (c) ; 25 (d) ; 26	118
ESRS G1	Business conduct	G1-5	Metrics and targets	Political influence and lobbying activities	27 ; 28 ; 29 (a) ; 29 (b) i. ; 29 (b) ii. ; 29 (c) ; 29 (d) ; 30	**
ESRS G1	Business conduct	G1-6	Metrics and targets	Payment practices	31 ; 32 ; 33 (a) ; 33 (b) ; 33 (c) ; 33 (d)	**

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#herewego Corporate Governance Declaration



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

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

In accordance with the principle of transparency, Fluxys Belgium lists in this chapter of its annual report the parts of the 2020 Code from which the company deviates and the justified reasons for doing so:

- The company does not apply the 2020 Code rules on the term of directorships. Members of the Board of Directors are appointed for a period of six years rather than the four years advocated by Principle 5.6 of the 2020 Code. This term is justified in light of the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas system operator. A six-year mandate allows directors to deepen their expertise and to bring real added value to the debate over a longer period of time. This is also in line with the long-term nature of infrastructure operators' activities.
- The company also deviates from recommendation 7(6) and (9) of the 2020 Code for the reasons set out in the remuneration report referred to here.

Changes in the composition of the Board of Directors in 2023

At the Annual General Meeting held on 9 May 2023, Roberte Kesteman's independent directorship was renewed for a period of six years until the end of the 2029 Annual General Meeting.

In addition, the same Annual General Meeting definitively appointed Wim Vermeir, who was co-opted by the Board of Directors with effect from 21 February 2023 to replace Patrick Côté, who resigned on the same date, as director for a directorship that will expire at the end of the 2028 Annual General meeting.

Finally, the Annual General Meeting appointed Jean-Claude Marcourt as director to continue the directorship of Claude Grégoire, who resigned on 9 May 2023. This directorship will expire at the end of the 2024 Annual General Meeting.

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

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

Appointment and replacement of directors

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

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

Amendments to the Articles of Association

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

Board of Directors

Composition of the Board of Directors

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

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

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

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

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

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

Directors

Andries Gryffroy Director, Chairman of the Board of Directors (since 9 May 2023)

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

Daniël Termont Director, Chairman of the Audit and Risk Committee (since 9 May 2023), Chairman of the Board of Directors (until 9 May 2023)

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

Jean-Claude Marcourt Director, Vice-Chairman of the Board of Directors (since 9 May 2023)

Jean-Claude Marcourt holds a degree in law from the University of Liège and has been a lawyer at the Liège Bar since 1979, specialising in economic law and social law. He served as Chief of Staff for various ministers from 1992 to 2004 and also held various ministerial posts from 2004 to 2019. He is currently serving as a member of the Walloon Parliament and the Parliament of the Wallonia-Brussels Federation. He was appointed director in May 2023 following nomination by Publigas and his current term of office expires at the Annual General Meeting in May 2024.

Claude Grégoire Director, Vice-Chairman of the Board of Directors (until 9 May 2023)

Claude Grégoire is a qualified civil engineer. He was appointed as director in October 1994 following his nomination by Publigas and tendered his resignation with effect from 9 May 2023.

Pascal De Buck Managing Director and CEO

Pascal De Buck studied law, specialising in economic law, before completing several management training courses, including at the Flemish School of Higher Education in Economics (VLEKHO) and EHSAL Management School (EMS) in Brussels and the IESE Business School's international Global CEO Program. After joining Fluxys as a Legal Counsel in 1995, he became head of the Legal and Commercial departments before taking on the role of Commercial Director,

where he was responsible for business development and strategy. Pascal was appointed CEO and Chairman of the Executive Board of Fluxys Belgium on 1 January 2015. He became Managing Director of Fluxys Belgium in May 2020 and will hold this position until the Annual General Meeting in May 2026.

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

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

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

Leen Dierick Director
Leen Dierick studied business administration, marketing and logistics at EHSAL in Brussels and has subsequently held various positions at DOMO NV. She has been the mayor of the city of Dendermonde since 2024, where she previously served as a municipal councillor

from 2001 to 2023. She has been a Member of the Federal Parliament for CD&V since 2007 and her term will end in 2024. In the Chamber she is a permanent member of both the Parliamentary Committees for Economy & Energy and the subcommittee for Nuclear Safety. She was appointed director in May 2022 on a proposal by Publigas. Her directorship will expire at the end of the Annual General Meeting in May 2028.

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

Ludo Kelchtermans Director, Chairman of the Audit and Risk Committee (until 9 May 2023)
Ludo Kelchtermans holds a degree in economics and is CEO of Nuhma, Het Limburgs klimaatbedrijf. He is a director at several companies and chairman of Aspiravi's audit committee. He was appointed director in June 2012 pursuant to a nomination by Publigas. His current directorship will expire at the Annual General Meeting in May 2026.

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

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

Wim Vermeir Director (since 21 February 2023)
Wim Vermeir has a degree in engineering physics from Ghent University and holds an MBA from Vlerick School of Management. He started his career at Ghent University and Vlerick School of Management as a research assistant in corporate finance. Between 1995 and 2006, he held various positions at Dexia Asset Management and in 2006 he was appointed Chief Investment Officer for Traditional Investments and member of the Executive Board of Dexia Asset Management. He has been Chief Investment Officer of AG Insurance since April 2011 and also Group Head of Investments for Ageas since June 2012. Following his nomination by AG Insurance, he was co-opted as a director by the Board of Directors with effect from 21 February 2023, and his current directorship will expire at the Annual General Meeting in May 2028.

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

Independent directors under the provisions of the Gas Act

Sabine Colson independent director, Chairman of the Corporate Governance Committee
Sabine Colson has a degree in business and finance from HEC Liège. She completed a GUBERNA Certified Director course and holds a university certificate in innovation management from UCLouvain. She currently coordinates the WE Mergers & Acquisitions BU at Wallonie Entreprendre. She was co-opted as independent director with effect from 1 October 2018 following his nomination by the Board of Directors and the recommendation of the relevant advisory committees. Her directorship will end at the Annual General Meeting in May 2024.

Valentine Delwart Independent Director
Valentine Delwart holds a degree in law and a Master's degree in European law. She is Alderwoman for Finance in Uccle and has been General Secretary of the French-speaking liberal party Mouvement Réformateur since March 2011. She was appointed as Independent

Director in May 2013 following her nomination by the Board of Directors and the recommendation of the relevant advisory committees. Her current directorship will end at the Annual General Meeting in May 2025.

Cécile Flandre Independent Director
Cécile Flandre holds a degree in mathematics and actuarial science from the Université Libre de Bruxelles (ULB). For nine years she served as CFO and executive director at two insurance companies, Belfius Insurance and later Ethias. She has many years of experience in the insurance sector, including its supervision, and in financial matters. Until January 2023 she was a director Elia Transmission Belgium, Elia Asset and Elia Group, and is currently an independent director of MS Amlin Insurance SE, where she chairs the Audit Committee, and independent chair of the Board of Directors of Synatom. She has been a member or chair of the boards of directors and audit committees of several companies. She was co-opted as independent director with effect from 30 March 2022 following his nomination by the Board of Directors and the recommendation of the relevant advisory committees. Her directorship will end at the Annual General Meeting in May 2025.

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

Roberte Kesteman Independent Director
Roberte Kesteman holds a master's degree in applied economics from VLEKHO. She also studied international

corporate finance at INSEAD in France. She is currently Senior Advisor at First Sentier Investors International, an independent director at Elia Transmission Belgium, Elia Asset and Elia Group, as well as a member of the Audit Committee, Remuneration Committee and Corporate Governance Committee. Since 4 May 2022, she has been an independent director, a member of the Audit Committee and a member of the Remuneration, Nomination and Corporate Governance Committee at Aperam SA. On 18 December 2023, she was appointed independent director at KBVB/RBFA (Royal Belgian Football Association). She was appointed as independent director with effect from 1 July 2019 following her nomination by the Board of Directors and the recommendation of the relevant advisory committees. Her directorship will expire at the Annual General Meeting in May 2029.

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

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

Federal government representatives

Maxime Saliez and Tom Vanden Borre
Messrs Maxime Saliez and Tom Vanden Borre were appointed as per the Royal Decree of 31 January 2021 as representatives of the federal government in an advisory capacity for the French- and Dutch-speaking roles respectively. This Royal Decree entered into force on the date of its publication in the Belgian Official Gazette, namely 8 February 2021¹.

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

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

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

Secretariat

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

Activity report

Issues examined

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

- The strategy of Fluxys Belgium;
- Follow-up of the 2023 budget;
- The 10-year investment programme (2024-2033);
- The medium-term financial plan;
- The HSEQ policy;
- Risk management;
- The preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases;
- The drafting of the annual financial report for financial year 2022 and the half-yearly financial report as at 30 June 2023;
- The change in the valuation rule for 'Unrealised foreign exchange results' in Belgian GAAP;
- The tariff methodology 2024-2027;

- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
 - market integration projects;
 - projects related to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO₂ (also discussed in a separate expert session), including the draft Flemish CO₂ decree;
 - the establishment of Fluxys c-grid and Fluxys hydrogen, and the submission of Fluxys hydrogen's application to become the hydrogen network operator;
 - L-gas to H-gas conversion;
 - upgrading of the Zeebrugge-Opwijk pipeline route and progress reporting;
 - progress of the LNG capacity expansion and truck-loading projects;
- Ongoing implementation of ESG and directives, including the CSRD (also discussed in a separate expert session);
- Development of the legal and regulatory framework;
- Progress of disputes and legal actions brought in order to safeguard the company's interests;
- The energy mix, the European Green Deal, developing a long-term vision for a low-carbon energy system by 2050 and the European Commission's Fit for 55 programme;
- The consequences of the war in Ukraine;
- Security of supply;
- Replacement of the drive for the CVKs in Loenhout;
- Tern Island in Zeebrugge;
- The role of natural gas in Belgium's future energy system and in the energy transition;
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal);
- The safety culture within the company;
- Convening the Annual General Meeting;
- Changes in the composition of the Board of Directors and the advisory committees;
- Examination of reports by the Audit and Risk Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee;
- Examination of the report of the Board of Directors of Fluxys LNG;
- The review report of the Board of Directors and the advisory committees.

Operation

The Board of Directors may only deliberate and adopt decisions when at least half of the directors are either present or represented. Decisions made by the Board of Directors are taken by a simple majority of votes cast by directors present or represented. In 2023, the Board of Directors took all of its decisions by unanimous vote of the directors present or represented.

Frequency of meetings and attendance levels

The Board of Directors met seven times in ordinary meetings in 2023 and made one decision by unanimous written agreement of the directors, in accordance with its rules of procedure. Director attendance at Board of Directors' meetings in 2023 was as follows:

	Attendance
Andries Gryffroy	7 out of 7 meetings
Jean-Claude Marcourt	4 out of 4 meetings
Pascal De Buck	7 out of 7 meetings
Abdellah Achaoui	7 out of 7 meetings
Sabine Colson	6 out of 7 meetings
Laurent Coppens	6 out of 7 meetings
Patrick Côté	1 out of 1 meeting
Valentine Delwart	6 out of 7 meetings
Leen Dierick	7 out of 7 meetings
Cécile Flandre	6 out of 7 meetings
Sandra Gobert	6 out of 7 meetings
Claude Grégoire	3 out of 3 meetings
Gianni Infanti	6 out of 7 meetings
Ludo Kelchtermans	6 out of 7 meetings
Roberte Kesteman	6 out of 7 meetings
Anne Leclercq	7 out of 7 meetings
Josly Piette	7 out of 7 meetings
Daniël Termont	7 out of 7 meetings
Koen Van den Heuvel	6 out of 7 meetings
Wim Vermeir	6 out of 6 meetings
Geert Versnick	4 out of 7 meetings
Sandra Wauters	7 out of 7 meetings

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



Committees formed by the Board of Directors

Audit and Risk Committee

Composition of the Audit and Risk Committee

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

Chairman

Ludo Kelchtermans (until 9 May 2023)
Daniël Termont (since 9 May 2023)

Members

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

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO.

Secretariat

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

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

Cécile Flandre

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

Sabine Colson

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

Anne Leclercq

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

Sandra Wauters

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

Issues examined

The Audit and Risk Committee was set up within the Board of Directors to assist this body. It has the powers assigned to an audit and risk committee by law as well as any other powers that may be assigned to it by the Board of Directors. In 2023, the Audit and Risk Committee mainly addressed the following issues:

- The company's accounts as at 31 December 2022 and 30 June 2023 as well as the associated press releases (financial part);
- The annual financial report for the 2022 financial year and the half-yearly report as at 30 June 2023;
- The principles governing the closing of accounts;
- Examination of the auditor's work, schedule and additional assignments;
- Examination of the internal control and risk management system;
- Goals, schedule and activities of the internal audit in 2023;
- The internal audit schedule for 2024;
- Follow-up on the recommendations made in the wake of the internal audit in 2022;
- Risk management;
- Confirmation to the Audit and Risk Committee of the independence of the internal audit;
- The evaluation of the person in charge of the internal audit.

Operation

Decisions by the Audit and Risk Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. The members of the Audit and Risk Committee

seek to adopt decisions by consensus. In 2023, the Audit and Risk Committee approved all the decisions submitted to it. For detailed information on how the Audit and Risk Committee works, please consult Annex II of the Corporate Governance Charter – Audit and Risk Committee Rules of Internal Procedure (<https://www.fluxys.com/en/about-us/fluxys-belgium/investors>).

Frequency of meetings and attendance levels

The Audit and Risk Committee met four times in 2023. Director attendance at Audit and Risk Committee meetings in 2023 was as follows:

	Attendance
Daniël Termont	3 out of 3 meetings
Sabine Colson	1 out of 4 meetings
Laurent Coppens	3 out of 4 meetings
Cécile Flandre	4 out of 4 meetings
Ludo Kelchtermans	1 out of 1 meetings
Anne Leclercq	4 out of 4 meetings
Wim Vermeir	3 out of 4 meetings
Sandra Wauters	4 out of 4 meetings

Appointment and Remuneration Committee

Composition of the Appointment and Remuneration Committee

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

Chairman

Koen Van den Heuvel

Members

- Valentine Delwart*
- Cécile Flandre
- Sandra Gobert*
- Gianni Infanti
- Roberte Kesteman*
- Geert Versnick

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO.

Secretariat

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

Issues examined

The Appointment and Remuneration Committee was set up within the Board of Directors to assist it in all matters concerning the appointment and remuneration of directors and members of the Management Team BE. It has the powers assigned to a remuneration committee by law as well as any other powers that may be assigned to it by the Board of Directors. In 2023, the Appointment and Remuneration Committee addressed the following main issues:

- The compilation of the draft remuneration report;
- The compilation of opinions for the Board of Directors concerning the appointments of directors and the reappointment of an independent director;
- The preparation of the objectives for the Managing Director and the members of the Management Team BE;
- The preparation of the evaluation of the Managing Director and the members of the Management Team BE;
- The compilation of recommendations on the remuneration of the Managing Director (fixed and variable remuneration and long-term incentives);
- The compilation of recommendations on the remuneration of the members of the Management Team BE (fixed and variable remuneration and long-term incentives) following a proposal by the Managing Director;
- The state of progress regarding the company targets for 2023;
- Monitoring of the remuneration policy.

Operation

Decisions by the Appointment and Remuneration Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. The members of the Appointment and Remuneration Committee seek to adopt decisions by consensus. In 2023, the Appointment and Remuneration Committee approved all the decisions submitted to it. For detailed information on how the Appointment and Remuneration Committee works, please consult Annex III of the Corporate Governance Charter – Appointment and Remuneration Committee Rules of Internal Procedure (<https://www.fluxys.com/en/about-us/fluxys-belgium/investors>).

* Independent directors under the provisions of the Gas Act .

* Independent directors under the provisions of the Gas Act .

Frequency of meetings and attendance levels

The Appointment and Remuneration Committee met four times in 2023 and, on one occasion, took a decision with unanimous written agreement of the directors. Director attendance at Committee meetings in 2023 was as follows:

	Attendance
Koen Van den Heuvel	4 out of 4 meetings
Valentine Delwart	2 out of 4 meetings
Cécile Flandre	3 out of 4 meetings
Sandra Gobert	4 out of 4 meetings
Gianni Infanti	4 out of 4 meetings
Roberte Kesteman	4 out of 4 meetings
Geert Versnick	4 out of 4 meetings

Corporate Governance Committee
Composition of the Corporate Governance Committee

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

Chairman

Sabine Colson*

Members

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

Invited in an advisory capacity

Pascal De Buck, Managing Director and CEO..

Secretariat

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

Issues examined

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act. In 2023, the Corporate Governance Committee mainly addressed the following issues:

- Preparation of the 2022 annual report by the Corporate Governance Committee, drafted on the basis of Article 8/3 section 5(3) of the Gas Act;
- The compilation of the opinion to be returned to the Board of Directors concerning the reappointment of an independent director.

Operation

Decisions by the Corporate Governance Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. The members of the Corporate Governance Committee seek to adopt decisions by consensus. In 2023, the Corporate Governance Committee approved all the decisions submitted to it. For detailed information on how the Corporate Governance Committee works, please consult Annex I of the Corporate Governance Charter – Corporate Governance Committee Rules of Internal Procedure (<https://www.fluxys.com/en/about-us/fluxys-belgium/investors>).

Frequency of meetings and attendance levels

The Corporate Governance Committee met once in 2023 and, on one occasion, took a decision with unanimous written agreement of the directors. Director attendance at Corporate Governance Committee meetings in 2023 was as follows:

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

Managing Director and CEO and Management Team BE in 2023

Composition

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

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

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

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

Deliberations

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

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

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

* Independent directors under the provisions of the Gas Act .

Remuneration Report

Introduction

Fluxys Belgium's remuneration policy is submitted to the General Meeting pursuant to the Code of Companies and Associations. It is then published on the company's website at <https://www.fluxys.com/en/about-us/fluxys-belgium/investors>.

This report provides information on the implementation of this policy over the past financial year.

By way of introduction, the remuneration policy aims to contribute to the company's mission and objective, namely to serve as the designated operator of Belgium's natural gas network, the Loenhout storage facility and the Zeebrugge LNG terminal; to be a key player in a sustainable energy future; and to offer reliable, affordable energy flows on the market. In addition, the company's new objectives are to be the essential infrastructure partner with a view to accelerating the energy transition and to be designated as the operator of the hydrogen and CO₂ transmission networks (for CO₂ in joint venture).

The remuneration policy applicable to the Managing Director and CEO and the Management Team BE has been established as per the remuneration policy for the entire company. This policy is based on an objective, transparent classification system intended to:

- ensure that the salary package offered is in line with the market in order to attract and retain staff with the required expertise;
- provide for performance-related remuneration that varies according to each individual's responsibilities and contribution to Fluxys Belgium's objectives, with the amount of this remuneration being based on the extent to which company, transversal and individual objectives are achieved;
- encourage professionalism, commitment as well as a consistent, cross-functional and sustainable approach, while fully respecting and supporting the company's values.

The remuneration of non-executive Board members is based on market practice and takes into account their role, specific tasks, the associated responsibilities and time commitment.

The remuneration awarded in 2023 is in line with the company's remuneration policy, the company's performance (with the company continuing to perform extremely well throughout this specific year) and its short- and long-term goals. More specifically, the company was able to ensure the continuity of its operations

and provide maximum support for supply in North-West Europe, despite the particularly complex challenge due to the impact of the conflict in Ukraine. It continues to take important steps in the transition to a sustainable energy future.

It should be noted that, by way of derogation from Principles 7.6 and 7.9 of the 2020 Belgian Code on Corporate Governance, directors and members of the executive management team do not receive any remuneration in the form of Fluxys Belgium shares. This derogation is justified in light of the regulated nature of the company's activities, which are characterised by other mechanisms intended to ensure the creation of value in the long term and a very relative correlation between performance and share price.

Remuneration of non-executive directors

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

Remuneration comprises a fixed total amount, set by the General Meeting, that the Board of Directors distributes between the non-executive directors on the basis of the workload involved in their individual roles within the company (maximum indexed annual amount of €360,000 as at 1 July 2007 or €541,260.46 as at 31 December 2023). Non-executive directors and government representatives also receive an attendance fee of €250 for each Board and committee meeting they attend.

Non-executive directors shall receive neither remuneration for performance, e.g. bonuses and long-term incentive schemes, nor benefits in kind or pension plan benefits. The remuneration of non-executive directors comprises solely a fixed amount.

At the end of the first six-month period, directors are paid an advance on their remuneration and attendance fees. This advance is calculated on the basis of the indexed base remuneration and in proportion to the duration of the directorship over the six-month period. A final payment (full settlement) is made in December of the year in question.

Remuneration of non-executive directors

For their work on Fluxys Belgium's Board of Directors and its various committees, the non-executive directors received the following gross remuneration and attendance fees in 2023.

Directors and government representatives	Gross total in euro
Andries Gryffroy	21,555.02
Claude Grégoire	5,001.00
Abdellah Achaoui (1)	13,778.01
Sabine Colson (2)	26,056.03
Laurent Coppens (3)	26,306.03
Patrick Côté (4)	2,820.37
Valentine Delwart	26,306.03
Leen Dierick	13,778.01
Cécile Flandre	27,306.03
Sandra Gobert	26,806.03
Gianni Infanti	20,542.02
Ludo Kelchtermans (5)	15,903.51
Roberte Kesteman	26,806.03
Anne Leclercq	26,806.03
Jean-Claude Marcourt	8,777.01
Josly Piette (6)	20,042.02
Daniël Termont	22,667.52
Koen Van den Heuvel	20,542.02
Wim Vermeir (7)	17,721.65
Geert Versnick	20,042.02
Sandra Wauters	20,792.02
Maxime Saliez	13,778.01
Tom Vanden Borre	13,528.01
Total	437,660.43

The total amount of €437,660.43 comprises €390,910.43 in directors' fees and €46,750.00 in attendance fees.

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

(1) This director transferred his remuneration and attendance fees to Interfin.

(2) This director transferred her remuneration and attendance fees to Wallonie Entreprendre.

(3) This director transferred his remuneration and attendance fees to Interfin.

(4) This director transferred his remuneration and attendance fees to Caisse de dépôt et placement du Québec.

(5) This director transferred his remuneration and attendance fees to Nuhma, Het Limburgs klimaatbedrijf.

(6) This director transferred his remuneration and attendance fees to SOCOFE.

(7) This director transferred his remuneration and attendance fees to AG Insurance.

Fluxys Belgium's non-executive directors do not hold any paid directorships in other Fluxys group companies.

Mr Tom Vanden Borre and Mr Maxime Saliez were appointed the Dutch-speaking² and French-speaking representatives of the federal government respectively on 8 February 2021.

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

Total remuneration

The remuneration paid to the Managing Director and CEO and to the members of the Management Team BE pursuant to the remuneration policy comprises the following components:

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

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

Setting remuneration

After consulting the Nomination and Remuneration Committee, the Board of Directors has assessed the Managing Director and CEO in light of the extent to which the stipulated objectives were achieved. The Managing Director and CEO of Fluxys Belgium also gave the Nomination and Remuneration Committee an explanation of the achievement of objectives regarding the evaluation of the members of Management Team BE in 2023.

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

The Board of Directors:

- approved Fluxys Belgium's performance and realisations for 2023;
- determined the amount of Pascal De Buck's variable remuneration for 2023 as Managing Director and CEO of Fluxys Belgium in 2023, as proposed by the Nomination and Remuneration Committee, and determined the total amount of the variable remuneration for 2023 of the members of Fluxys Belgium's Management Team BE, as proposed by Pascal De Buck.

The performance-related remuneration is awarded on the basis of an assessment of the following criteria:

For the Managing Director and CEO

Short-term variable remuneration

Cycle	Per year	
Correlation between performance and payment	Performance level	Payment
Minimum bonus	80% or less	No minimum %, depending on the circumstances
Target bonus	100%	40%
Maximum bonus	120% or more	70%
Objectives	Description	Weighting
Company level	Main company objectives	50%
Personal level	Individual and cross-functional	35%
Style & values	Leadership and link with company values	15%

Long-term variable remuneration

Cycle	Every four years / Payment possible every two years	
Correlation between performance and payment	Performance level	Payment
Maximum bonus	100% or more	13%/year
Objectives	Description	Weighting
Company level	Main long-term company objectives	100%

As an exception, the first cycle covered three years (2021, 2022 and 2023), with a first payment in 2023, for the 2022-2023 results. The CEO had waived his performance-related remuneration for the long-term objectives for 2021. A new cycle for 2024-2027 was launched with a first payment possible in 2025 for the 2024-2025 results.

For members of Management Team BE

Short-term variable remuneration

Cycle	Per year	
Correlation between performance and payment	Performance level	Payment
Minimum bonus	80% or less	No minimum %, depending on the circumstances
Target bonus	100%	30%
Maximum bonus	120% or more	45%
Objectives	Description	Weighting
Company level	Main company objectives	40%
Personal level	Individual and cross-functional	30%
Style & values	Leadership and link with company values	30%

Long-term variable remuneration

Cycle	Every four years / Payment possible every two years	
Correlation between performance and payment	Performance level	Payment
Maximum bonus	100% or more	7%/year
Objectives	Description	Weighting
Company level	Main long-term company objectives	100%

As an exception, the first cycle covered three years (2021, 2022 and 2023), with a first payment in 2021, for the 2021 results, and a second payment in 2023 for the 2022-2023 results. A new cycle for 2024-2027 was launched with a first payment possible in 2025 for the 2024-2025 results.

The main company objectives for 2023 can be summarised as follows:

- Financial performance: control OPEX and achieve Fluxys Belgium's financial targets;
- Energy transition and profitable, sustainable growth: become the essential partner for accelerating the energy transition;
- Carry out the investment plan, focusing on the energy transition;
- Safe, reliable and efficient operations focused on an acceptable level of process incidents and attention paid to security of supply (SOS) in the current market situation;
- Structural ESG approach with defined concrete priorities.

Fluxys Belgium gives tangible form to its strategy and commitment to sustainable development by means of corporate objectives in the domains of Planet, Prosperity and People, which are translated every year into personal objectives. For example, the emphasis on Fluxys' role in the transition to a sustainable energy future is a key factor in connection with variable remuneration, as is the Go for Net 0 project, which aims to achieve a company with no greenhouse gas emissions, and

active support for technologies and market models that bolster the position of natural gas and carbon-neutral gas in connection with the energy transition. In addition, respect, open and reliable have been included as key pillars in the short-term and long-term remuneration plans.

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

The company objectives were exceeded in 2023, specifically in financial performance, the implementation of the investment plan and the energy transition. In November, two new entities were created, Fluxys hydrogen, which aims to be designated as the hydrogen network operator in Belgium, and the joint venture Fluxys c-grid, which aims to be designated as the CO₂ transmission operator in Belgium.

The Managing Director and CEO exceeded his personal objectives and was also deemed to have performed positively with regard to the objectives concerning leadership and the promotion of company values. The short-term variable remuneration granted to the Managing Director and CEO is mainly paid in cash, with the rest being paid into the group insurance scheme. He may also request payment of part of the bonus in the form of OTC options. The CEO also benefits from performance-related remuneration for long-term objectives for the period 2022-2023. Remuneration for achieving long-term objectives is paid in cash.

Remuneration of the Managing Director and CEO and members of the Management Team BE in 2023

Components	Managing Director and CEO (individual)	Members of the Management Team BE (all together)
Base remuneration	374,262.70	623,483.96
Variable remuneration	249,714.00	244,356.00
Long-term variable remuneration	97,633.00	87,583.00
Pension	143,119.68	252,983.67
Other components	19,970.61	50,788.61
Total	884,699.99	1,259,195.24
Fixed/variable ratio**	61%	74%
	39%	26%

* In accordance with the rules established for long-term remuneration, the calculation for 2022 and 2023 benefits took place in 2023.
** The fixed/variable ratio was modified following the payment of LTIs for two years in 2023.

The current remuneration policy takes into account the legislation on the spread of variable remuneration. In fact, more than half of the performance criteria relate to several years due to the context of multi-year tariffs and the energy transition.

Share-based remuneration

The Managing Director and CEO and the members of the Management Team BE do not receive any shares or stock options in the company as part of their base or performance-related remuneration.

Severance pay

The company did not grant any severance pay during the financial year.

The members of Management Team BE also exceeded their personal objectives and were deemed to have done well with regard to the objectives concerning leadership and the promotion of the company's values. Short-term variable remuneration is paid entirely in cash, though members can request that part of the bonus be paid in the form of OTC options. Regarding the achievement of long-term objectives by the members of Management Team BE, payment is made in 2023 for the years 2022 and 2023. Remuneration for achieving long-term objectives is paid in cash.

Use of clawback rights

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

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

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

Derogations from the remuneration policy

There were no derogations from the remuneration policy in 2023.

Change in company remuneration and performance

Annual change	2019	2020	2021	2022	2023
Non-executive directors*					
Total	462.051	464.687	469.910	442.266	437.660
Managing Director and CEO					
Total	516.941	619.288	609.811	669.973	884.700
Members of the Management Team BE*					
Total	893.778	977.242	1.022.346	1.057.617	1.259.195
Performance of the Fluxys Belgium group (consolidated financial statements – in EUR thousand)					
Operating revenue	530.995	560.590	573.191	912.559	592.788
EBITDA	297.337	313.623	318.905	323.167	285.809
EBIT	134.841	133.482	137.821	147.305	129.570
Net profit	69.498	73.237	75.521	83.728	77.423
Average remuneration paid to other employees (in full-time equivalent)					
Total**	88.689	89.292	91.112	99.140	103.191

* The number of members may vary from one year to the next.
** Total in the 'remuneration' segment for all employees, i.e. managerial and salaried staff, including the set group of employees who are still remunerated in accordance with the 'old' working conditions, in line with the provisions of Joint Committee 326.
This 'remuneration' segment encompasses all gross components of remuneration, more specifically fixed annual salaries, as well as variable components, including payment for on-call work, work breaks, overtime, etc. The other components of remuneration (employer contributions to group insurance, personal insurance and the cost of certain job-related benefits) are not included.

The ratio between the highest remuneration paid to management (the Managing Director and CEO) and the lowest remuneration (expressed in full-time equivalent) paid to employees was 1:21 in 2023. This ratio has

changed, due in part to the payment of the LTI for two years in 2023 and in part to new recruitment at a lower level.

Voting rights and special powers

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

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

- the right to oppose any transfer, assignment as a guarantee, or change in the purpose of Fluxys Belgium's strategic assets (a list of which is appended to the aforementioned Royal Decree

dated 16 June 1994) if the federal Energy Minister considers that such an operation would adversely affect national interests in the field of energy;

- the right to appoint two representatives of the federal government in an advisory capacity to Fluxys Belgium's Board of Directors;
- the right of representatives of the federal government to appeal to the federal Energy Minister within four working days, on the basis of objective, non-discriminatory and transparent criteria (as defined in the Royal Decree of 5 December 2000), against any decision of Fluxys Belgium's Board of Directors (including the investment and activity plan and the associated budget) which in their view breaches national energy policy guidelines, including the government's national energy supply objectives – such an appeal shall be suspensive; if the federal Energy Minister has not annulled the

- decision concerned within eight working days after this appeal, the decision shall become definitive;
- a special voting right in the event of deadlock at the General Meeting concerning an issue affecting the objectives of federal energy policy.

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

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

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

There are no limitations on the following share transfers:

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

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

A shareholder planning to transfer shares must inform the company in writing, requesting acknowledgement of receipt, a) of the number of shares they plan to sell, b) of the name of the prospective assignee(s) deemed to be of good faith and the price irrevocably offered by said assignee, and c) that the shares in question are being offered to shareholders for priority purchase under the same conditions. The Board of Directors shall inform the other shareholders of this offer in the same manner within two weeks. Every shareholder shall then have 60 days as from receipt of the aforesaid written notification to inform the transferring shareholder and the company, in writing

requesting acknowledgement of receipt, whether or not they shall submit a bid and, if so, of the number of shares they wish to acquire.

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

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

Transactions and other contractual relations

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

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

This procedure is as follows:

- Directors and members of the Management Team BE must take care to comply with all legal and ethical obligations incumbent upon them. They must organise their private and business affairs in such a way as to avoid as far as possible any situation in which a personal conflict of interest may arise between themselves and the company or its subsidiaries.
- In the event of any doubt on the part of a director as to whether there is such a conflict of interest, they must notify the Chairman of the Corporate Governance Committee accordingly. Members of the Management Team BE should express their doubts to the Managing Director.

- Where there is a personal conflict of interest, the director concerned must, without being asked, withdraw from the Board of Directors' meeting while the matter in question is being discussed and must not take part in the voting, including by proxy, on said matter. Reasons for this abstention must be stated in accordance with the terms of the Code on Companies and Associations.
- Where there is deemed to be a conflict of interest, the purpose and conditions of the transaction or other contractual relationship must be communicated for information purposes to the Board of Directors by its Chairman. The Board of Directors is also required to approve said purpose and conditions (or refer them to the Board of Directors of the subsidiary concerned for approval) where the total amount of the individual transaction or accumulated transactions over a three-month period is in excess of €25,000.
- If a member of the Management Team BE has, directly or indirectly, an interest of a financial nature which conflicts with a decision or a transaction falling within the remit of the Management Team BE, they must notify the other members of this before the Team deliberates. The member concerned may not participate in the deliberations of the Management Team BE on that decision or transaction or in the vote.

The Board of Directors was not required to implement the above procedure during financial year 2023.

Issue or buy-back of shares

Fluxys Belgium's Articles of Association authorise the General Meeting to acquire the company's own shares in accordance with legal provisions. No such decision was taken at the 2023 Annual General Meeting. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the General Meeting is required.

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

Auditor

In 2023, EY received remuneration totalling €222,844 for its work as the Fluxys Belgium group's auditor.

This remuneration is broken down as follows:

- Audit services as auditor for the group: €171,460.
- Audit services as auditor for the group's foreign subsidiaries: €19,384.
- The auditor provided additional services during the year for a total of €32,000.

Subsidiaries

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

Disclosure of major holdings

The periodic disclosure pursuant to Article 74(8) of the Act of 1 April 2007 was sent out on 13 December 2017. As of the date of disclosure, Fluxys held 63,237,240 shares with voting rights in Fluxys Belgium. Publigas held no shares with voting rights in Fluxys Belgium. Publigas confirmed at that time that it had not acquired or transferred any shares with voting rights in Fluxys Belgium. No transfer of shares with voting rights took place in 2023.

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Financial situation



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Consolidated financial statements under IFRS

General information on the company

Corporate name and registered office

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

Group activities

The main activities of the Fluxys Belgium group are transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. The Fluxys Belgium group also provides complementary services related to these main activities. Transmission, storage and terminalling services in Belgium are subject to the Gas Act¹. Please refer to the specific chapters in the directors' report for further information on the activities of Fluxys Belgium group.

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



Consolidated financial statements of the Fluxys Belgium group under IFRS

A. Consolidated balance sheet

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2023	31-12-2022
I. Non-current assets		2,073,059	2,061,085
Property, plant and equipment	5.1	1,873,286	1,855,375
Intangible assets	5.2	27,238	22,864
Right of use assets	5.3	28,580	30,020
Investments accounted for using the equity method		50	50
Other financial assets	5.4/6	111,210	111,171
Other receivables	6	21,496	15,144
Other non-current assets	5.5	11,199	26,461
II. Current assets		1,285,557	1,345,485
Inventories	5.6	50,443	62,656
Finance lease receivables	6	1,644	2,094
Current tax receivables		7,071	2,429
Trade and other receivables	5.7/6	102,056	164,299
Cash investments	5.8/6	32,998	26,113
Cash and cash equivalents	5.8/6	1,068,227	1,070,708
Other current assets	5.9	23,118	17,186
Total assets		3,358,616	3,406,570

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2023	31-12-2022
I. Equity	5.10	613,413	643,617
Equity attributable to the parent company's shareholders		612,625	643,617
Share capital and share premiums		60,310	60,310
Retained earnings and other reserves		552,315	583,307
Non-controlling interests		788	0
II. Non-current liabilities		2,297,633	2,061,275
Interest-bearing liabilities	5.11/6	1,070,311	1,115,772
Regulatory liabilities	5.12	1,039,716	746,809
Provisions	5.13	3,939	4,127
Provisions for employee benefits	5.14	48,455	47,444
Other non-current financial liabilities	6	4,010	3,575
Deferred tax liabilities	5.14	131,202	143,548
III. Current liabilities		447,570	701,678
Interest-bearing liabilities	5.11/6	55,336	56,269
Regulatory liabilities	5.12	219,122	188,485
Provisions	5.13	291	0
Provisions for employee benefits	5.13	3,508	3,543
Current tax payables		4,248	1,020
Trade and other payables	5.16/6	118,956	444,533
Other current liabilities ²		46,109	7,828
Total liabilities and equity		3,358,616	3,406,570

² Exceptional increase following the receipt of grants to be used in the following periods

B. Consolidated income statement

Consolidated income statement		In thousands of €	
	Notes	31-12-2023	31-12-2022
Operating revenue	4.1	592,788	912,559
Sales of gas related to balancing operations and operational needs	5.6	160,761	278,566
Other operating income		19,594	16,212
Consumables, merchandise and supplies used	4.2.1	-8,895	-5,582
Purchase of gas related to balancing of operations and operational needs	5.6	-157,389	-275,178
Miscellaneous goods and services	4.2.2	-179,845	-465,521
Employee expenses	4.2.3	-135,240	-132,931
Other operating expenses	4.2.4	-5,965	-4,958
Depreciations	4.2.5.1	-166,894	-168,051
Provisions	4.2.5.2	-745	6,993
Impairment losses	4.2.5.3	11,400	-14,804
Operational profit/loss		129,570	147,305
Change in the fair value of financial instruments		262	-1,298
Financial income	4.3	37,606	4,589
Finance costs	4.4	-70,777	-40,805
Profit/loss before taxes		96,661	109,791
Income tax expenses	4.5	-19,238	-26,063
Net profit/loss for the period	4.6	77,423	83,728
Fluxys Belgium share		77,423	83,728
Non-controlling interests		0	0
Basic earnings per share attributable to the parent company's shareholders in €	4.7	1,1019	1.1916
Diluted earnings per share attributable to the parent company's shareholders in €	4.7	1,1019	1.1916

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income		In thousands of €	
	Notes	31-12-2023	31-12-2022
Net profit/loss for the period	4.6	77,423	83,728
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.12	-13,394	22,905
Income tax expense on these variances		3,348	-5,726
Other comprehensive income		-10,046	17,179
Comprehensive income for the period		67,377	100,907
Fluxys Belgium share		67,377	100,907
Non-controlling interests		0	0

D. Consolidated statement of changes in equity

Consolidated statement of changes in equity									In thousands of €
	Share capital	Share premium	Reserves not available for distribution	Retained earnings	Reserves for employee benefits	Other comprehensive income	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
I. BALANCE AS AT 31-12-2021	60,272	38	54,072	521,796	3,496	0	639,674	0	639,674
1. Comprehensive income for the period				83,728	17,179		100,907		100,907
2. Dividends paid				-96,964			-96,964		-96,964
II. CLOSING BALANCE AS AT 31-12-2022	60,272	38	54,072	508,560	20,675	0	643,617	0	643,617
1. Comprehensive income for the Period				77,423	-10,046		67,377		67,377
2. Dividends paid				-98,369			-98,369		-98,369
3. Capital increases								788	788
III. CLOSING BALANCE AS AT 31-12-2023	60,272	38	54,072	487,614	10,629	0	612,625	788	613,413

E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)		In thousands of €	
	Notes	31-12-2023	31-12-2022
I. Cash and cash equivalents, opening balance	A.	1,070,708	366,931
II. Net cash flows from operating activities		356,266	1,008,653
1. Cash flows from operating activities		345,568	1,041,092
1.1. Profit/loss from continuing operations	B.	129,569	147,305
1.2. Non cash adjustments		447,983	631,460
1.2.1. Depreciations	B.	166,894	168,051
1.2.2. Provisions	B.	745	-6,993
1.2.3. Impairment losses	B.	-11,400	14,804
1.2.4. Other non-cash adjustments		640	-626
1.2.5. Increase (decrease) of the regulatory liabilities	5.12	291,104	456,224
1.3. Changes in working capital		-231,984	262,327
1.3.1. Decrease (increase) of inventories	5.6	23,644	-38,433
1.3.2. Decrease (increase) of tax receivables	A.	901	-956
1.3.3. Decrease (increase) of trade and other receivables	A.	62,264	-73,838
1.3.4. Decrease (increase) of other current assets		-7,628	-153
1.3.5. Increase (decrease) of tax payables		1,070	-126
1.3.6. Increase (decrease) of trade and other payables	A.	-333,230	371,252
1.3.7. Increase (decrease) of other current liabilities	A.	20,995	4,581
2. Cash flows relating to other operating activities		10,698	-32,439
2.1. Current tax paid		-26,600	-36,732
2.2. Interests from investments, cash and cash equivalents	4.3	36,689	4,053
2.3. Other inflows (outflows) relating to other operating activities	4.3/4.4	609	240
III. Net cash flows relating to investment activities		-177,564	-124,784
1. Acquisitions		-185,595	-145,118
1.1. Payments to acquire property, plant and equipment, and intangible assets	5.1/5.2	-184,776	-116,916
1.2. Payments to acquire other financial assets		-819	-28,202

Consolidated statement of cash flows (indirect method)		In thousands of €	
	Notes	31-12-2023	31-12-2022
2. Disposals		14,916	707
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets		2,916	707
2.2. Proceeds from disposal of other financial assets	8	12,000	0
3. Increase (-)/ Decrease (+) of cash investments	A.	-6,885	19,627
IV. Net cash flows relating to financing activities		-181,183	-180,092
1. Proceeds from cash flows from financing		1,238	601
1.1. Proceeds from issuance of equity instruments	D.	788	0
1.2. Proceeds from finance leases	A.	450	601
2. Repayments relating to cash flows from financing		-49,411	-48,455
2.1. Repayment of finance lease liabilities	5.11	-5,048	-5,060
2.2. Repayment of other financial liabilities	5.11	-44,363	-43,395
3. Interests		-34,641	-35,274
3.1. Interest paid classified as financing		-34,680	-35,330
3.2. Interest received classified as financing		39	56
4. Dividends paid	D.	-98,369	-96,964
V. Net change in cash and cash equivalents		-2,481	703,777
VI. Cash and cash equivalents, closing balance	A.	1,068,227	1,070,708

Notes

Note 1a. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys Belgium group for the financial year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union and applicable on the balance sheet date.

All amounts are stated in thousands of euro.

Note 1b. Judgement and use of estimates

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

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

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

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

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

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

Note 1c. Date of authorisation for issue

The Board of Directors of Fluxys Belgium SA authorised these IFRS financial statements for issue on 28 March 2024.

Note 1d. Standards, amendments and interpretations applicable on 1 January 2023

The following standards and interpretations are applicable for the annual period starting from 1 January 2023

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- IFRS 17 Insurance Contracts (not applicable to reinsurance activities carried out within the group by Flux Re)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

For financial years starting on or after 31 December 2023 Publigas, including its participation in Fluxys SA and its Belgian and foreign subsidiaries, will be subject to the so-called Pillar two law “Wet houdende de invoering van een minimumbelasting voor multinationale ondernemingen en omvangrijke binnenlandse groepen” of 19 December 2023. The law generally follows Council Directive (EU) 2022/2523 of 14 December 2022.

The law aims to ensure a global minimum level of taxation for Belgian multinational enterprise groups and large-scale Belgian groups. The law includes a set of rules that should result in the application of a minimum effective tax rate of 15% for Publigas group, being a multinational enterprise group with a consolidated revenue exceeding EUR 750 million for at least two of the four previous financial years.

Together with an external tax advisor, Publigas group is currently assessing the impact of the new legislation. The group aims to timely and correctly comply with this new legislation. Among other things, the application of the Transitional CbCR Safe Harbour rules is currently being analysed. Based on an analysis of historical data, Publigas group expects to be able to apply the Transitional CbCR Safe Harbour rules in most jurisdictions where the group operates.

Fluxys Belgium has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar two income taxes.

The application of these amendments didn't have a significant impact on the financial statements of the group.

Note 1e. Standards, amendments and interpretations applicable from 1 January 2024 and later

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

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, effective 1 January 2024
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective 1 January 2025²
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024

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

Note 2. Accounting principles and policies

The accounting principles and policies set out below were approved at the Fluxys Belgium Board of Directors meeting of 28 March 2024.

Changes or additions compared with the previous financial year are underlined.

Note 2.1. General principles

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

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

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

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

The accounting policies have been applied in a coherent manner.

Note 2.2. Balance sheet date

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

Note 2.3. Events after the balance sheet date

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

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

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

Note 2.4. Basis of consolidation

The Fluxys Belgium group's consolidated financial statements have been prepared in accordance with IFRS and in particular with IFRS 3 (Business Combinations), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries

The Fluxys group's consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities it controls and its subsidiaries.

The investor controls an investee when he is exposed—or has rights—to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in joint ventures

A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

The results and assets and liabilities of associates or joint ventures are accounted for in the present consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified as an asset held for sale in accordance with IFRS 5.

An investment in an associate or joint venture is initially accounted for at cost. It then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally, dividends distributed by this entity decrease the value of the investment.

Note 2.5. Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

Intangible assets are recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Intangible assets with a limited useful life are depreciated over their useful life.

Computer software is depreciated at 20% per annum.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

Intangible assets are impaired when their book value exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.

The useful life, the depreciation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.

The cost associated with emission of greenhouse gases in the atmosphere is recognised as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned (other debts). This expense is measured by reference to the weighted average cost of the acquired or granted allowances.

This liability is derecognised on the delivery of allowances to the government by withdrawing emission rights from intangible assets.

In case the allowances are insufficient to cover the emission of greenhouse gases during the financial year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.

The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

Note 2.6. Property, plant and equipment

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

PPE is recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

PPE is reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use. The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

Depreciation methods

PPE is depreciated over its useful life.

Each significant component of PPE is recognised separately and depreciated over its useful life.

The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.

The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets. This is a specific list of regulated infrastructure investments, which are essential for gas transmission in Europe and form an integral part of the RAB.

The methods and durations of depreciation used are as follows:

Straight-line method:

- 50 years for transmission pipelines in Belgium, terminalling facilities and tanks;
In line with the new tariff method applied since 01.01.2020, all investments (new and existing) in gas transmission pipelines are fully depreciated by December 2049 at the latest.
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;
- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;

Declining-balance method:

- This method only applies for investments made to ensure security of supply: declining-balance.

The useful life, the depreciation method, as well as the potential residual value of property, plant and equipment are reassessed at each balance sheet date and revised prospectively, if applicable.

Note 2.7. Leases

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination are considered, as required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

The group as a lessee

At the start of the lease, the lessee recognises a right-of-use asset and a lease obligation.

Right-of-use assets

The group recognises right-of-use assets on the date of the start of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease obligation minus amortisation and any depreciation, adjusted to take into account any revaluations of the lease obligation. The initial cost of the right-of-use assets includes the present value of the lease obligation, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different entry under non-current assets.

Lease obligations

The lease obligation is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the book value to reflect the interest on the lease obligation;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease obligation or amendments to the lease.

The services included in leases do not form part of the lease debt.

Lease obligations are presented in a separate entry under current and non-current interest-bearing liabilities (see note 5.11).

Short-term leases and low-value leases

For short-term leases (duration of 12 months or less), the Fluxys Belgium group registers a lease expense.

To determine the criteria for a low-value lease, a threshold has been determined, except for vehicles, which are included in the group of vehicles leased for more than one year without applying the value criteria.

For short-term leases, and low-value leases, the effect on profit/loss is not significant.

Presentation

In the consolidated income statement, the interest charge on the lease obligation is presented separately from the depreciation charge that applies to the right-of-use asset.

In the cash flow statement, the cash flows will be presented as follows:

- cash outflows relating to the principal of the lease obligation and the interest paid, in the financing activities;
- rent payments for short-term leases, low-value leases and variable rent payments that have not been taken into account in the valuation of the lease obligations, in the operating activities.

The group as a lessor

The group leases out some facilities under finance lease as a lessor.

Assets under finance lease are assets for which the group substantially transfers risks and rewards related to the economic ownership to the lessee. Assets leased under such contracts are recognised on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question. Lease payments received are apportioned between financial income and repayments of the lease receivable so as to achieve a constant rate of return on the net investment by the group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the most pertinent criteria adopted is the following: a contract is considered a finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract.

No residual value is assumed for gas transmission assets in Belgium, due to the specific nature of the activities concerned.

Note 2.8. Financial instruments

Recognition and derecognition of financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the group becomes party to the instrument's contractual terms.

Derecognition of financial assets

The group has to derecognise a financial asset if and only if the contractual rights on the cash flows of the financial asset expire, or where it transfers almost all the risks and advantages inherent to the ownership of the financial asset to a third party.

If the group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the group continues to recognise the financial asset to the extent of its continuing involvement and recognises a related liability for the amount received.

If the group keeps almost all the risks and advantages inherent to the ownership of the financial asset, it continues to recognise the whole financial asset and recognises a financial liability for the consideration received.

When a financial asset measured at amortised cost is derecognised, the difference between the amortised cost and the sum of the considerations received is transferred to the income statement.

When an investment in equity instruments until now measured at fair value with changes to other comprehensive income are derecognised, the accumulated profit/loss recognised previously in other comprehensive income is not reclassified to net income.

Derecognition of financial liabilities

The entity derecognises a financial liability only if this liability is extinguished, i.e. once the obligation is fulfilled, cancelled or it expires.

The difference between the book value of an extinguished financial liability and the consideration paid, including, where applicable, the assets (non-cash) transferred and the liabilities acquired must be recognised in the income statement.

Unconsolidated equity instruments (such as shares and equity rights)

The Fluxys Belgium group values the unconsolidated equity instruments at fair value with changes to other comprehensive income.

However, given the materiality of certain instruments and the unavailability of recent market values, certain equity instruments are accounted for at the initial cost.

The dividends received for these equity instruments are recognised in financial income under the item 'Dividends from unconsolidated entities'.

Short-term investments, cash and cash equivalents

Cash investments in the form of bonds or commercial paper, having a maturity date exceeding three months, are reported as financial assets measured at amortised cost. These are shown in the balance sheet under non-current 'other financial assets' and under current 'investments'.

Cash and cash equivalents held are reported as financial assets measured at amortised cost.

The economic model used by the Fluxys Belgium group to manage financial assets aims to hold them in order to obtain contractual cash flows. The sales of financial assets are rare, and the group does not expect to proceed with such sales in the future, except in the case of an increased credit risk for the assets over and above the policy advocated by the group. A sale may also be motivated by an unexpected financing need.

Where the conditions required to be qualified as financial assets valued at amortised cost are not met, these financial assets concerned are valued at fair value with changes to net profit/loss.

Trade and other receivables

Trade and other receivables are stated at their face value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognised when the book value of these items at balance sheet date exceeds their recoverable amount.

Expected credit losses and write-downs

Expected credit losses on financial assets accounted for at amortised cost are calculated using an individual approach, based on the credit quality of the counterparty and the maturity of the financial asset.

Expected credit losses are calculated using a probability of default over the useful life of the financial asset.

A financial asset is impaired where one or more events have occurred with a negative effect on the future estimated cash flows of this financial asset. The indications of the impairment of a financial asset encompass data that may be observed on the following events:

- defaults in payments for more than 90 days,
- significant financial difficulty of the issuer or debtor and
- increasing probability of bankruptcy or financial restructuring of the lender.

If the economic forecast (for example gross domestic product) deteriorates over the course of next year, which could lead to an increase in the number of defaults, the historical default rates are adjusted. At each balance sheet date, the historical default rates observed are updated and the changes in the forecast estimates are analysed.

Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognised in the income statement under the effective interest rate method over the term of the liabilities.

Trade payables

Trade payables are stated at face value.

When the time value of money is significant, trade payables are discounted.

Note 2.9. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.

Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

This impairment on inventories is recognised in the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs.

When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognised immediately as an expense in the income statement.

Note 2.10. Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.

The amount of the borrowing costs to be capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

Note 2.11. Provisions

Provisions are recognised as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from a past event;
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits;
- the amount of the obligation can be reliably estimated.

No provision is recognised if the above conditions are not met.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to have to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

Employee benefits

Some companies in the Fluxys group have established supplementary 'defined benefit' or 'defined contribution' pension plans. Benefits provided under these plans are based on the number of years of service and the employee's salary.

'Defined benefit' pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

'Defined contribution' pension plans provide employees with a capital sum accumulated from personal and employer contributions, based on the salary.

In Belgium, the law requires that the employer guarantee a minimum return for defined contribution, which varies based on the market rates.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit' plans.

In case of death before retirement, these plans provide a capital sum for the surviving spouse, as well as allowances for orphans.

Other employee benefits

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and price subsidies, and other long-term benefits (seniority bonuses).

Valuation

These liabilities are valued annually by a qualified actuary.

Regular payments made in relation to the supplementary pension plans are recognised as expenses at the time they are incurred.

'Defined benefit' pension plans

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee Benefits), using the projected unit credit method (PUCM).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee's career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. Any deficit resulting from this valuation is subject to the recognition of a provision to cover this risk.

In the opposite case, an asset is recognised in line with the surplus of the defined benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or assets in the balance sheet comprise:

- the actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate);
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity through the other items in comprehensive income.

‘Defined contribution’ pension plans

The liabilities of the group with regard to ‘defined contribution’ plans are limited to the employer contributions paid recorded in the results.

Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but revaluations are fully accounted for in the financial results in the financial year in which they occur.

Note 2.12. Revenue recognition

The group accounts for operating revenue as it meets a service obligation by supplying the customer with the promised good or service and as this latter obtains control thereof.

The Fluxys Belgium group uses a five-stage approach to determine whether a contract entered into with a customer may be accounted for and the way in which revenue should be recognised:

1. identification of the contract,
2. identification of the service obligations,
3. determination of the transaction price,
4. distribution of the transaction price between the service obligations and
5. recognition of operating revenue where the service obligations are met or where the control of the goods or services is transferred to the customer.

Group revenues mainly come from standard regulated contracts for which both the services to be provided and the price of the service are clearly identified.

Fluxys Belgium and its subsidiaries transfer the control of their regulated services progressively and in doing so meet their service obligation and account for operating revenue progressively. It should be noted that the revenue from regulated activity is recognised based on reserved capacities.

Furthermore, the Fluxys Belgium group makes sales of gas that are necessary for balancing operations and its operational needs. These services, fulfilled at a specific time, are recognised in operating revenue at the time of their fulfilment. From 1 June 2020, these balancing operations are conducted by the joint venture with Balansys.

Regulated income received by the group may generate a gain or a loss compared with the target rate of return on the capital invested. Gains are reported and recognised as regulatory liabilities, whereas losses are included in operating revenue to offset the accounting of regulatory assets. The Group has no regulatory assets in the published periods.

The regulatory framework is explained in further detail in the chapter on ‘Regulatory and legal framework’ of the annual report.

In note 4 - Segment income statement, the distinction is shown between the revenue invoiced and the revenue recognised. The latter includes the revenue invoiced, but also the movements in regulatory assets and liabilities.

The following table provides more detailed information on the Group's services (performance obligations), types of contract, pricing, and the way in which operating revenue is recognised. Most of this revenue is regulated.

Legal entity	Revenue stream	Performance obligation: nature, customer and timing of satisfaction	Contract type and pricing
Fluxys Belgium	Transmission services	<p>Nature of performance obligation: sale of capacity and related services in the pipeline infrastructure to its customers to transmit natural gas to distribution system operators, power stations and major industrial end-users in Belgium or to transport natural gas to a border point for transmission to other end-user markets in Europe.</p> <p>Customers: gas shippers reserve capacity slots (short + long term contracts)</p> <p>Revenue recognition: the performance obligation consists in making these capacities available for the customers for use at the customers' discretion (cf. IFRS 15.26 (e)).</p> <p>Basically, the contracts between Fluxys Belgium and their customers determine that the latter reserve a certain capacity that can be used over a certain period, at the choice of the customer.</p> <p>Thus, Fluxys Belgium will transfer to the customer a series of services that are substantially the same and that have the same pattern of transfer to the customer (IFRS 15.22 (b)).</p> <p>Each service in the series provided by Fluxys Belgium is a performance obligation satisfied over time, as described by IFRS 15.35a (the customer simultaneously receives and consumes the benefits provided by Fluxys' performance as Fluxys performs).</p> <p>Therefore, the reserved capacities are invoiced and recognised monthly over the period covered by the contract related to the capacities reserved (in accordance with IFRS 15.39 and IFRS 15.B15), i.e. over time recognition.</p>	<p>Regulated Standard Transmission Agreement.</p> <p>Regulated tariffs are expressed in €/kWh/h/year</p>
Fluxys Belgium	Storage capacity service	<p>Nature of performance obligation: storage services enabling customers to use buffer capacity flexibly according to their needs. The gas is stored in the underground facilities in Loenhout, Belgium.</p> <p>Most of the revenues are generated by the sale of standard bundled packages, composed of injection, storage and withdrawing capacity throughout the storage season in fixed proportion. Such contracts can be both long term and short term.</p> <p>Customers: As for transmission, the revenues are based on the reserved capacities.</p>	<p>Regulated Standard Storage Agreement (in combination with a regulated Standard Transmission Agreement to enable injecting into and withdrawing from the gas grid – see above).</p> <p>Regulated tariffs for storage capacity are expressed in €/standard bundled unit per year. Tariffs for separately purchased storage capacity are</p>

		Revenue recognition: revenue is recognised over time as these services are performed continuously throughout the contractual term	expressed in €/GWh/year. Injection or withdrawal capacity is expressed in €/m³(n)/h/year.
Fluxys LNG	Terminalling services	<p>Nature of performance obligations:</p> <p>Unloading services (time slots are sold in advance, the so-called 'berthing rights'), possibly combined with related services such as storage, regasification or sending out (i.e. transform the liquid gas into gas that can be injected in the grid).</p> <p>Loading services</p> <p>Transhipment services, that occur in 2 forms:</p> <p>Ship-To-Ship: unloading of LNG from one LNG ship directly to another.</p> <p>Ship-Storage-Ship: LNG is unloaded from an LNG ship, then stored in a tank at the terminal. It can be loaded a few days later by another LNG ship.</p> <p>Customers: Customers reserve berthing rights in advance, these can be both long term and short term contracts.</p> <p>Revenue recognition: revenue of these berthing rights is recognised over time based on the reserved capacity, independently of whether the slots are used or not.</p> <p>For some additional services, such as storage, revenue is recognised over time as well, in accordance with IFRS 15.35(a). For other additional services, such as regasification, revenue is recognised at a point in time.</p>	<p>Standard regulated LNG Terminalling Agreement, mostly combined with a separate standard regulated LNG Service Agreement for ancillary services such as storage and sending out capacity, etc.</p> <p>Tariffs for (un)loading are expressed in €/berthing right for the capacity reservations.</p> <p>For storage and for regasification and sending out services, tariffs are expressed in €/MWh/day.</p> <p>Regulated standard LNG Transhipment Service Agreement.</p> <p>Tariffs are expressed in €/berthing right for the transhipment services.</p> <p>For additional storage services, the tariff is expressed in €/MWh/day.</p>

Note 2.13. Income taxes

Current tax is determined in accordance with local tax regulations and calculated on the income of the parent entity, subsidiaries and joint operations.

Deferred tax liabilities and assets reflect the future taxable and deductible temporary differences, respectively, between the book base and the tax base of assets and liabilities.

Note 3. Acquisitions, disposals and restructuring

Consolidation scope

The consolidation scope has evolved in the following way in 2023: creation of the companies Fluxys hydrogen and Fluxys c-grid.

Fluxys hydrogen

Fluxys hydrogen (100%), which was created in 2023 and has as objective to become the Belgian H2 network operator and as such support industries in their transition efforts to a low carbon economy.

Fluxys c-grid

Fluxys c-grid (77.5%), which was created in 2023 and has as objective to become a Belgian CO2 network operator and as such support industries in their transition efforts to a low carbon economy.

Information on investments

Fully consolidated entities						
Name of the subsidiary	Registered office	Entity number	% owner-ship	Core business	Currency	Balance sheet date
Fluxys LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	100.00%	LNG terminalling	€	31 December
Flux Re SA	Rue de Merl 74 L - 2146 Luxembourg	-	100.00%	Reinsurance entity	€	31 December
Fluxys c-grid SA	Rue Guimard 4 B - 1040 Bruxelles	1002.472.828	77,50%	CO2 transmission	€	31 December
Fluxys hydrogen SA	Rue Guimard 4 B - 1040 Bruxelles	1002.472.927	100,00%	Hydrogen transmission	€	31 December

Entities accounted for using the equity method						
Name of the subsidiary	Registered office	Entity number	% owner-ship	Core business	Currency	Balance sheet date
Balansys SA	Rue de Strassen 105 L - 2555 Luxembourg	-	50.00%	Balancing operator	€	31 December

Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- the right to oppose to all transfers, any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy;
- the right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategic Committee of Fluxys Belgium;
- the right of the representatives of the federal government, within four business days, to appeal to the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors or any advice of the strategic Committee of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the country's energy policy, including the government's objectives concerning the country's energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not cancelled the decision concerned within eight business days after this appeal, it becomes final;
- a special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

There are no other significant restrictions that may limit the ability of the group to access or use its assets and discharge its liabilities. However, it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re came to €177.8 million as at 31-12-2023 compared to €164.1 million as at 2022 year-end.

Balansys SA is a company governed by Luxembourg law in which 50% of shares are held by Fluxys Belgium SA and 50% by Creos Luxembourg SA. The objective of this company is to integrate the Belgian and Luxembourg natural gas markets. As part of this objective, an agreement has been signed between the shareholders that stipulates that Balansys SA shares may not be encumbered with any guarantees or transferred, unless for the benefit of another transmission network operator and with the agreement of the other shareholder.

The key figures of Balansys are shown in the table below:

Entity accounted for using the equity method	31-12-2023	31-12-2022
	In thousands of € (*)	In thousands of € (*)
Non-current assets	0	0
Current assets	58,340	100,112
Equity	100	100
Non-current liabilities	26,167	30,060
Current liabilities	32,073	69,952
Operating revenue	148,698	461,307
Operating expenses	-147,560	-460,282
Net financial result	-1,099	-989
Income tax expenses	-40	-37
Net profit/loss for the period	0	0
Entities accounted for by the equity method	50	50
Result of entities accounted for by the equity method	0	0

(*) Figures before intercompany eliminations, on a 100% basis and subject to approval of the accounts by the governing bodies and the general assembly of the entity.

Note 4. Income statement and operating segments

Operating segments

Fluxys Belgium group carries out activities in the following operating segments: transmission, storage, LNG terminalling activities in Belgium and other activities.

The segment information is based on a classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission of gas in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage of gas at Loenhout in Belgium.

Terminalling activities comprise all activities subject to the Gas Act related to the LNG terminal at Zeebrugge in Belgium.

The three aforementioned activities are regulated and strictly separated. Offsetting balances between these activities is not authorised.

The segment 'other activities' comprises other services rendered by Fluxys Belgium group such as the operational support of the IZT and ZPT terminals³ in Belgium and work for third parties. On the closing date energy transition activities are also in this category due to their limited scope.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

The Chief Operating Decision Maker (CODM) is the CEO.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another. These transactions are charged at the same regulatory tariffs as for external clients.

Information relating to the main customers

The group's main customers are users of transmission and storage services and of the Zeebrugge LNG Terminal.

³ **Interconnector Zeebrugge Terminal (IZT):** Fluxys Belgium rents part of its installations to IZT under a finance lease and also provides operational support and maintenance. The cooperation with IZT is based on contracts (no participation by Fluxys Belgium).

Zeepipe Terminal (ZPT): Fluxys Belgium contributes to the operations of ZPT on a contractual basis (no participation).

Segment income statement at 31-12-2023						In thousands of €
	Trans- mission	Storage	Terminal- ling	Other	Elimination between segments	Total
Operating revenue	397,497	35,557	148,676	23,910	-12,852	592,788
Sales and services to external customers	678,805	35,138	176,063	23,376	0	913,382
Transactions with other segments	954	9,884	1,480	534	-12,852	0
Changes in regulatory assets and liabilities	-282,262	-9,465	-28,867	0	0	-320,594
Sales of gas related to balancing operations and operational needs	111,563	3,255	45,943	0	0	160,761
Sales of gas related to balancing of operations and operational needs	116,272	2,464	64,861	0	0	183,597
Changes in regulatory liabilities	-4,709	791	-18,918	0	0	-22,836
Other operating income	7,270	137	5,531	6,842	-186	19,594
Consumables, merchandise and supplies used	-3,467	-30	-36	-5,362	0	-8,895
Purchase of gas related to balancing of operations and operational needs	-111,563	-3,255	-42,556	-15	0	-157,389
Miscellaneous goods and services	-128,314	-10,214	-46,080	-8,225	12,988	-179,845
Employee expenses	-95,931	-7,438	-23,883	-8,038	50	-135,240
Other operating expenses	-4,792	-607	-529	-37	0	-5,965
Depreciations	-109,068	-8,137	-48,205	-1,484	0	-166,894
Provisions for risks and charges	-518	-141	-25	-61	0	-745
Impairment losses	10,970	-54	460	24	0	11,400
Profit/loss from continuing operations	73,647	9,073	39,296	7,554	0	129,570
Change in the fair value of financial instruments				262	0	262
Financial income	23,308	2,578	4,619	7,101	0	37,606
Finance costs	-42,074	-4,654	-18,042	-6,007	0	-70,777
Profit/loss before taxes	54,881	6,997	25,873	8,910	0	96,661
Income tax expenses						-19,238
Net profit/loss for the period						77,423

Segment income statement at 31-12-2022						In thousands of €
	Trans- mission	Storage	Terminal- ling	Others	Elimination between segments	Total
Operating revenue	710,702	34,817	157,292	20,666	-10,918	912,559
Sales and services to external customers	866,993	15,882	297,722	21,033	0	1,201,630
Transactions with other segments	1,312	8,473	1,500	-367	-10,918	0
Changes in regulatory assets and liabilities	-157,603	10,462	-141,930	0	0	-289,071
Sales of gas related to balancing operations and operational needs	138,655	10,327	129,584	0	0	278,566
Sales of gas related to balancing of operations and operational needs	273,348	8,673	163,699	0	0	445,720
Changes in regulatory liabilities	-134,693	1,654	-34,115	0	0	-167,154
Other operating income	5,426	129	4,736	5,999	-78	16,212
Consumables, merchandise and supplies used	-1,144	1	-34	-4,405	0	-5,582
Purchase of gas related to balancing of operations and operational needs	-139,057	-9,924	-126,197	0	0	-275,178
Miscellaneous goods and services	-419,316	-9,600	-40,577	-6,946	10,918	-465,521
Employee expenses	-96,731	-7,216	-23,360	-5,702	78	-132,931
Other operating expenses	-3,944	-588	-374	-52	0	-4,958
Depreciations	-111,009	-8,361	-47,656	-1,025	0	-168,051
Provisions for risks and charges	3,970	-15	99	2,938	1	6,993
Impairment losses	-14,173	0	-647	16	0	-14,804
Profit/loss from continuing operations	73,379	9,570	52,866	11,489	1	147,305
Change in the fair value of financial instruments	0	0	0	-1,298	0	-1,298
Financial income	2,759	306	567	957	0	4,589
Finance costs	-26,131	-2,894	-9,788	-1,992	0	-40,805
Profit/loss before taxes	50,007	6,982	43,645	9,156	1	109,791
Income tax expenses						-26,063
Net profit/loss for the period						83,728

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2023	31-12-2022	Change
Transmission in Belgium	4.1.1	396,543	709,390	-312,847
Storage in Belgium	4.1.1	25,673	26,344	-671
Terminalling in Belgium	4.1.1	147,196	155,792	-8,596
Other operating income	4.1.2	23,376	21,033	2,343
Total		592,788	912,559	-319,771

Operating revenue in the 2023 financial year amounted to €592,788 thousand, which represents a decrease of €319,771 thousand as compared with the previous financial year.

4.1.1 Transmission, storage and terminalling services in Belgium are subject to the Gas Act.

Revenue from these services aims to ensure an authorised return on capital invested and to cover the operating expenses related to these services, while integrating the productivity efforts to be accomplished by the network operator, as well as permitted depreciation.

The bulk of the decrease in sales and regulated services relates to transmission services (€312,847 thousand). This decrease is mainly due to the accounting settlement of the exceptional solidarity contribution of €300 million in 2022. The income invoiced in 2023 was also down compared to the exceptional level in 2022. The infrastructure has continued to be chiefly used to support the security of supply of neighbouring countries in the wake of the energy crisis.

Invoiced income from storage services is up in 2023 following the sale of all the capacity, but this increase is offset by the allocation to regulatory liabilities in accordance with the tariff proposal.

As for terminalling revenue, 2023 is characterised by lower auction sales of spot slots. This evolution of invoiced revenues in 2023 compared to 2022 is largely offset by a lower allocation to regulatory liabilities.

4.1.2 Other operating income

Other operating revenue relates mainly to work and services for third parties and the provision of facilities.

Note 4.2. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Consumables, merchandise and supplies used	4.2.1	-8,895	-5,582	-3,313
Miscellaneous goods and services	4.2.2	-179,845	-465,521	285,676
Employee expenses	4.2.3	-135,240	-132,931	-2,309
Other operating expenses	4.2.4	-5,965	-4,958	-1,007
Total operating expenses		-329,945	-608,992	279,047

4.2.1. Consumables, merchandise and supplies used

This item mainly includes costs for transport material taken out of inventory for maintenance and repair projects as well as costs for work carried out on behalf of third parties.

4.2.2. Miscellaneous goods and services

Miscellaneous goods and services are mainly composed of:

	31-12-2023	31-12-2022	Change
Purchase of equipment	-10,575	-6,324	-4,251
Rent and rental charges (1)	-9,492	-7,623	-1,869
Maintenance and repair expenses	-27,785	-24,601	-3,184
Goods and services supplied to the group	-20,870	-19,376	-1,494
Third-party remuneration	-54,705	-354,502	299,797
Royalties and contributions	-41,730	-40,083	-1,647
Non-personnel related insurance costs	-7,041	-6,451	-590
Other miscellaneous goods and services	-7,647	-6,561	-1,086
Total	-179,845	-465,521	285,676

(1) Amounts that relate mainly to services that do not meet the definition of a lease under IFRS 16.

The decrease in this item ensues from the exceptional solidarity contribution of €300 million that the Belgian State established for the operator of the natural gas transmission network to support the Belgian population during the energy crisis in 2022. Outside of this contribution, third-party remuneration to the group is stable compared to 2022.

This movement, apart from the solidarity contribution, is slightly higher than the reference framework for the 2020-2023 regulatory period.

The increase in equipment purchases can chiefly be explained by purchases of spare parts and new safety clothing.

Maintenance and repair costs increased €3,184 thousand, which is mainly due to the maintenance of the transmission network (pigging and adaptation works) and the storage facility at Loenhout.

The increase in goods and services supplied to the group reflects the higher cost of services from Fluxys SA.

As for the €1,647 thousand increase in royalties and contribution compared to 2022, this is chiefly explained by the increase in costs for the use of the Zeepipe facilities and for the capacity reserved from adjacent TSOs (both are pass-through costs), the increase in the cost of surveillance of the different sites and the costs of external suppliers, partly offset by lower levels of compensation paid by Flux Re to Fluxys SA.

The increase in rent and rent expense comes from the higher prices of software and the price of lease vehicles.

4.2.2.1 Auditor remuneration

Other miscellaneous goods and services (see note 4.2.2.) include the total remuneration paid to the auditor by Fluxys Belgium NV and its consolidated subsidiaries. These fees are presented below.

Auditor remuneration		In thousands of €	
	31-12-2023	31-12-2022	Change
Audit fees	-191	-179	-12
Other non-audit services	-32	-38	6
Total remuneration	-223	-217	-6

The amount of other (non-audit) services provided by the statutory auditor and persons professionally related to him are in line with article 3:64 and 65 of the Code of companies and associates and approved by the Audit Committee in advance. They mainly relate to ad-hoc and limited assurance attestations.

4.2.3. Employee expenses

Employee expenses have increased €2,309 thousand as compared with 2022, as a result of an increase in the workforce and of indexation.

The average headcount of the Group is up, from 914 in 2022 to 957 in 2023. Expressed in FTE (full-time equivalents), these figures convert to 925.0 in 2023 compared to 883.4 in 2022.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	957	925.0	914	883.4
Fluxys Belgium	908	878.2	865	836.1
Executives	338	329.5	308	300.2
Employees	571	548.7	557	535.9
Fluxys LNG	47	46.3	48	46.8
Executives	3	2.5	3	2.9
Employees	45	43.8	45	43.9
Flux Re	1	0.5	1	0.5
Headcount at balance sheet date	968	937.1	939	908.6
Fluxys Belgium	920	890.6	891	862.0
Executives	344	335.5	321	313.1
Employees	576	555.2	570	548.9
Fluxys LNG	47	46.0	47	46.2
Executives	3	2.9	3	2.9
Employees	44	43.1	44	43.3
Flux Re	1	0.5	1	0.5

4.2.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment.

4.2.5. Depreciations, Impairment losses and provisions

Depreciations, impairment losses and provisions		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Depreciations	4.2.5.1	-166,894	-168,051	1,157
Intangible assets		-15,382	-12,385	-2,997
Property, plant and equipment		-146,760	-150,915	4,155
Right of Use Assets		-4,752	-4,751	-1
Provisions for risks and charges	4.2.5.2	-745	6,993	-7,738
Impairment losses	4.2.5.3	11,400	-14,804	26,204
Intangible assets		-54	0	-54
Inventories		11,431	-14,819	26,250
Trade receivables		23	15	8
Total depreciations, impairment losses and provisions		-156,239	-175,862	19,623

4.2.5.1 Depreciations

Depreciation charges on property, plant and equipment over the period are down by €4.155 thousand as compared with the previous financial year because the depreciation for certain historic assets came to an end in the previous financial year.

However, depreciation charges on intangible assets over the period are up by €2,997 thousand as compared with the previous financial year following the higher level of investments in intangible assets over these past few years.

4.2.5.2 Provisions for risks and charges

There were no major changes in provisions for risks and charges in 2023.

4.2.5.3 Impairment losses

Thanks to the evolution in gas prices, the impairment losses on gas stocks recorded in 2022 were mostly reversed in 2023.

Note 4.3. Financial income

Financial income		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Dividends from unconsolidated entities		0	0	0
Financial income from leasing contracts	4.3.1	39	56	-17
Interest income on investments and cash equivalents	4.3.2	32,487	3,970	28,517
Other interest income	4.3.2	4,202	83	4,119
Unwinding of discounts on provisions	4.4.2	0	0	0
Other financial income		878	480	398
Total		37,606	4,589	33,017

4.3.1. Financial income from leasing contracts

Financial income from leasing contracts relates to the Interconnector Zeebrugge Terminal (IZT) facilities.

4.3.2. Interest on investments and cash equivalents

Interest on investments and cash equivalents mainly come from investments recognised at depreciated cost in accordance with IFRS 9. The amount of this interest is up as compared with 2022, following the increase in interest rates. This has a limited impact on profit/loss because of the regulatory framework.

Note 4.4. Finance costs

Finance costs		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Borrowing interest costs	4.4.1	-65,909	-39,292	-26,617
Unwinding of discounts on provisions	4.4.2	-2,557	-383	-2,174
Interest charges on leasing contracts		-827	-890	63
Other finance costs		-1,484	-240	-1,244
Total		-70,777	-40,805	-29,972

4.4.1. Borrowing interest costs

Borrowing interest costs primarily include interest on the loans from the European Investment Bank and Fluxys, on bonds and on regulatory liabilities. The increase observed in 2023 can be explained by the higher level of regulatory liabilities and the increase in interest rates. This has a limited impact on profit/loss because of the regulatory framework.

4.4.2. Unwinding of discounts on provisions

This item almost exclusively concerns employee benefits that are recognised and valued in accordance with IAS 19 and includes, apart from the unwinding of discounts on provisions, returns from associated assets, and actuarial gains and losses recognised in profit/loss. The change is mainly associated with an decrease in the discount rates at year-end.

Note 4.5. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Current tax	4.5.1	-28,235	-35,730	7,495
Deferred tax	4.5.2	8,998	9,667	-669
Total	4.5.3	-19,237	-26,063	6,826

Income tax expense fell by k€ 6,826 compared with the previous year. This change is mainly due to the following factors:

- a decrease in earnings before tax;
- an increase in the amount of the deduction for revenues from innovation (from €9,203 thousand estimated in 2023 to €5,400 thousand estimated in 2022). This increase was partly compensated by the deduction for energy efficiency investments obtained by Fluxys LNG. The amount of this deduction for the year 2023 is estimated at €3,362 thousand.

Income tax expenses include both current and deferred taxes, which are detailed separately below.

4.5.1. Current tax		In thousands of €	
	31-12-2022	31-12-2021	Change
Income taxes on the result of the current period	-31,665	-36,052	4,387
Taxes and withholding taxes due or paid	-31,100	-35,066	3,966
Excess of payment of taxes and withholding taxes (included in assets)	1,676	-1,213	2,889
Estimated additional taxes (included in liabilities)	-2,241	227	-2,468
Adjustments to previous years' current taxes	3,430	322	3,108
Total	-28,235	-35,730	7,495

Current tax decreased by €7,495 thousand in 2023.

4.5.2 Deferred tax		In thousands of €	
	31-12-2023	31-12-2022	Change
Relating to origination or reversal of temporary differences	8,998	9,667	-669
Differences arising from the valuation of property, plant and equipment	9,488	11,378	-1,890
Changes in provisions	-1,113	263	-1,376
Other changes	623	-1,974	2,597
Relating to tax rate changes or to new taxes	0	0	0
Relating to changes in accounting policies and errors	0	0	0
Relating to changes in fiscal status of entity or shareholders	0	0	0
Total	8,998	9,667	-669

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment.

The deferred tax profit decreased by €669 thousand compared to 2022. This decrease can primarily be explained by adjustments of the tax base for financial assets.

4.5.3. Reconciliation of expected income tax rate and effective average income tax rate		In thousands of €	
	31-12-2023	31-12-2022	Change
Income tax as per applicable tax rate – Financial year	-24,165	-27,448	3,283
Profit/loss before taxes	96,661	109,791	-13,130
Applicable tax rate	25,00%	25,00%	0%
Elements that justify transition to the effective average tax rate	1,497	1,063	434
Income tax rate differences between jurisdictions	16	-58	74
Changes in tax rates	0	0	0
Tax-exempt income	0	0	0
Non-deductible expenses	-1,425	-1,396	-29
Taxable dividend income	0	0	0
Deductible notional interest cost	0	0	0
Other (1)	2,906	2,517	389
Income tax as per effective average tax rate – Financial year	-22,668	-26,385	3,717
Profit/loss before taxes	96,661	109,791	-13,130
Average effective tax rate	23,45%	24,03%	-0,58%
Taxation of tax-free reserves	0	0	0
Adjustments to previous years' current taxes (1)	3,430	322	3,108
Total income tax expense	-19,238	-26,063	6,825

(1) In 2023 and 2022, Fluxys LNG obtained the deduction for energy efficiency investments. This tax advantage is incorporated into the regulated tariffs.

The average effective tax rate for 2023 amounted to 23.45% compared with 24.03% the previous year.

Note 4.6. Net profit/loss for the period

Net profit/loss for the period	In thousands of €		
	31-12-2023	31-12-2022	Change
Non-controlling interests	0	0	0
Group share	77,423	83,728	-6,305
Total profit/loss for the period	77,423	83,728	-6,305

The consolidated net profit for the financial year amounted to €77,423 thousand, a decrease of €6,305 thousand compared with 2022.

Note 4.7. Earnings per share

In thousands of €	31-12-2023	31-12-2022
Net profit/loss from continuing operations attributable to the parent company's shareholders	77,423	83,728
Net profit/loss	77,423	83,728
Impact of dilutive instruments	0	0
Diluted net profit/loss from continuing operations attributable to the parent company's shareholders	77,423	83,728
Net profit/loss from discontinued operations attributable to the parent company's shareholders	0	0
Net profit/loss	0	0
Impact of dilutive instruments	0	0
Diluted net profit/loss from discontinued operations attributable to the parent company's shareholders	0	0
Net profit/loss attributable to the parent company's shareholders	77,423	83,728
Net profit/loss	77,423	83,728
Impact of dilutive instruments	0	0
Diluted net profit/loss attributable to the parent company's shareholders	77,423	83,728
Denominator (in units)	31-12-2023	31-12-2022
Average number of outstanding shares	70,263,501	70,263,501
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	70,263,501	70,263,501

Earnings per share (in euros)	31-12-2023	31-12-2022
Basic earnings per share from continuing operations attributable to the parent company's shareholders	1.1019	1.1916
Diluted basic earnings per share from continuing operations attributable to the parent company's shareholders	1.1019	1.1916
Basic earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Diluted basic earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Basic earnings per share attributable to the parent company's shareholders	1.1019	1.1916
Diluted basic earnings per share attributable to the parent company's shareholders	1.1019	1.1916

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2023					In thousands of €	
	Trans- mission	Storage	Terminal- ling	Other	Unallo- cated	Total
Property, plant and equipment	1,168,762	126,364	577,796	364	0	1,873,286
Intangible assets	24,218	1,571	1,449	0	0	27,238
Right of use assets	8,246	310	16,406	3,618	0	28,580
Other financial assets	100	0	0	111,110	0	111,210
Inventories	43,794	2,461	732	3,456	0	50,443
Lease receivables	0	0	0	1,644	0	1,644
Net trade receivables	45,020	3,713	9,671	22,948	0	81,352
Other assets ⁴					1,184,863	1,184,863
						3,358,616
Interest-bearing liabilities	28,626	67,510	205,481	824,030	0	1,125,647
Other financial liabilities	0	0	22	3,988	0	4,010
Other liabilities	840,778	28,700	389,359	0	356,709	1,615,546
						2,745,203
Equity						613,413
						3,358,616
Investments over the period in PP&E	106,289	9,124	50,434	1,807	0	167,654
Investments over the period in intangible assets	17,043	1,619	1,157	0	0	19,819

⁴ Mainly cash and cash equivalents

Segment balance sheet at 31-12-2022						In thousands of €
	Trans- mission	Storage	Terminal- ling	Other	Unallo- cated	Total
Property, plant and equipment	1,156,981	125,365	572,946	83	0	1,855,375
Intangible assets	22,009	10	845	0	0	22,864
Right of use assets	7,724	318	18,932	3,046	0	30,020
Other financial assets	95	0	0	111,076	0	111,171
Inventories	54,453	3,100	1,211	3,892	0	62,656
Lease receivables	0	0	0	2,094	0	2,094
Net trade receivables	110,249	1,071	6,633	33,852	0	151,805
Other assets	0	0	0	0	1,170,585	1,170,585
						3,406,570
Interest-bearing liabilities	368,097	61,020	232,249	510,675	0	1,172,041
Other financial liabilities	0	0	20	3,555	0	3,575
Other liabilities	563,230	41,595	330,468	0	652,044	1,587,337
						2,762,953
Equity						643,617
						3,406,570
Investments over the period in PP&E	36,814	871	67,736	104	0	105,525
Investments over the period in intangible assets	11,294	0	71	0	0	11,365

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment				
Gross book value	Land	Buildings	Gas transmission*	Gas storage *
At 31-12-2021	49,401	161,093	3,471,322	386,692
Investments	186	166	26,325	312
Grants received	0	0	0	0
Disposals and retirements	-2	0	-6,725	-5
Internal transfers	0	0	15,204	121
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2022	49,585	161,259	3,506,126	387,120
Investments	218	288	44,238	966
Grants received	0	0	0	0
Disposals and retirements	-1,585	-253	-14,728	0
Internal transfers	0	0	1,375	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2023	48,218	161,294	3,537,011	388,086

*subject to the Gas Act

In thousands of €				
LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,459,802	43,511	58,152	28,795	5,658,768
1,880	0	8,450	68,206	105,525
0	0	0	0	0
-290	0	-8,240	0	-15,262
0	0	0	-15,325	0
0	0	-0	0	0
0	0	0	0	0
1,461,392	43,511	58,362	81,676	5,749,031
39,712	0	14,294	67,938	167,654
0	0	0	0	0
-491	-26,252	-9,416	0	-52,725
0	0	0	-1,375	0
0	0	0	0	0
0	0	0	0	0
1,500,613	17,259	63,240	148,239	5,863,960

Movements in property, plant and equipment				
Depreciation and impairment losses	Land	Buildings	Gas transmission*	Gas storage*
As at 31-12-2021	0	-102,457	-2,377,641	-260,747
Depreciation	0	-3,988	-89,701	-8,137
Disposals and retirements	0	0	5,888	1
Internal transfers	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
As at 31-12-2022	0	-106,445	-2,461,454	-268,883
Depreciation	0	-2,983	-85,305	-7,912
Disposals and retirements	0	253	13,852	0
Internal transfers	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
As at 31-12-2023	0	-109,175	-2,532,907	-276,795
Net book values as at 31-12-2023	48,218	52,119	1,004,104	111,291
Net book values as at 31-12-2022	49,585	54,814	1,044,672	118,237

*subject to the Gas Act

In thousands of €				
LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-932,786	-43,266	-39,834	0	-3,756,731
-43,208	0	-5,881	0	-150,915
8	0	8,093	0	13,990
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-975,986	-43,266	-37,622	0	-3,893,656
-43,687	0	-6,873	0	-146,760
34	26,252	9,351	0	49,742
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-1,019,639	-17,014	-35,144	0	-3,990,674
480,974	245	28,096	148,239	1,873,286
485,406	245	20,740	81,676	1,855,375

Movements in property, plant and equipment				
	Land	Buildings	Gas transmission*	Gas storage*
Net book values as at 31-12-2023, of which:	48,218	52,119	977,852	111,291
At cost	48,218	52,119	977,852	111,291
At revaluation	0	0	0	0
Supplementary information	0	0	0	0
Net book value of assets temporarily retired from active use	110	0	0	0

*subject to the Gas Act

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge) facilities.

In 2023, Fluxys Belgium group made property, plant and equipment investments in infrastructure of €163,491 thousand. Furthermore, Fluxys Belgium group made €4,163 thousand IT investments in the network infrastructure as well as in the computers and devices inventory.

Within those investments, €50,434 thousand was allocated to LNG infrastructure projects (mainly for the construction of 3 new Open Rack Vaporizers and 3 new truck loading bays in the Zeebrugge LNG Terminal) and €103,753 thousand to projects linked to transmission activity, the main investment of which being the Desteldonk-Opwijk pipeline.

In 2023 no costs for loans were activated on construction investments.

In thousands of €				
LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
480,974	26,497	28,096	148,239	1,873,286
480,974	26,497	28,096	148,239	1,873,286
0	0	0	0	0
0	0	0	0	0
0	0	0	0	110

The depreciation charge for the period amounts to €146,760 thousand and reflects the rhythm at which the group expects to consume the economic benefits linked to those property, plant and equipment.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 6 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs. Given the specific nature of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date, the group does not hold property, plant and equipment assets which have been pledged as security against liabilities.

At the end of the financial year, the group has identified no signal or event that would lead any item of property, plant and equipment to be impaired.

This assessment takes into account the regulatory framework in which the Group operates and of the present energy transition in which the Group plays an active role. This refers, for example, to the conversion of our low-calorific gas network to high-calorific gas, the transport of molecules other than natural gas, and the efforts required to combat climate change. All the investments and regulated assets of the Group ensue in a right to a regulated authorised rate of return for their lifespan (see also accounting principles in Note 2.6).

Note 5.2. Intangible assets

Movements in the book value of intangible assets				In thousands of €
Gross book value	Software	'Client portfolios' assets	CO ₂ Emission rights	Total
As at 31-12-2021	22,809	52,800	0	75,609
Investments	11,365	0	0	11,365
Disposals and retirements	-3,627	0	0	-3,627
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2022	30,547	52,800	0	83,347
Investments	18,221	0	1,599	19,820
Disposals and retirements	-2,877	0	0	-2,877
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2023	45,891	52,800	1,599	100,290

Movements in the book value of intangible assets				In thousands of €
Depreciation and impairment losses	Software	'Client portfolios' assets	CO ₂ Emission rights	Total
As at 31-12-2021	-11,821	-39,897	0	-51,718
Depreciation	-5,934	-6,451	0	-12,385
Disposals and retirements	3,619	0	0	3,619
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2022	-14,136	-46,348	0	-60,484
Depreciation	-8,930	-6,452	0	-15,382
Impairment losses	0	0	-54	-54
Disposals and retirements	2,868	0	0	2,868
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2023	-20,198	-52,800	-54	-73,052

Movements in the book value of intangible assets				In thousands of €
	Software	'Client portfolios' assets	CO ₂ Emission rights	Total
Net book values as at 31-12-2023	25,693	0	1,545	27,238
Net book values as at 31-12-2022	16,411	6,453	0	22,864

Intangible assets include the net book value of software, the portfolio of 'Hub' clients and CO₂ emission rights.

The software included in intangible assets is investment software developed or purchased by the group. This software is depreciated over 5 years on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

In 2015, Fluxys Belgium acquired all of Huberator's business activities for €52.8 million. This intangible asset was last amortised in 2023 (on a straight-line basis).

Certain gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Belgium group was given free emission rights for 2023 amounting to 23,325 tonnes of CO₂ for the compression, storage and terminalling activity sites. In accordance with the accounting policies stated in Note 2, the unused emission rights have been recognised at nil value in intangible assets.

In 2023, the Fluxys Belgium group bought emission rights to cover its future needs, mainly for its storage services. The emission rights bought are recognised at the purchase price as intangible assets. They are then measured at fair value up to the purchase price. If the fair value is lower than the carrying amount on the balance sheet date, the emission rights are impaired.

Note 5.3. Right of use assets

The right of use assets are mainly linked to concession rights for land on which gas transmission and terminalling facilities (Zeebrugge) have been built.

These contracts don't have significant termination or extension options. The rent is not variable, except for some contracts that have a clause for yearly indexation. The impact thereof is not material.

Right of use assets				In thousands of €
	Land & Buildings	Facilities	Cars	Total
As at 31-12-2021	27,021	2,724	3,782	33,527
Additional rights	0	0	1,351	1,351
Depreciation and impairment losses	-2,405	-763	-1,583	-4,751
Disposals	0	0	-107	-107
Other changes	0	0	0	0
As at 31-12-2022	24,616	1,961	3,443	30,020
Additional rights	0	0	3,401	3,401
Depreciation and impairment losses	-2,406	-671	-1,675	-4,752
Disposals	0	0	-89	-89
Other changes	0	0	0	0
As at 31-12-2023	22,210	1,290	5,080	28,580

Note 5.4. Other financial assets

Other financial assets		In thousands of €	
	Notes	31-12-2023	31-12-2022
Shares at cost		24	24
Investment securities at fair value through profit or loss	5.4.1	0	0
Investment securities at amortised cost	5.4.1	66,016	53,481
Other investments at amortised cost	5.4.1	41,083	54,019
Financial instruments at fair value through profit or loss		4,011	3,576
Other financial assets at cost		76	71
Total		111,210	111,171

5.4.1. These items include cash investments with a maturity longer than one year. The investment securities at amortised cost are bonds, while other investments are amortised cost are mainly term deposits. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2025 and 2033.

The assets held by Flux Re are significantly higher than the minimum capital requirements under Solvency II (€16.8 million).

Note 5.5. Other non-current assets

Other non-current assets		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Plan asset surpluses 'IAS 19 Employee benefits'	5.14	11,199	26,461	-15,262
Total		11,199	26,461	-15,262

The value of the plan asset surpluses covering the provision for employee benefits decreased in 2023 due to an increase in the value of bonds and a slight decrease in the value of assets.

Note 5.6. Inventories

Book value of inventories		In thousands of €	
	31-12-2023	31-12-2022	Change
Supplies	31,558	24,803	6,755
Gross book value	35,260	28,678	6,582
Impairment losses	-3,702	-3,875	173
Goods held for resale (gas)	18,641	36,981	-18,340
Gross book value	25,097	54,695	-29,598
Impairment losses	-6,456	-17,714	11,258
Work in progress	244	872	-628
Gross book value	244	872	-628
Impairment losses	0	0	0
Total	50,443	62,656	-12,213

Inventories of materials connected to the transmission network are at their normal levels. The decrease in the gross book value of goods held for resale can primarily be explained by a fall in average gas prices. For changes in impairment of gas inventories, see 4.2.5.3.

Impact of movements on net profit/loss		In thousands of €	
	31-12-2023	31-12-2022	Change
Inventories – purchased or used	-23,644	38,433	-62,077
Impairment losses	11,431	-14,819	26,250
Total	-12,213	23,614	-35,827

The movements of work in progress are included in other operating income in the income statement. The other movements of inventories are included in purchase of gas related to balancing of operations and operational needs.

Note 5.7. Trade and other receivables

Trade and other receivables		In thousands of €		
	Note	31-12-2023	31-12-2022	Change
Gross trade receivables		82,903	153,377	-70,474
Impairment losses		-1,551	-1,572	21
Net trade receivables	5.7.1	81,352	151,805	-70,453
Other receivables		20,704	12,494	8,210
Total		102,056	164,299	-62,243

The decrease in trade receivables is in line with the decrease in sales and services to external customers and marks the return to a more regular commercial situation.

5.7.1 Fluxys Belgium group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers (payment within one month), a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position. The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys Belgium group.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables according to ageing		In thousands of €	
	31-12-2023	31-12-2022	Change
Receivables not past due	79,253	150,829	-71,576
Receivables < 3 months	1,966	885	1,081
Receivables 3 - 6 months	25	0	25
Receivables > 6 months	17	0	17
Receivables in litigation or doubtful	91	91	0
Total	81,352	151,805	-70,453

Disputed or doubtful receivables mainly concern grid users. Those deemed irrecoverable have been subject to impairment losses of 100%.

Note 5.8. Short-term investments, cash and cash equivalents

Investments relate to investments in the form of bonds, commercial paper and bank deposits over more than three months and maximum one year.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, deposits made with Fluxys SA (cash pooling), term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents		In thousands of €	
	31-12-2023	31-12-2022	Change
Short-term investments	32,998	26,113	6,885
Cash and cash equivalents	1,068,227	1,070,708	-2,481
Cash equivalents and cash pooling	1,012,850	1,025,335	-12,485
Short-term deposits	19,120	8,108	11,012
Bank balances	36,246	37,246	-1,000
Cash in hand	11	19	-8
Total	1,101,225	1,096,821	4,404

In 2023, the average rate of return on short-term investments, cash and cash equivalents was 2.19%. The credit losses expected and accounted for in investments, cash and cash equivalents are not material for the Fluxys Belgium group.

The increase in cash equivalents is primarily due to the increase in sales following major gas flows to Germany and the Netherlands.

Note 5.9. Other current assets

Other current assets		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Accrued income		4,425	1,213	3,212
Prepaid expenses		17,449	13,033	4,416
Other current assets	5.9.1	1,244	2,940	-1,696
Total		23,118	17,186	5,932

Other current assets mainly comprise prepaid expenses amounting to €17,449 thousand (insurance, fees, rent, etc.) as well as various items of accrued income.

5.9.1 Other current assets include the short-term share of the plan asset surpluses compared with the actuarial liability relating to the group's pension liabilities (see Notes 5.5 and 5.14).

Note 5.10. Equity

On 31-12-2023, equity amounted to €613,413 thousand. The €30,204 thousand decrease since the previous year comes from dividends paid in 2023 (€98,369 thousand), which are partially offset by the comprehensive income for the period (€67,377 thousand),

Note on parent entity shareholding			
	Ordinary shares	Preference shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	70.263.501	0	70.263.501
2. Number of shares issued			
3. Number of ordinary shares cancelled or reduced (-)			
4. Number of preference shares cancelled or reduced (-)			
5. Other increase (decrease)			
6. Number of shares, closing balance	70.263.501	0	70.263.501
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company		0	0
3. Interim dividends during the financial year			

The share capital of Fluxys Belgium SA is represented by 70,263,501 shares with no face value, divided into two categories, in addition to the specific share.

Shares in category B are and remain registered. They are held by long-term shareholders. Category D shares are registered or dematerialised and are mainly held by the general public.

The Belgian State owns one specific registered share, namely share no. 1, which does not belong to any of the above categories and shall be referred to hereinafter as the 'specific share'. In accordance with the Fluxys Belgium articles of association, this 'specific share' carries specific rights. These specific rights remain attached to this share in addition to the common rights attached to the ordinary shares of Fluxys Belgium (former "Distrigas"), as long as this share is owned by the Belgian State, as established in Articles 3 to 5 of the Royal Decree of 16 June 1994. These specific rights are exercised by the Federal Minister responsible for energy. In addition to these specific rights this 'specific

share' also entitles to receive 100 times the dividend or any other distribution by the entity to its shareholders, than the ones attached to the category B or D shares.

Note 5.11. Interest-bearing liabilities

Non-current interest-bearing liabilities		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Leases	5.11.3	24,354	25,878	-1,524
Bonds	5.11.1	696,412	696,985	-573
Other borrowings	5.11.2	349,545	392,909	-43,364
Total		1,070,311	1,115,772	-45,461
Of which debts guaranteed by the public authorities or by sureties		0	0	0

Current interest-bearing liabilities		In thousands of €		
	Notes	31-12-2023	31-12-2022	Change
Leases	5.11.3	2,355	2,477	-122
Bonds	5.11.1	2,516	2,523	-7
Other borrowings	5.11.2	50,465	51,269	-804
Total		55,336	56,269	-933
Of which debts guaranteed by the public authorities or by sureties		0	0	0

5.11.1. In November 2014 and October 2017, Fluxys Belgium issued bonds for a total of €700,000 thousand. These bonds offer a gross annual coupon of 1.75% and 3.25% respectively. They will mature between 2027 and 2034.

5.11.2. Other borrowings include:

- A 25-year loan of €400,000 thousand at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network, the balance of which was €206,000 thousand as at 31-12-2023.
- A loan of €257,000 thousand at a fixed rate of 3.20% with Fluxys to cover needs relating to investments necessary for the transshipment services at the Zeebrugge LNG Terminal. The balance still due as at 31-12-2023 is €186,909 thousand.
- Short-term loans and accrued interest amounting to €7,101 thousand.

5.11.3. Lease liabilities are accounted for in line with IFRS 16 and are limited to the contractual obligations, even if the Group expects certain contracts to be extended in the future, but this option isn't stated in the current contract.

Changes in liabilities based on financing activities							
	31.12.2022	Cash flow	Other movements			31.12.2023	
			New lease contracts	Reclassification between non-current and current	Variation in accrued interests payable		
Non-current interest-bearing liabilities	1,115,772	-1,000	3,402	-48,290	0	427	1,070,311
Leases	25,878	0	3,402	-4,926	0	0	24,354
Bonds	696,985	-1,000	0	0	0	427	696,412
Other borrowings	392,909	0	0	-43,364	0	0	349,545
Current interest-bearing liabilities	56,269	-48,411	0	48,290	-812	0	55,336
Leases	2,477	-5,048	0	4,926	0	0	2,355
Bonds	2,523	0	0	0	-7	0	2,516
Other borrowings	51,269	-43,363	0	43,364	-805	0	50,465
Total	1,172,041	-49,411	3,402	0	-812	427	1,125,647

Cash flows relating to interest-bearing liabilities are included in points IV.1.2, IV.2.1 and IV.2.2 of the consolidated statement of cash flows.

The change in accrued interests payable and the amortisation of issuance costs (in total -€385 thousand) relates to the difference between:

- the interests paid, including leases (see point IV.3.1 of the consolidated statement of cash flows: -€34,679 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (see Note 4.4: €66,735 thousand) minus the interest on regulatory liabilities of €32,441 thousand = €34,294.thousand.

Maturity of interest-bearing liabilities at 31-12-2023, non-discounted					In thousands of €
	Up to one year	Between one and five years	More than five years	Total	
Leases	3.094	16.280	12.200	31.574	
Bonds	19.355	358.621	428.727	806.703	
Other borrowings	64.393	213.080	191.666	469.139	
Total	86.842	587.981	632.593	1.307.416	

Maturity of interest-bearing liabilities at 31-12-2022, non-discounted					In thousands of €
	Up to one year	Between one and five years	More than five years	Total	
Leases	3,336	16,033	14,711	34,080	
Bonds	19,316	364,769	439,990	824,075	
Other borrowings	66,752	219,478	242,561	528,791	
Total	89,404	600,280	697,262	1,386,946	

Note 5.12. Regulatory liabilities

Regulatory liabilities		In thousands of €		
	Note	31-12-2023	31-12-2022	Difference
Other financing – long term		888,753	612,582	276,171
Other financing – short term		203,249	149,863	53,386
Total of other financing (A)	5.12.1	1,092,002	762,445	329,557
Other liabilities – long term		150,963	134,227	16,736
Other liabilities – short term		15,873	38,622	-22,749
Total of other liabilities (B)	5.12.2	166,836	172,849	-6,013
Total of regulatory liabilities (A+B = C)		1,258,838	935,294	323,544
Presentation in balance sheet:				
Non-current regulatory liabilities		1,039,716	746,809	292,907
Current regulatory liabilities		219,122	188,485	30,637
Total of regulatory liabilities (C)		1,258,838	935,294	323,544

5.12.1 **Other financing** corresponds to the specific allocations of regulatory liabilities at the group's disposal firstly to finance specific investments, notably in the second jetty at Zeebrugge and secondly, the cost associated with the conversion of part of the gas transmission network. These amounts bear interest at a 10-year OLO rate for one part and the remainder at the average 1-year Euribor rate. Auction premiums of € 370.0 million were realised in 2023; this amount was recorded under 'Other financing'. This presentation is justified by the different regulatory treatment applied to auction premiums in accordance with the European network code.

5.12.2 The other regulatory liabilities included in '**other liabilities**' include the positive differences between the regulated tariffs invoiced and the regulated tariffs acquired. These amounts bear interest at the average Euribor 1-year rate.

The regulatory liabilities are reconciled with the segment reporting and the statement of cash flows as follows:

Movements of the regulatory liabilities		In thousands of €		
Long term + short term	Other financing(A)	Other liabilities (B)	Total	
Balance as at 01-01-2023	762,445	172,849	935,294	
Use	-60,380	-101,239	-161,619	
Additions	370,025	82,698	452,723	
Interest	21,328	11,112	32,440	
Transfer	-1,416	1,416	0	
Balance as at 31-12-2023	1,092,002	166,836	1,258,838	

The sum of use and additions amounts to €291,104 thousand and is in line with the sum of the changes in regulatory liabilities in note 4 (segment information - net change in revenue). €52,275 thousand of other financing was used to finance investments, in agreement with the regulator. This amount had no impact on the profit/loss.

This net increase in regulatory liabilities also corresponds with the change in regulatory liabilities included in item 1.2.5. of the cash flow table.

The €32,440 thousand interest charge on regulatory liabilities was accounted for in the finance costs.

Note 5.13. Provisions

5.13.1 Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2022	50,988
Additions	9,425
Use	-7,495
Release	0
Unwinding of the discount	8,497
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	1,199
Expected return on plan assets	-7,088
Actuarial gains/losses recognised in equity	13,394
Reclassification to the assets	-16,958
Provisions at 31-12-2023, of which:	51,963
Non-current provisions	48,455
Current provisions	3,508

The increase in provisions for employee benefits can primarily be explained by the combined effects of changes in experience. In addition to the increase in provisions, there is also a decrease in the surplus from plan assets (see Note 5.14).

5.13.2. Other provisions

Provisions for:				In thousands of €
	Litigation and claims	Environment and site restoration	Other	Total other provisions
Provisions at 31-12-2022	2,581	1,546	0	4,127
Additions	68	0	99	167
Use	0	-11	0	-11
Release	0	0	0	0
Unwinding of the discount	0	-53	0	-53
Provisions at 31-12-2023, of which:	2,649	1,482	99	4,230
Non-current provisions	2,649	1,290	0	3,939
Current provisions	0	192	99	291

5.13.3 Movements in the income statement and maturity of provisions

Movements in the income statement are detailed as follows:

Impact 2023		In thousands of €	
	Additions	Use and reversals	Total
Operating profit (loss)	9,592	-7,506	2,086
Financial profit (loss)	8,444	-5,889	2,555
Total	18,036	-13,395	4,641

Maturity of provisions at 31-12-2023				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	0	2,648	2,648
Environment and site restoration	192	1,291	0	1,483
Other	99	0	0	99
Subtotal	291	1,291	2,648	4,230
Employee benefits	3,508	14,032	34,423	51,963
Total	3,799	15,323	37,071	56,193

Maturity of provisions at 31-12-2022				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	0	2,581	2,581
Environment and site restoration	0	1,546	0	1,546
Subtotal	0	1,546	2,581	4,127
Employee benefits	3,543	14,172	33,273	50,988
Total	3,543	15,718	35,854	55,115

Provisions for litigation and claims

The provisions cover likely litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

The estimation for these provisions is based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of safety, clean-up and restoration of sites subject to closure.

These provisions are accrued in accordance with the Belgian regional environmental legislation and the Belgian Gas Act. These works require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 5.14. Provisions for employee benefits

Description of the principal retirement schemes and related benefits
In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

Defined benefit pension plans

These agreements cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999 allowing affiliates to benefit from a capital calculated based on a formula that takes account of their final annual salary and the number of years of service when they retire. These are called 'defined benefit pension plans'.

Obligations under these defined benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies. Employees and employers contribute to these pension plans. The employer's contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

Description of the main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used are those published by the IABE (Institute of Actuaries in Belgium).

At the end of 2023, the defined benefit pension plans have surplus plan assets of €12,443 thousand (2022: €29,401 thousand) compared with the actuarial liability on estimated liabilities of the group. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' (note 5.5) and 'Other current assets' (note 5.9.1). The financing policy was amended in 2018 to ensure that surpluses are recovered over the duration of the pension plans. In addition, transfers between different pension plans are possible.

Defined contribution pension plans with guaranteed minimum return

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees. Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

- The assets of the pension funds are allocated among the various categories of the following risks:
- *Low risk*: bonds in the euro zone and/or high-quality bonds.
 - *Medium risk*: risk diversification between bonds, convertible bonds, real-estate and equity instruments.
 - *High risk*: equity instruments, real estate, etc.
 - *Dynamic Asset Allocation*: rapid adjustment of the portfolio structure in case of specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution plans. These minimum returns vary based on the market rates.

- For the minimum returns guaranteed by the employer, the following elements apply:
- For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date.
 - For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum guaranteed return has been set at 1.75%.
 - The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.11).

For certain defined contribution plans, the contributions increase depending on the seniority in the Group (referred to as 'backloaded'). For these plans, the contributions are distributed uniformly over time.

Description of the main risks

Defined contribution plans expose the employer to the risk of a minimum return on pension fund assets that do not offer a sufficient guaranteed return.

Other long-term employee benefits

Fluxys Belgium group also has early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority bonuses). Not all of these benefits are funded.

Funding status of the employee benefits

In thousands of €	Pensions *		Other **	
	2023	2022	2023	2022
Present value of funded obligations	-206,978	-194,397	-35,643	-32,840
Fair value of plan assets	205,500	205,651	0	0
Funding status of plans	-1,478	11,254	-35,643	-32,840
Effect of the asset ceiling ⁵	-2,398	0	0	0
Other	0	0	0	0
Net employee benefit liability	-3,876	11,254	-35,643	-32,840
Of which assets	12,443	29,401	0	0
Of which liabilities	-16,319	-18,147	-35,643	-32,840

* Pensions also include non-prefinanced early-retirement obligations. They also include, since 2018, contributions paid to cover pension schemes with a profile that takes into account seniority.

** The item 'Other' includes seniority bonuses paid over the course of the career as well as other post-employment benefits (reimbursement of medical expenses and price subsidies (discount on energy costs)).

Movements in the present value of obligations

In thousands of €	Pensions *		Other **	
	2023	2022	2023	2022
At the start of the period	-194,397	-221,035	-32,840	-47,941
Service costs	-8,682	-9,239	-743	-1,289
Early retirement costs	0	-1,030	0	0
Financial loss (-) / profit (+)	-7,273	-1,879	-1,225	-496
Participant's contributions	-811	-807	0	0
Change in demographic assumptions	-385	-777	-23	-605
Change in financial assumptions	2,379	44,415	-864	16,144
Change from experience adjustments	-6,678	-12,505	-1,993	-398
Past service costs	0	0	0	0
Benefits paid	8,869	8,460	2,045	1,745
Reclassifications	0	0	0	0
Other	0	0	0	0
At the end of the period	-206,978	-194,397	-35,643	-32,840

⁵ Applicable to a limited number of plans where the plan asset surplus is not transferable to other plans.

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2023	2022	2023	2022
At the start of the period	205,651	221,062	0	0
Interest income	7,088	1,733	0	0
Return on plan assets (excluding net interest income)	9,278	-28,296	0	0
Employer's contributions	5,450	13,756	2,045	1,745
Participants' contributions	811	807	0	0
Benefits paid	-8,869	-8,460	-2,045	-1,745
Change in financial assumptions	-13,909	5,049	0	0
Other	0	0	0	0
At the end of the period	205,500	205,651	0	0
Actual return on plan assets	16,366	-26,563	0	0

The return on pension plan assets in 2023 is considerably higher than in 2022 as a result of improved conditions on the financial markets in 2023.

Costs recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2023	2022	2023	2022
Cost				
Service costs	-8,682	-9,240	-743	-1,289
Early retirement costs	0	-1,030	0	0
Past service costs	0	0	0	0
Actuarial gains/(losses) on other long-term benefits	-1,199	121	0	0
Net interest on net liabilities/(assets)				
Interest expense on obligations	-7,272	-1,879	-1,225	-496
Interest income on plan assets	7,088	1,734	0	0
Costs recognised in profit or loss	-10,065	-10,294	-1,968	-1,785

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other**	
	2023	2022	2023	2022
Change in demographic assumptions	-410	-777	-23	-605
Change in financial assumptions	-10,306	49,343	-864	16,144
Change from experience adjustments	-6,678	-12,505	-1,993	-398
Effect of the asset ceiling	-2,398	0	0	0
Return on plan assets (excluding net interest income)	9,278	-28,296	0	0
Actuarial losses (gains) recognised in other comprehensive income	-10,514	7,765	-2,880	15,141

Allocation of obligation by type of participant to the plan

In thousands of €	2023	2022
Active plan participants	-196,014	-186,116
Non-active participants with deferred benefits	-23,535	-21,413
Retirees and beneficiaries	-23,072	-19,708
Total	-242,621	-227,237

Allocation of obligation by type of benefit

In thousands of €	2023	2022
Retirement and death benefits	-206,978	-194,397
Other post-employment benefits (medical expenses and price subsidies)	-26,748	-24,065
Seniority bonuses	-8,895	-8,775
Total	-242,621	-227,237

Main actuarial assumptions used

	2023	2022
Discount rate between 10 to 12 years	3.03%	3.73%
Discount rate between 13 to 19 years	3.24%	3.75%
Discount rate over 19 years	3.25%	3.73%
Expected average salary increase	2.04%	2.04%
Expected inflation	2.03%	1.99%
Expected increase in health expenses	3.03%	2.99%
Expected increase of price subsidies	2.03%	1.99%
Average assumed retirement age	63(BAR) / 65(CAD)	63(BAR) / 65(CAD)
Mortality tables	IABE prospective	IABE prospective
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	20
- Female	24	24
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

The fair value of plan assets is distributed based on the following major categories

	2023	2022
Listed investments	94,63%	92,83%
Shares - eurozone	8,30%	13,91%
Shares - outside eurozone	19,78%	14,86%
Government bonds - eurozone	1,99%	0,62%
Other bonds - eurozone	29,30%	28,68%
Other bonds - outside eurozone	35,26%	34,76%
Non-listed investments	5,37%	7,17%
Insurance contracts	0,00%	0,00%
Real estate	1,63%	1,46%
Cash and cash equivalents	2,47%	4,47%
Other	1,27%	1,25%
Total (in %)	100,00%	100,00%
Total (in thousands of €)	205,500	205,651

Sensitivity analysis

Impact on obligations	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.25%)	3,639
Average salary increase - Excluding inflation (0.1%)	-1,482
Increase in inflation rate (0.25%)	-3,423
Increase in healthcare benefits (0.01%)	-27
Increase in price subsidies (0.5%)	-855
Increase in life expectancy of retirees (1 year)	-873

Average weighted duration of obligations

	2023	2022
Average weighted duration of defined benefit obligations	8	9
Average weighted duration of other post-employment obligations	15	19

Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for 2024 (for all pension and other obligations, listed above)	8,347

The contributions to be paid are function of the payroll of the population concerned.

Note 5.15. Deferred tax assets and liabilities

Recognised deferred tax liabilities	In thousands of €		
	31-12-2023	31-12-2022	Difference
Valuation of assets	95,725	105,227	-9,502
Accrued income	148	237	-89
Fair value of financial instruments	1,731	2,252	-521
Provisions for employee benefits or provisions not accepted under IFRS	33,598	35,832	-2,234
Other normative differences	0	0	0
Total	131,202	143,548	-12,346

Deferred tax assets and liabilities are offset within each taxable entity. They are all fully recognised.

The main source of deferred tax is the difference between the book value and the tax base of property, plant and equipment. This difference arises firstly from the recognition in the opening balance sheet of property, plant and equipment at their fair value corresponding to their deemed cost and, secondly, from the recognition at fair value of the assets and liabilities arising from the SEGEO and Distrigas & C° business combinations in 2008.

Provisions accounted for in accordance with IAS 19 (Employee benefits) and provisions recognised under local GAAP but not recognised under IFRS are another major source of deferred tax.

Movement for the period	In thousands of €
	Deferred tax
As at 31-12-2022	143,548
Deferred tax expenses – Profit & loss account	-8,998
Deferred tax expenses – other comprehensive income	-3,348
As at 31-12-2023	131,202

Note 5.16. Trade and other payables

Trade and other liabilities	In thousands of €		
	31-12-2023	31-12-2022	Change
Trade payables	54,501	60,357	-5,856
Payroll and related items	39,341	39,517	-176
Other payables	25,114	344,659	-319,545
Total	118,956	444,533	-325,577

The significant decrease in other payables is related to the recognition in 2022 of the exceptional solidarity contribution of €300 million.

Note 6. Financial instruments

Principles for managing financial risks

Fluxys Belgium Group is exposed to several financial risks arising from its underlying activities and corporate financing activities. These financial risks consist of market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from its operational, financing and investment activities. The Group does not engage in speculative transactions.

Cash management policy

The Fluxys Belgium group's cash is managed as part of a general policy and cash surpluses are invested with Fluxys SA under cash pooling agreements. By way of reminder, Fluxys SA centralises the management of the Fluxys group's cash funds and financing.

The objective of this policy is to optimise the group's cash positions. These transactions are entered into at market terms and conditions.

The group's financial policy stipulates that cash surpluses be maintained at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

At 31-12-2023, current and non-current investments, cash and cash equivalents amounted to €1,207,537 thousand compared to €1,204,321 thousand at the end of 2022.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score (rating). The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that three clients contribute respectively 27%, 15% and 12% of the operating revenue. The breakdown per segment of these latter is €239 million in transmission, €17 million in storage and €27 million in terminalling.

Interest rate risk

The group's debt mainly consists of fixed interest rate loans maturing between 2024 and 2034, the balance of which (including lease obligations) as at 31-12-2023 represents €1,125,647 thousand compared to €1,172,041 thousand at the end of 2022.

In addition, the group's interest-bearing liabilities include other financing and liabilities to be used within the regulatory framework. As explained in Note 5.11, part of these bear interest at a 10-year OLO rate and the remainder at the average Euribor 1-year rate. The group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative for the risk inherent in these financial instruments. Consequently, the Fluxys Belgium group's exposure to interest rate risk is very limited.

Liquidity Risk

Liquidity risk management is one of Fluxys Belgium group's main objectives. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The Fluxys Belgium group can call upon Fluxys SA in case of liquidity needs, under the cash pooling arrangements. By way of reminder, Fluxys centralises the management of the Fluxys group's cash funds and financing and has unused confirmed revolving credit facilities.

The maturity of interest-bearing liabilities is reported in Note 5.11.

Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents.

The following table gives an overview of financial instruments at 31 December 2023:

Summary of financial instruments at balance sheet date			In thousands of €	
31-12-2023	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	107,199	100,288	1 & 2
Other financial assets at fair value through profit or loss	B	4,011	4,011	2
Lease receivables	A	0	0	2
Other receivables	A	21,496	21,496	2
II. Current assets				
Lease receivables	A	1,644	1,644	2
Trade and other receivables	A	102,056	102,056	2
Cash investments	A	32,998	32,959	2
Cash and cash equivalents	A	1,068,227	1,068,334	2
Total financial instruments – assets		1,337,631	1,330,788	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,070,311	1,021,899	2
Other financial liabilities	B	4,010	4,010	2
II. Current liabilities				
Interest-bearing liabilities	A	55,336	55,336	2
Trade and other payables	A	118,956	118,956	2
Total financial instruments - liabilities		1,248,613	1,200,201	

The categories correspond to the following financial instruments:

- A. Financial assets or financial liabilities at amortised cost.
- B. Assets or liabilities at fair value through profit or loss.

Summary of financial instruments at balance sheet date			In thousands of €	
31-12-2022	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	107,595	97,804	1 & 2
Other financial assets at fair value through profit or loss	B	3,576	3,576	2
Other financial assets at fair value Lease receivables	A	0	0	2
Other receivables	A	15,144	15,144	2
II. Current assets				
Lease receivables	A	2,094	2,094	2
Trade and other receivables	A	164,299	164,299	2
Cash investments	A	26,113	26,397	2
Cash and cash equivalents	A	1,070,708	1,070,600	2
Total financial instruments – assets		1,389,529	1,379,914	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,115,772	1,036,002	2
Other financial liabilities	B	3,575	3,575	2
II. Current liabilities				
Interest-bearing liabilities	A	56,269	56,269	2
Trade and other payables	A	444,533	444,533	2
Total financial instruments - liabilities		1,620,149	1,540,379	

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

For the fair value measurement of Level 1, only quoted prices are used (without modification) for identical assets and liabilities in active markets. They mainly include bonds.

For the fair value measurement of Level 2, observable prices other than the quoted prices of Level 1 are used. The prices are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are the following:

- The items 'Interest-bearing liabilities' include the fixed-rate bonds issued by Fluxys Belgium, whose fair value is determined based on active market rates, usually provided by financial institutions.
- The fair value of other financial assets and liabilities categorised under level 2 is largely identical to their book value:
 - because they have a short-term maturity (such as trade receivables and payables),
 - except for depreciated assets following the increase in interest rates

Note 7. Contingent assets and liabilities – rights and liabilities of the group

Note 7.1. Litigation

Ghislenghien

As announced in 2011, Fluxys Belgium has undertaken, in agreement with insurers and other responsible parties, to proceed with the final compensation of private victims of the accident at Ghislenghien in 2004. All the victims who have presented themselves to date and who were entitled to compensation have been compensated.

Compensation claim relating to the 'Open Rack Vaporiser' investment

A compensation claim for additional works was introduced by a supplier in the scope of the 'Open Rack Vaporiser' investment made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate is available at this stage as the case is still being assessed. No provision has therefore been recognised as at 31-12-2023.

Other proceedings

Other legal proceedings related to the operation of our facilities are in progress, but their expected impact is immaterial and/or such proceedings are being put on hold.

Note 7.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business, the Fluxys Belgium group holds gas belonging to its customers at its storage sites in Loenhout, in the pipelines and in the tanks at the LNG terminal in Zeebrugge.

Note 7.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. At 31 December 2023, the guarantees received amounted to €195,013 thousand. The expected credit losses on guarantees received are not very material for the Fluxys Belgium group.

Note 7.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees in favour of the owners of assets located in Belgium and leased by the group amounted to €644 thousand as at 31-12-2023.

Other guarantees amounted to €265 thousand as at 31-12-2023.

Note 7.5. Commitments under terminalling service contracts

The Capacity Subscription Agreements (CSA) entered into with the users of the Zeebrugge LNG terminal provide for 110 mooring windows (slots) per contract until 2023 and 88 docking windows per contract until 2027.

During the binding window of an Open Season which was held at the end of 2020 for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year (or c. 10.5 GWh/h) capacity on offer had been subscribed. On this basis, Fluxys LNG has taken the final investment decision to build the additional infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from early 2024, a total additional capacity of 4.7 million tonnes per year will already be offered,
- as from early 2026, the full additional capacity of 6 million tonnes per year will be offered.

In 2019, in addition to the aforementioned contracts, a new long-term contract was entered into with Qatar Petroleum, subsidiary of Qatar Terminal Limited (QTL), for the remaining unloading slots until 2039 with extension option until 2044.

In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium. This contract has entered into effect upon the commissioning of the 5th storage tank in the Zeebrugge LNG terminal at the end of 2019.

Note 7.6. Other commitments

Other commitments have been made and received by the Fluxys Belgium group, but their potential impact is immaterial.

Note 8. Related parties

Fluxys Belgium and its subsidiaries are controlled by Fluxys, which is itself controlled by Publigas.

The consolidated financial statements include transactions performed by Fluxys Belgium and its subsidiaries in the normal course of their activities with unconsolidated related companies or associates. These transactions take place under market conditions and mainly involve transactions realised with Fluxys SA and Fluxys Europe (administrative services, IT and housing services and the management of cash funds and financing), Interconnector (UK) (inspection and repair services), IZT (IZT lease and facilities operation and maintenance services), Dunkerque LNG (IT development and other services), Gaz-Opale (terminalling services), Balansys (balancing operator), Fluxys TENP, FluxSwiss and Flux Re (reinsurance).

Other related parties in the following tables concern other entities of the Fluxys group, in which Fluxys Belgium does not hold a stake.

Significant transactions with related parties as at 31-12-2023					(in thousands of €)
	Parent company	Joint arrange- ments	Other related parties	Total	
I. Assets with related parties	1,013,091	13,000	2,381	1,028,472	
1. Other financial assets	0	3,000	0	3,000	
Loans	0	3,000	0	3,000	
2. Financial lease receivables (current and non-current)	0	0	1,644	1,644	
3. Trade and other receivables	240	0	737	977	
Clients	240	10,000	737	977	
4. Cash and cash equivalents	1,012,851	0	0	1,012,851	
5. Other current assets	0	0	0	0	
II. Liabilities with related parties	188,322	0	674	188,996	
1. Interest-bearing liabilities (current and non-current)	186,909	0	0	186,909	
Other borrowings	186,909	0	0	186,909	
2. Trade and other payables	1,406	0	12	1,418	
Suppliers	37	0	0	37	
Other payables	1,369	0	12	1,381	
3. Other current liabilities	7	0	662	669	
III. Transactions with related parties	1,582	1,763	22,709	26,054	
1. Services rendered and goods delivered	3,860	1,763	22,709	28,332	
2. Services received (-)	-2,284	0	0	-2,284	
3. Net financial income	6	0	0	6	
4. Directors's and senior executives' remuneration			3,049	3,049	
Of which short-term benefits			2,653	2,653	
Of which post-employment benefits			396	396	

Significant transactions with related parties as at 31-12-2022					(in thousands of €)
	Parent company	Joint arrange- ments	Other related parties	Total	
I. Assets with related parties	1,885,715	15,000	2,966	1,903,681	
1. Other financial assets	0	15,000	0	15,000	
Loans	0	15,000	0	15,000	
2. Financial lease receivables (current and non-current)	0	0	2,094	2,094	
3. Trade and other receivables	860,381	0	871	861,252	
Clients	860,381	0	871	861,252	
4. Cash and cash equivalents	1,025,334	0	0	1,025,334	
5. Other current assets	0	0	0	0	
II. Liabilities with related parties	186,900	0	636	187,536	
1. Interest-bearing liabilities (current and non-current)	186,812	0	0	186,812	
Other borrowings	186,812	0	0	186,812	
2. Trade and other payables	79	0	8	87	
Suppliers	0	0	0	0	
Other payables	79	0	8	87	
3. Other current liabilities	9	0	629	638	
III. Transactions with related parties	-4,605	1,888	21,334	18,617	
1. Services rendered and goods delivered	4,207	1,888	21,513	27,608	
2. Services received (-)	-1,806	0	-179	-1,985	
3. Net financial income	-7,007	0	0	-7,007	
4. Directors's and senior executives' remuneration			2,536	2,536	
Of which short-term benefits			2,149	2,149	
Of which post-employment benefits			387	387	

Note 9. Directors' and senior executives' remuneration

Pursuant to Article 10 of the Articles of Association, the Board of Directors of Fluxys Belgium SA comprises at least three and no more than 24 non-executive directors. Furthermore, the 'special share' grants to the Minister the right to appoint two representatives of the federal government in the Board of Directors. Currently, two representatives of the federal government attend the meetings of the Board of Directors and the Strategic Committee.

The ordinary general meeting has decided to set the remuneration of the directors and government representatives to a maximum of €360,000 (value 01-01-2007), to be allocated by the Board of Directors amongst its members, and to grant an attendance fee of €250 per meeting of the Board of Directors and advisory committees.

Pursuant to Article 15 of the Articles of Association of Fluxys Belgium, the Board of Directors is authorised to pay a special remuneration to directors who carry out special duties for the entity. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Belgium group has not granted any loans to directors. In addition, the directors have not entered into unusual or abnormal transactions with the group. No shares or share options have been granted to the directors.

For further information, the reader should refer to the Corporate Governance Declaration in the directors' report and to Note 8 'Related parties' for the breakdown of remuneration by category.

Note 10. Events after the balance sheet date

Fluxys Belgium and the CREG agreed in February 2024 to propose to the market through a public consultation adjustments to the tariff methodology for the natural gas transmission system, the natural gas storage facility and the LNG facility for the 2024-2027 regulatory period.

The tariff methodology, adopted in June 2022, provides for the use of a risk-free rate of 1.68% to calculate the margin for the four years of the 2024-2027 regulatory period. Against a backdrop of high interest rate volatility, an overall upward trend over the past two years, and particularly high inflation in 2022, a number of changes are needed to guarantee the system operators a fair return on capital invested in regulated assets, and enable them to make the investments required to carry out their missions.

The public consultation on the changes to the tariff methodology will run from March 14 to April 14, 2024. The impact of these proposed changes will be covered by the adjustment account. The tariffs set by the CREG for the period 2024-2027 therefore remain unchanged at this stage.

Statutory accounts of Fluxys Belgium SA according to Belgian GAAP

Given the significance of the equity as well as the revenue of the parent entity in the consolidated financial statements, the publication of the detailed version of the annual accounts and the notes to the accounts in this brochure would, in the majority of cases, be redundant given the explanations found in the consolidated accounts.

Pursuant to Article 3:17 of the Companies Code, the decision was made to present only an abridged version of the Fluxys Belgium SA statutory annual accounts.

The statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys Belgium SA.

The statutory accounts of Fluxys Belgium SA and the audit opinion have been filed with the National Bank of Belgium. They are available on the Fluxys Belgium website (www.fluxys.com/belgium) and can also be obtained free of charge upon request at the following address:

Fluxys Belgium SA
Communication Department
Avenue des Arts 31, 1040 Brussels

Balance sheet

Assets	In thousands of €	
	31-12-2023	31-12-2022
Formation expenses	1,107	1,265
Fixed assets	1,447,863	1,432,702
Intangible assets	25,789	22,019
Property, plant and equipment	1,332,255	1,325,694
Financial fixed assets	89,819	84,989
Current assets	1,041,285	1,114,083
Amounts receivable after more than one year	21,496	15,144
Stock and contracts in progress	49,710	61,445
Amounts receivable within one year	93,272	156,913
Cash investments	0	0
Cash at bank and in hand	856,221	867,339
Deferred charges and accrued income	20,586	13,242
Total	2,490,255	2,548,050

Equity and liabilities	In thousands of €	
	31-12-2023	31-12-2022
Equity	434,959	456,783
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	230,856	258,498
Reserves	10,814	10,927
Accumulated profits (losses)	101,654	93,084
Capital subsidies	31,325	33,964
Provisions and deferred taxes	15,716	15,361
Provisions for liabilities and charges	4,450	3,177
Deferred tax	11,266	12,184
Amounts payable	2,039,580	2,075,906
Amounts payable after more than one year	896,932	921,383
Amounts payable within one year	244,804	560,408
Accrued charges and deferred income	897,844	594,115
Total	2,490,255	2,548,050

Income statement

Income statement	In thousands of €	
	31-12-2023	31-12-2022
Operating income	653,561	951,458
Operating charges	579,348	864,397
Operating profit	74,213	87,061
Financial income	72,111	50,418
Finance costs	48,709	30,233
Net financial income	23,402	20,185
Earnings before taxes	97,616	107,246
Transfer from deferred taxes	1,184	1,220
Income tax expenses	-19,444	-24,546
Net profit/loss for the period	79,356	83,920
Transfer to untaxed reserves	114	114
Profit for the period available for appropriation	79,470	84,034

Profit/loss appropriation

Appropriation account	In thousands of €	
	31-12-2023	31-12-2022
Profit to be appropriated	172,554	163,286
Profit for the period available for appropriation	79,470	84,034
Profit carried forward from the previous period	93,084	79,252
Transfer from equity	27,470	28,167
From reserves	27,470	28,167
Transfer to equity	0	0
To the legal reserve	0	0
To the other reserves	0	0
Result to be carried forward	101,654	93,084
Profit to be carried forward	101,654	93,084
Profit to be distributed	98,369	98,369
Dividends	98,369	98,369
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, could be set at:	€ 0.980	€ 0.980

In 2023, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2023 is €1.40 per share (€0.980 net). It will be payable from 22 May 2024.

Capital at the end of the period

Capital at the end of the period				
31-12-2023				
Subscribed capital				
At the end of the previous period				60,272
At the end of the period				60,272
Capital represented by				
Registered shares				62,351,736
Dematerialised shares				7,911,765
Structure of shareholders				
Declarant	Date of declaration	Type	Number of voting rights declared	%
Fluxys	13-12-2017	B/D	63,237,240	90,00

The Belgian State holds one specific share.

Income taxes

Income taxes	In thousands of €
31-12-2023	
Breakdown of heading 670/3	
Income taxes on the result of the current period	21,578
Taxes and withholding taxes due or paid	23,250
Excess of income tax prepayments	-1,672
Estimated additional taxes	0
Income taxes on previous periods	0
Additional taxes due or paid	0
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	97,616
Permanent differences:	-11,302
Definitively taxed income	-41,689
Non-deductible expenses and hidden reserves	5,500
Notional interest	0
Taxable reserves	27,470
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	114
Transfer from deferred taxes	1,184
Deductible innovation revenue	-9,403
Non-deductible provisions	0
Hidden reserves	815
Total	86,313

Workforce

ONSS N°: 030012851238

Joint Commission N°: 326

Headcount

A. Employees recorded in the personnel register

1a. During the current period			
	Total	Men	Women
Average number of employees			
Full time	782.2	669.9	112.3
Part-time	126.2	74.8	51.4
Total in full-time equivalents (FTE)	878.2	727.10	151.10
Number of hours actually worked			
Full time	1,184,045	1,012,749	171,296
Part-time	141,810	82,841	58,969
Total	1,325,855	1,095,590	230,265
Employee expenses			
Full time	112,435,716	99,099,883	13,335,833
Part-time	17,164,215	11,060,058	6,104,157
Total	129,599,931	110,159,941	19,439,990
Advantages in addition to wages	2.104.288	1.788.645	315.643

1b. During the previous period			
M(rrrD	Total	Men	Women
Average number of employees (FTE)	836.0	695.0	141.0
Number of hours actually worked	1,253,508	1,041,838	211,670
Employee expenses	121,872,900	103,591,965	18,280,935
Advantages in addition to wages	1,905,640	1,619,794	285,846

2. At the closing of the period			
	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register			
	795	125	890.6
b. By nature of the employment contract			
Contract for an indefinite period	779	125	874.6
Contract for a definite period	16	0	16.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. According to gender and study level			
Men	677	77	736.10
Primary education	0	0	0.0
Secondary education	267	41	298.5
Higher non-university education	167	14	178.10
University education	243	22	259.5
Women	118	48	154.5
Primary education	0	0	0.0
Secondary education	24	7	29.1
Higher non-university education	47	23	64.2
University education	47	18	61.2
d. By professional category			
Management	307	37	335.4
Employees	488	88	555.2
Workers	0	0	0.0
Other	0	0	0.0

*full-time equivalent

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Personnel placed at disposal of the entity
Average number of persons employed	6.7	0
Number of hours actually worked	13,295	0
Costs for the enterprise	486,523	0

Table of movements in personnel during the period

	Full time	Part time	Total FTE*
Entries			
a. Employees recorded in the personnel register	93	0	93.0
b. By nature of the employment contract			
Contract for an indefinite period	81	0	81.0
Contract for a definite period	12	0	12.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	57	6	61.5
b. By nature of the employment contract			
Contract for an indefinite period	46	6	50.5
Contract for a definite period	11	0	11.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By reason of termination of contract			
Retirement	11	4	13.9
Early retirement	0	0	0.0
Dismissal	8	0	8.0
Other reason	38	2	39.6
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

*full-time equivalent

Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	727	162
Number of actual training hours	26,460	4,270
Net costs for the enterprise	4,287,867	703,281
Of which gross costs directly linked to training	4,287,867	703,281
Of which fees paid and payments to collective funds	0	0
Of which subsidies and other financial advantages received (to deduct)	0	0
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	631	158
Number of actual training hours	6,342	2,205
Net costs for the enterprise	539,579	179,312
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0	0
Number of actual training hours	0	0
Net costs for the enterprise	0	0

Statutory auditor’s report and declaration by responsible persons

Statutory auditor’s report to the General Meeting of Fluxys Belgium NV for the financial year ended 31 December 2023

In the context of the statutory audit of the Consolidated Financial Statements) of Fluxys Belgium NV (the “Company”) and its subsidiaries (together the “Group”), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and the disclosures including material accounting policy information (all elements together the “Consolidated Financial Statements”) as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders’ meeting of 10 May 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers’ council. Our mandate expires at the shareholders’ meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2024. We performed the audit of the Consolidated Financial Statements of the Group during 5 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys Belgium NV, that comprise of the consolidated balance sheet on 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures ,including material accounting policy information, which show a consolidated balance sheet total of € 3.358,6 million and of which the consolidated income statement shows a profit for the year of € 77,4 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2023, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA’s”) applicable in Belgium. In addition, we have applied the ISA’s approved by the International Auditing and Assurance Standards Board (“IAASB”) that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the Consolidated Financial Statements” section of our report.

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

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

Key audit matters

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

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

Calculation of the net profit under the regulatory framework

Description

As described in chapter 'Legal and regulatory framework' of the annual report and note 5.12 of the Consolidated Financial Statements, a regulated tariff mechanism is applied to the transportation of gas (gas flows within Belgium and border-to-border flows), the storage of gas and for LNG terminalling activities. For these activities, the net result is determined by applying calculation methods imposed by the Belgian regulator, the Commission for Electricity and Gas Regulation (the "CREG") (together the "Tariff Mechanism").

The Tariff Mechanism is based on calculation methods that are complex and that require the use of parameters (the Beta of the regulated activity of the Group, return on equity, ...), and of accounting data of the regulated activities (the Regulated Asset Base, the regulated equity, capital expenditures ("CAPEX") and subsidies received). In addition, for extension investments on LNG installations performed since 2004, the Tariff Mechanism provides in a specific calculation method whereby the return is determined following an IRR formula (Internal Rate of Return) as determined by the CREG.

The Tariff Mechanism makes a distinction between manageable and non-manageable costs. Deviations from the estimated value of non-manageable costs are fully allocated to the regulatory assets or liabilities (future tariffs). The manageable costs are costs over which the Group has control, and whereby deviations are distributed between the shareholders of the Group and future tariffs.

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

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and implementation of key internal controls relating to the calculation of the net result, including those related to (i) the completeness and accuracy of the underlying data used in the calculation and (ii) management review controls;
- Evaluating the adequate and consistent classification of operating costs by nature (manageable and non-manageable) as described in the Tariff Mechanism;
- Performing independent recalculations of the net results for the respective regulated activities based on underlying internal documentation and externally available information, and taking into account the formulas as described in the Tariff Mechanism;
- Evaluating communication with the CREG, including assessment of the accounting implications of communications and decisions taken by the CREG;
- Assessing the adequacy of the disclosures (chapter 'Legal and regulatory framework' of the annual report and note 5.12 in the Consolidated Financial Statements).

Capitalisation and useful life of property, plant and equipment

Description

Property, plant and equipment amounts to 56% of the consolidated balance sheet of the Group, with a total capital expenditure ('CAPEX') of € 167,7 million in 2023 and a net book value of € 1.873,3 million as at 31 December 2023. Property, plant and equipment form the most important basis for the Regulated Asset Base ("RAB"). Depreciations are classified as non-manageable operating cost and thus have an important impact on the tariffs. The economical useful life, as accepted by the regulator CREG, impacts the depreciations.

As a result of the importance of property, plant and equipment on the total balance sheet and on the regulated result, and given its relevance to the users of the Consolidated Financial Statements, this topic is considered a key audit matter.

How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and implementation of key internal controls relating to the calculation of the net result, including those related to (i) the completeness and accuracy of the underlying data used in the calculation and (ii) management review controls;
- Evaluating the adequate and consistent classification of operating costs by nature (manageable and non-manageable) as described in the Tariff Mechanism;
- Performing independent recalculations of the net results for the respective regulated activities based on underlying internal documentation and externally available information, and taking into account the formulas as described in the Tariff Mechanism;
Evaluating communication with the CREG, including assessment of the accounting implications of communications and decisions taken by the CREG;
- Assessing the adequacy of the disclosures (chapter 'Legal and regulatory framework' of the annual report and note 5.12 in the Consolidated Financial Statements).

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations.

Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Chapter 'Legal and regulatory framework'
- Financial situation: consolidated key financial data

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non-financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the annual report. The Company has prepared the Group's non-financial information based on the reporting guidelines of the Global Reporting Initiative standards ("GRI"). However, in accordance with article 3:80 § 1, 5° of the Code of companies and associations, we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI framework.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of Fluxys Belgium NV per 31 December 2023 included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 28 March 2024

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Wim Van Gasse *
Partner
*Acting on behalf of a BV/SRL

24WVG0055

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2023

We hereby attest that to our knowledge:

- Fluxys Belgium' financial statements, drawn up in accordance with the applicable accounting standards, give a true and fair view of the company's assets, liabilities, financial position and profit or loss as well as those of the companies included in the consolidation scope;
- the annual report gives a true and fair view of the development and performance of the business and of the position of the company itself and of the companies included in the consolidation scope, together with a description of the principal risks and uncertainties that they face.

Brussels, 28 March 2024

Christian Leclercq
Member of the Executive Board
Chief Financial Officer

Pascal De Buck
Managing Director
Chief Executive Officer

Glossary

Pertinence of published financial ratios

- The Fluxys Belgium group continually evaluates its financial solidity, in particular using the following financial ratios:
- **Solvency:** The ratio between net financial debt and the sum of equity and net financial debt indicates the solidity of the Fluxys group's financial structure.
 - **Interest coverage:** The ratio between the FFO, before interest expenses, and interest expenses represents the group's capacity to cover its interest expenses thanks to its operating activities.
 - **Net financial debt/extended RAB:** This ratio expresses the share of the extended RAB financed by external debt.
 - **FFO/Net financial debt:** This ratio is used to determine the group's capacity to pay off its debts based on cash generated by its operating activities.
 - **RCF/Net financial debt:** This ratio is used to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

Definition of indicators

Other property, plant and equipment investments outside the RAB

Average combined investments in property, plant and equipment linked to the extensions to the Zeebrugge LNG terminal and in unregulated activities.

Net finance costs

Interest charges less financial income from lease contracts, interest on investments and cash equivalents and other interest received, excluding interest on regulatory assets and liabilities.

Interest expenses

Interest expenses on debts (including interest charges on leasing debts), less interest on regulatory liabilities.

EBIT

Earnings Before Interests and Taxes or operating profit/loss from continuing operations plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBIT is used to monitor the operational performance of the group over time.

EBITDA

Earnings Before Interests, Taxes, Depreciation and Amortisation or operating profit/loss from continuing operations, before depreciation, amortisation, impairment and provisions, plus the result of investments accounted for by the equity method and the dividends received from unconsolidated entities. EBITDA is used to monitor the operational performance of the group over time, without considering non-cash expenses.

Net financial debt

Interest-bearing liabilities (including leases), less regulatory liabilities, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments (the other 25% is considered as reserve for operational needs and therefore not available for investments). This indicator gives an idea about the amount of interest bearing debt that would remain if all available cash would be used to reimburse loans. In order to reflect reality more accurately, the exceptional solidarity contribution of €300 million has been removed from the cash position when calculating net financial debt. Indeed, this debt was recognised on 31 December whereas it was paid in January 2023, which has a significant influence on the calculation.

FFO

Funds from Operations or profit/loss from continuing operations, excluding changes in regulatory assets and liabilities, before depreciation, amortisation, impairment and provisions, to which dividends received from associates and joint ventures and unconsolidated entities are added, and from which net financial expenses and current tax are deducted. This ratio indicates the cash generated by operational activities and thus the capacity of the group to reimburse its debts and to invest but also to pay dividends.

RAB

Average Regulatory Asset Base, or average value of the regulated asset base for the year. The RAB is a regulatory concept which contains the assets on which a regulatory return is granted, as regulated by the CREG.

Extended RAB

Total of the RAB and other property, plant and equipment investments outside the RAB.

RCF

Retained Cash-Flow or FFO, less dividends paid. This ratio indicates the cash generated by operational activities, but after payment of the dividends. It thus shows the remaining net capacity of the group to reimburse its debts and to invest.

WACC

Weighted Average Cost of Capital, which reflects the authorised return on RAB under the regulation.

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
Operating profit/loss	129,570	147,305	
Depreciations	166,894	168,051	
Provisions	745	-6,993	
Impairment losses	-11,400	14,804	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBITDA in thousands of €	285,809	323,167	

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
Operating profit/loss	129,570	147,305	
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
EBIT in thousands of €	129,570	147,305	

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
Financial income from lease contracts	39	56	
Interest income on investments, cash and cash equivalents	32,487	3,970	
Other interest income	4,202	83	
Borrowing interest costs	-65,909	-39,292	
Borrowing interest cost on leasing	-827	-890	
Interest on regulatory assets and liabilities	32,441	5,230	
Net financial expenses in thousands of €	2,433	-30,843	

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
Borrowing interest costs	-65,909	-39,292	
Borrowing interest costs on leasing	-827	-890	
Interest on regulatory liabilities	32,441	5,230	
Interest expenses in thousands of €	-34,295	-34,952	

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
Operating profit/loss	129,570	147,305	
Operating revenue - Movements in regulatory assets and liabilities	291,104	456,225	
Depreciations	166,894	168,051	
Provisions	745	-6,993	
Impairment losses	-11,400	14,804	
Inflows related to associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	
Net financial expenses	2,433	-30,843	
Current tax	-28,235	-35,730	
FFO in thousands of €	551,111	712,819	

Fluxys Belgium consolidated income statement in thousands of €	31-12-2023	31-12-2022	Notes
FFO	551,110	712,819	
Dividends paid	-98,369	-96,964	E – consolidated statement of cash flows
RCF in thousands of	452,741	615,855	

Fluxys Belgium consolidated balance sheet in thousands of €	31-12-2023	31-12-2022
Non-current interest-bearing liabilities	1,070,311	1,115,772
Current interest-bearing liabilities	55,336	56,269
Cash investments (75%)	-24,749	-19,585
Cash and cash equivalents (75%)	-801,170	-578,031
Other financial assets (75%)	-80,324	-80,625
Net financial debt in thousands of €	219,404	493,800

Fluxys Belgium consolidated balance sheet in millions of €	31-12-2023	31-12-2022
Transmission	2,046,6	2,059,1
Storage	228,0	228,0
LNG terminalling	311,0	305,7
RAB in millions of €	2,585,6	2,592,8
Other tangible investments outside RAB	432,9	417,7
Extended RAB in millions of €	3,018,6	3,010,6

In Belgium, the Regulated Asset Base (RAB) is determined based on the average book value of the fixed assets for the period, plus essentially the accounting amortisations accumulated on the revaluation surpluses. The calculation is in line with the tariff methodology published by the CREG.

Welfare contribution in thousands of €	31-12-2023	31-12-2022	Notes
Dividends paid	98,369	96,264	D. Consolidated statement of changes in equity
Financial income	-37,606	-4,589	4.3
Financial expenses	69,950	40,805	4.4
Goods & consumables	8,895	5,582	4.2.1
Services & miscellaneous goods	179,845	465,521	4.2.2
Employee benefits	135,240	132,931	4.2.3
Taxes and duties paid	26,600	35,066	4.5.1
Lease agreements	5,579	5,641	4.2.5 & 4.4
Welfare contribution in thousands of €	486,872	777,221	

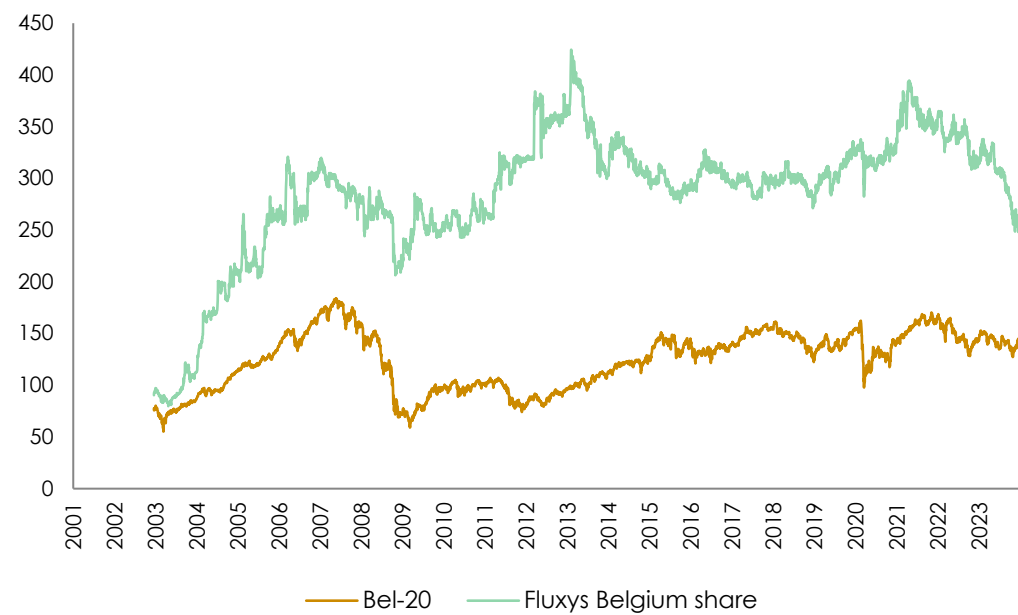
Shareholder's guide

Shareholder's calendar

14.05.2024	General Meeting
22.05.2024	Payment of dividend
26.09.2024	Press release from the Board of Directors on the half-yearly results in accordance with IFRS

Payment of dividend

The gross dividend per share amounts to €1.40 for the 2023 financial year (€0.980 net), unchanged compared to 2022. The recurring dividend is primarily determined on the basis of equity invested, the financial structure, the risk-free interest rates.



Evolution of Fluxys Belgium share price – BEL 20
(Share price 13-12-2001 = base 100%)

Questions about accounting data

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TO BE DONE



shaping together
a bright energy
future