

# # we make the move



Annual Financial Report 2021  
Fluxys Belgium



fluxys 

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

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# Outlook

The future doesn't happen, it gets made. We are in full swing. To move the molecules for a climate neutral future. To provide the infrastructure. And to move briskly: fast-track the shift to a greener tomorrow.



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# Invest in a sustainable future for the generations to come and for Fluxys Belgium



**Pascal De Buck**  
Managing Director and CEO

**Daniël Termont**  
Chairman of the Board of Directors

We want to be the driving force behind the switch to the molecules of the future. We also want to be a carbon-neutral company by 2035.

And we can count on our employees to achieve it. In 2021, they gave the best of themselves yet again. With a special resilience to continue providing society with our essential services, despite the ongoing pandemic.

At the same time, we have taken a major step forward together in our strategy to build the energy system of tomorrow. We are truly proud of their ingenuity, drive and dedication.

## Can we call 2021 a pivotal year for Fluxys Belgium?

**Daniël Termont** *Definitely! We invested in a sustainable future for the generations to come and for Fluxys. For me, as chairman, this means that we are fully committed to the energy transition. Every step forward and every investment contributes to a carbon-neutral society.*

## How fast are we moving towards a carbon-neutral society?

**Pascal De Buck** *It's important now to get the market for future green molecules moving. In 2021 we made the switch: we entered the market with concrete proposals for hydrogen and CO<sub>2</sub> infrastructure in various industrial clusters. By 2026, we want to have the initial hydrogen and/or CO<sub>2</sub> infrastructure in the ground in Belgium. We're aiming for an initial investment decision in 2022.*

## Does natural gas still have a future?

**Daniël Termont** *Every transition, including the energy transition, is a process. Today we're opening the door to hydrogen and other molecules. And while the market for these new molecules is growing, the door to natural gas will remain open for as long as necessary.*

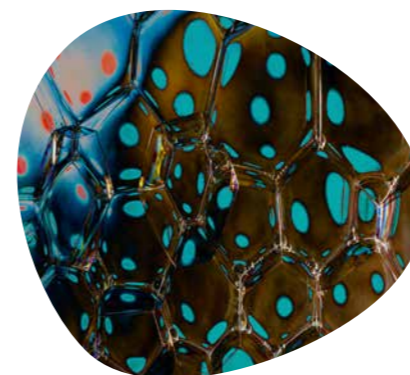
**Pascal De Buck** *Exactly. We're preparing for tomorrow without losing sight of energy security. For some time to come, society must still be able to fall back on natural gas during the transition phase. Such as heating for homes and industry to keep the economy going. With our infrastructure we deliver continuity going forward.*

## Milestones for 2021

### Building the network of the future

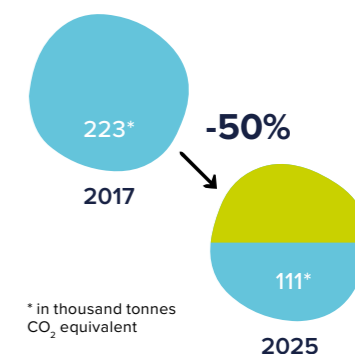
To achieve a climate-neutral Belgium, hydrogen and CO<sub>2</sub> must be able to flow through the country. At the beginning of

the year, we asked the market which volumes will be needed from which sources and going to which destinations. At the end of 2021 and in early 2022, we went back to the market. With tangible proposals for hydrogen and CO<sub>2</sub> infrastructure in various industrial clusters. We are ready to get started.



### Climate-neutral Fluxys: on track

Our commitment: to be a climate-neutral company by 2035. The first milestone is to halve our greenhouse gas emissions compared to 2017 levels by 2025. We are on track to achieve this



goal. We are building three extra regasifiers with seawater to boost send-out capacity at Zeebrugge LNG Terminal. Using the heat from seawater to regasify LNG will significantly reduce the terminal's emissions.



**Molecules are part of the energy future.**

Pascal De Buck  
Managing Director and CEO

**You often hear it said that the future is electric. Is there room for hydrogen?**

**Daniël Termont** Looking to the future, it will become increasingly important for energy systems to complement each other. Electricity from renewable sources and carbon-neutral molecules must work together optimally. If we make our gas and electricity systems work together holistically, then we are in a strong position to efficiently and sustainably meet energy requirements in all their diversity.

**Is a diverse energy mix the message?**

**Pascal De Buck** I like to describe this as taking a 'both-and' approach on all fronts. Diversity is the key to the energy future. Both green electricity and carbon-neutral molecules in their various forms – including hydrogen, biomethane, synthetic methane and other possibilities that will eventually mature.

And also infrastructure enabling CO<sub>2</sub> captured by industry to be reused or stored. Innovation, new technologies and forward-looking creativity are critically important. We're taking early action on all fronts with a view to ensuring a carbon-neutral energy mix and decarbonising our own activities. Because by 2035 we also want to be fully carbon-neutral as a company.



**We are ready to invest in the first pipelines for hydrogen and CO<sub>2</sub>. The move has started.**

Daniël Termont  
Chairman of the Board of Directors



**Walking together with heart**

Keeping moving during COVID, for a good cause: that was the goal. In all, our employees and their colleagues from other Fluxys group companies walked 180,000 km in two and a half months in the spring. That's equal to 4.5 laps around the earth! To mark this amazing achievement, the company donated €10,000 to the Belgian Heart League.

**Floods: providing support**

Our teams took action during the floods that devastated the south of Belgium. They collected goods for the victims, aided distribution system operators with repairs, and helped with winter supplies. We also donated to the Red Cross.



**More traffic and bio-LNG in Zeebrugge**

Our LNG terminal in Zeebrugge saw record levels of shipping traffic as well as loading operations involving LNG trailers. Four extra truck loading stations are under construction. This is our response to the increasing demand for LNG as a low-carbon fuel for ships and trucks. As a fully decarbonised alternative, bio-LNG has also been available since 2021.

**A hub for Germany and the Netherlands**

Shifts in import flows to Europe meant that there was high demand in both Germany and the Netherlands for flows from Belgium. Our network ensured smooth transit flows to our neighbours, confirming our role as energy hub for North-West Europe.



**How will you change the world?**

Our hunt for talent continues, and we have a special project for the future: keeping up the good work and tapping into our innovative side to help build a climate-neutral society. That is our message in our multimedia campaign to attract new talent.



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**Our profile**

We're making the leap:  
natural gas today, hydrogen and  
other molecules tomorrow. Being smart  
when it comes to repurposing our  
infrastructure. Being agile in our mindset.  
Our aim: climate neutrality.

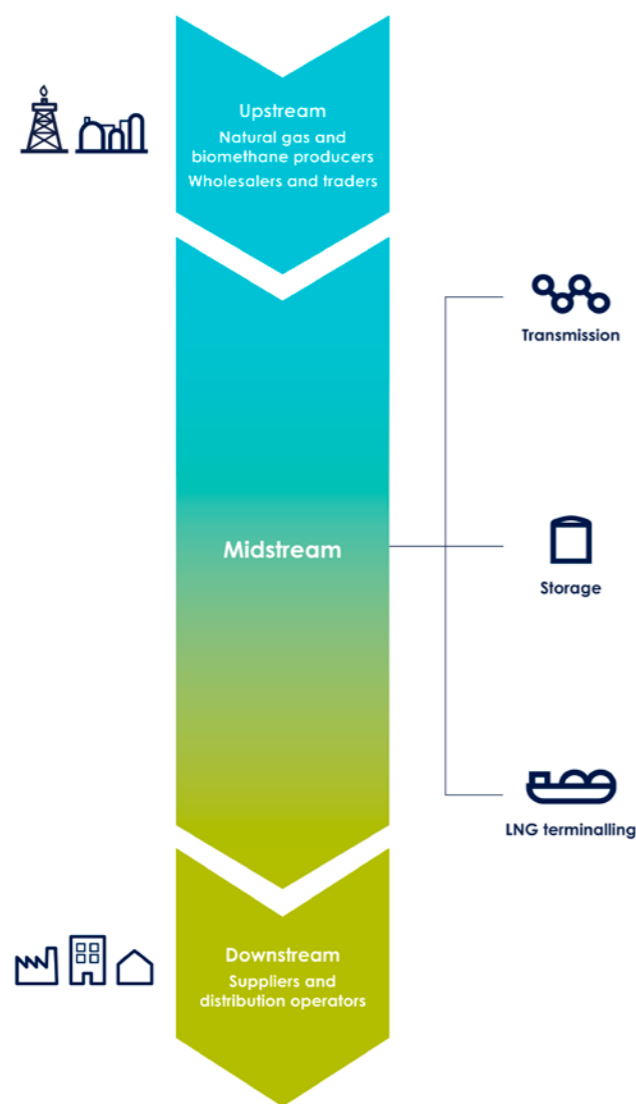


# Our business model



## Energy infrastructure company

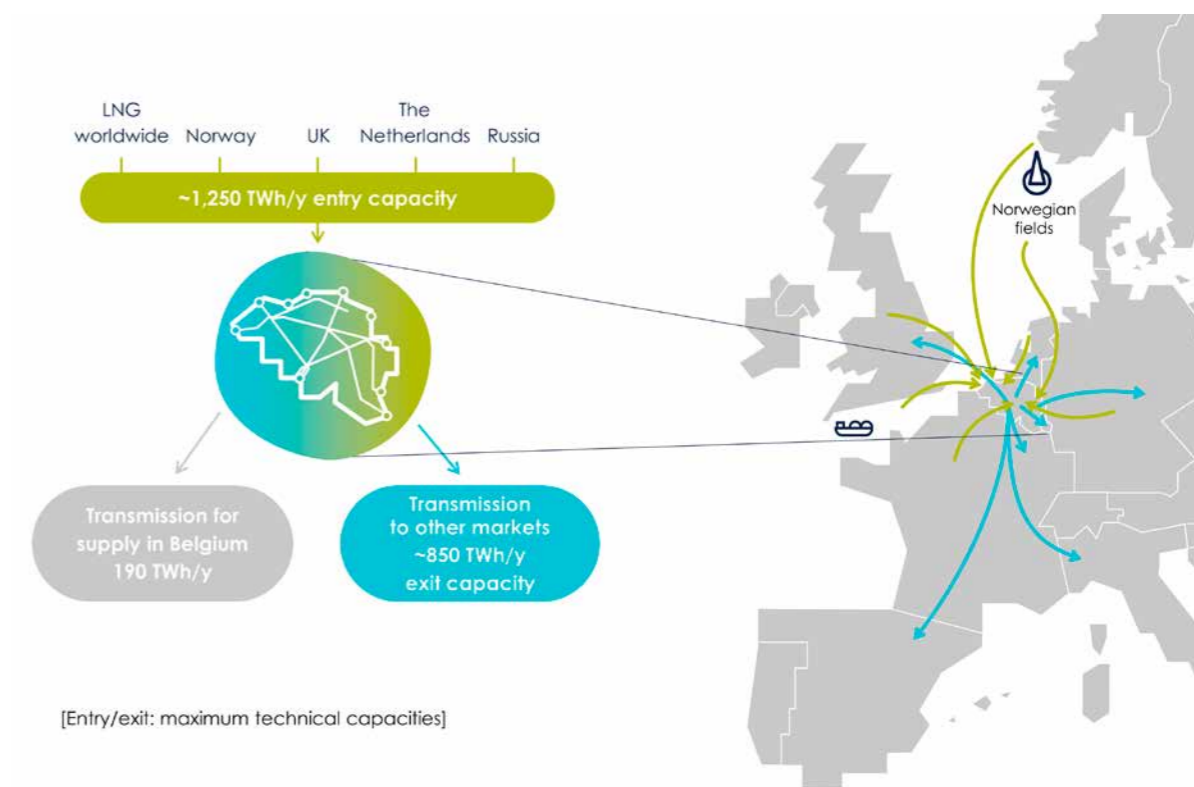
- Active in the **midstream** segment of the gas chain: the transmission of natural gas via high-pressure pipeline, the storage of natural gas and the terminalling of liquefied natural gas (LNG)
- **Independent company with no interests** in the generation or sale of energy
- Activities **regulated** by Belgium's federal energy regulator



## International hub

The Fluxys Belgium network is fully connected to all natural gas sources available to the European market. The gas is transported by pipeline or by ship (as LNG) to

various drop-off points. This is the same model we use to evolve our network into a hydrogen and CO<sub>2</sub> hub for a carbon-neutral economy.



## Our three core activities in more detail

### Transmission 4,000 km

of high-pressure pipelines

- Transmission capacity
  - to large industrial consumers, power plants and distribution operators' systems which, in turn, deliver gas to households and small industries at low pressure
  - to cross-border points from which point gas can be delivered to other markets in Europe
- Gas trading services at the Belgian ZTP gas trading point

### Terminalling 104 TWh/year

at the liquefied natural gas (LNG) terminal in Zeebrugge:

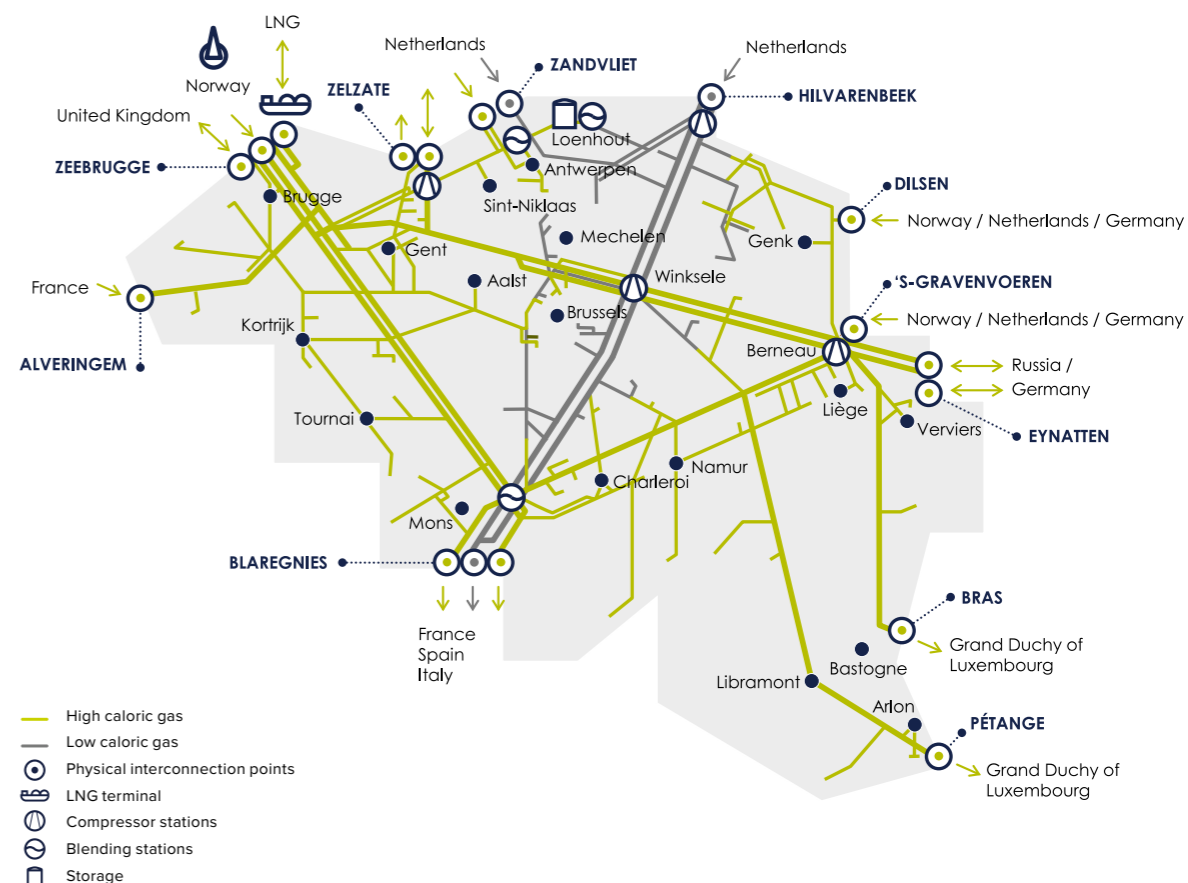
- Capacity for unloading and loading LNG carriers, storage and regasification of LNG for subsequent injection into the transmission network - regasification capacity of 104 TWh/year
- LNG transshipment capacity for transport elsewhere in the world - **107 transshipment operations (214 vessels)/year**
- Capacity to load LNG onto tanker trucks or LNG containers to supply
  - local networks or industrial sites in Europe not connected via pipeline
  - filling stations for trucks that use LNG as fuel
  - vessels powered by LNG

### Storage 9 TWh

in storage capacity at the Loenhout storage facility

- Buffer capacity for continuous supply to end consumers
- Flexibility for activities at gas trading points

## Key asset: transmission infrastructure



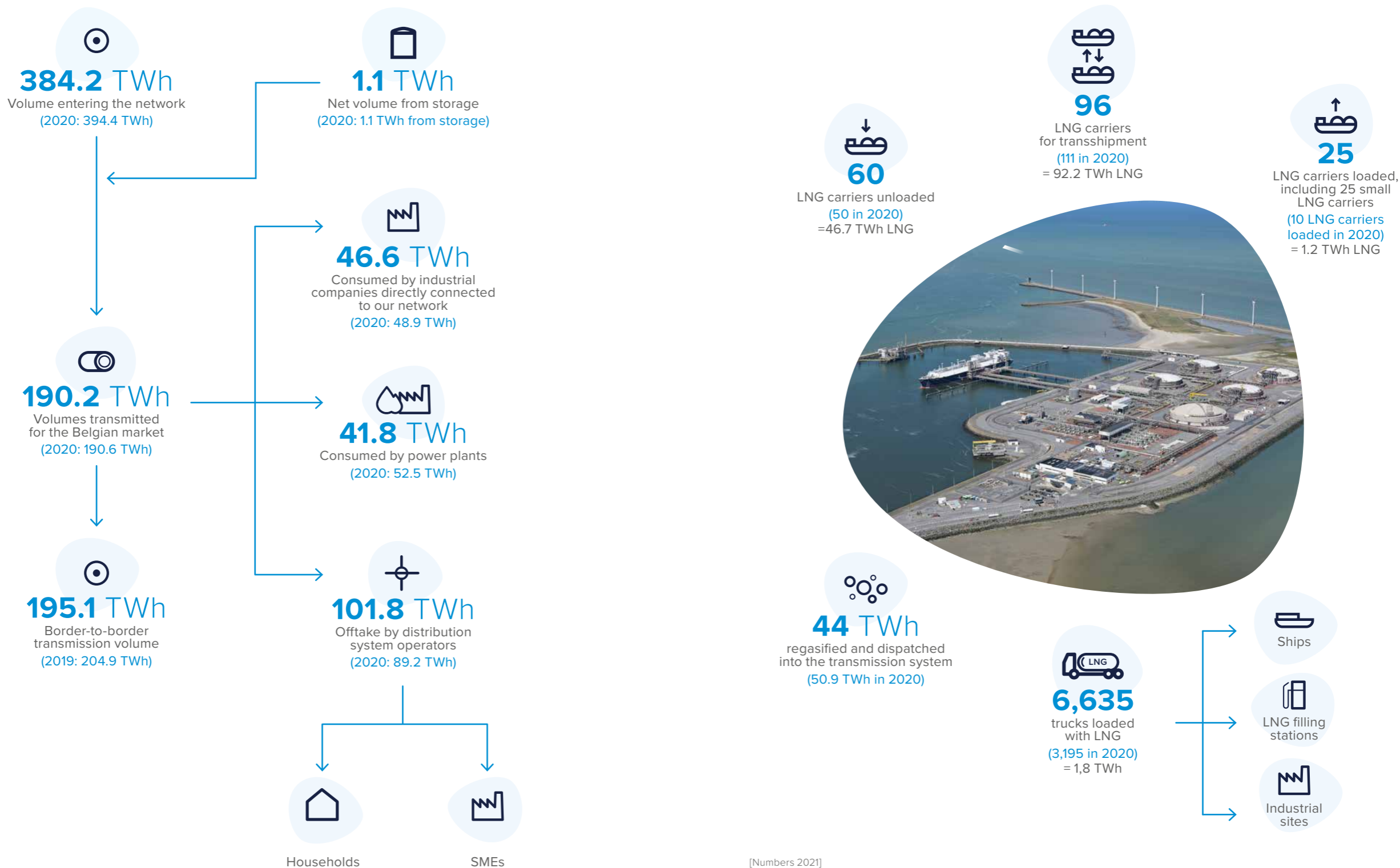
## Competing activities

While Fluxys Belgium enjoys a natural monopoly in transmission for delivery to the Belgian market, the same cannot be said for its other activities. More specifically, our network competes with those of neighbouring countries for border-to-border transmission, which accounts for around half of our revenue.

Natural gas storage and LNG terminalling are competitive markets, with the Loenhout storage site competing with other storage sites and gas trading points in North-West Europe, for example. Zeebrugge LNG Terminal, in turn, competes with other terminals abroad.



## How customers use our infrastructure



[Numbers 2021]

[Numbers 2021]

## Transporter of the energy of tomorrow

### Our infrastructure: a key tool of the energy transition

The energy transition is at the heart of Fluxys Belgium's strategy. Our company and our infrastructure both facilitate and accelerate the transition to the energy mix of the future, one comprising carbon-neutral molecules and electricity from wind and solar power. The capture, reuse and storage of CO<sub>2</sub> is also one of the solutions needed to achieve carbon neutrality.

### Hydrogen and CO<sub>2</sub> backbone for Belgium

Our approach is based on the conversion and development of our infrastructure into complementary networks serving as Belgium's hydrogen and CO<sub>2</sub> infrastructure. This hydrogen and CO<sub>2</sub> backbone is an integral part of Belgium's recovery and resilience plan. Fluxys Belgium has earmarked half of its indicative investment programme to making this backbone a reality (2022-2031 programme totalling €1.5 billion).

### Shifting towards the energy hub of tomorrow, together

The hydrogen and CO<sub>2</sub> backbone is gradually taking shape thanks to close cooperation between Fluxys Belgium, its customers, public authorities, operators in neighbouring countries, distribution system operators and other key players. The intention is to build step by step, taking into account changes in the market. The first step involves providing various industrial clusters with infrastructure, interconnecting these clusters and then extending the connections to neighbouring countries to turn Belgium into a European energy import and transmission hub.

### Fully in line with federal hydrogen strategy

Our approach is fully in line with the four pillars of the federal hydrogen strategy, which is key to meeting Belgium's climate goals.

#### 1. Positioning Belgium as a hub for the import of renewable molecules for Europe

In 2021, we launched concrete proposals for hydrogen infrastructure in Belgium's various industrial clusters. The next stage is to link this infrastructure to the hydrogen infrastructure in neighbouring countries, enabling Belgium to develop into Europe's import hub for renewable molecules. In addition to our central location, Zeebrugge is a major asset for the large-scale import of renewable molecules.

#### 2. Consolidating Belgium's leadership in hydrogen technologies

Together with various academic institutions and partners, we are conducting extensive research into the practicalities of transporting hydrogen in our infrastructure.

#### 3. Organising a robust hydrogen market

Open access to our infrastructure, which we are repurposing as far as possible and developing for hydrogen, is vital to support the emergence of Belgium's hydrogen economy. Free access means that everyone can participate on an equal footing in a model where supply and demand meet.

#### 4. Focusing on cooperation

To bring about the transition to a carbon-neutral society, Fluxys is working very closely with customers, ports, governments, regulators and neighbouring operators abroad. Our parent group is joining forces with DEME, ENGIE, EXMAR, WaterstofNet and the ports of Antwerp and Zeebrugge regarding the supply of green molecules from countries where wind and sun are available in abundance.



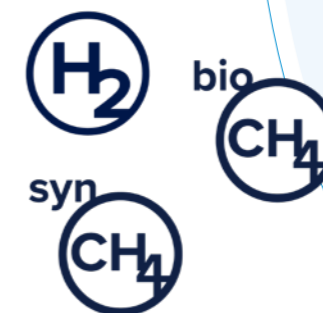
### The collective: our driving force

One of Fluxys Belgium's major assets is its team of women and men who are more committed and motivated than ever before and who work hard every day to effect change. Ingenuity, entrepreneurship and teamwork are the keys to successfully achieving carbon neutrality. These qualities are the driving force behind our current success and give us confidence in the future.

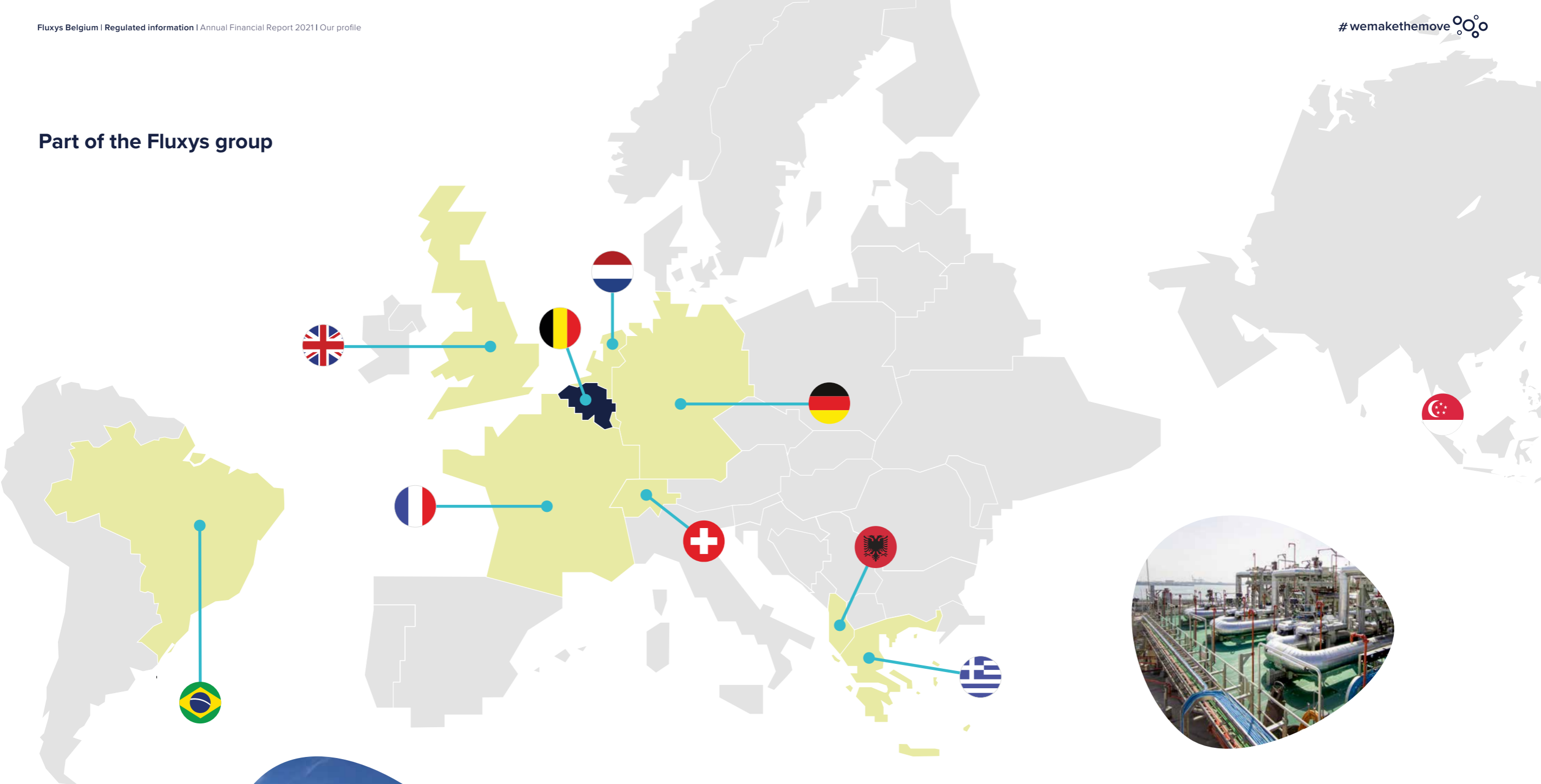
### The power of the molecule

To decarbonise the energy system, we need all hands on deck. As the European Commission's projections for 2050 show, a net-zero energy system is likely to be built on about 50% carbon-neutral electricity and about 50% carbon-neutral molecules such as hydrogen, biomethane, synthetic methane and biofuels.

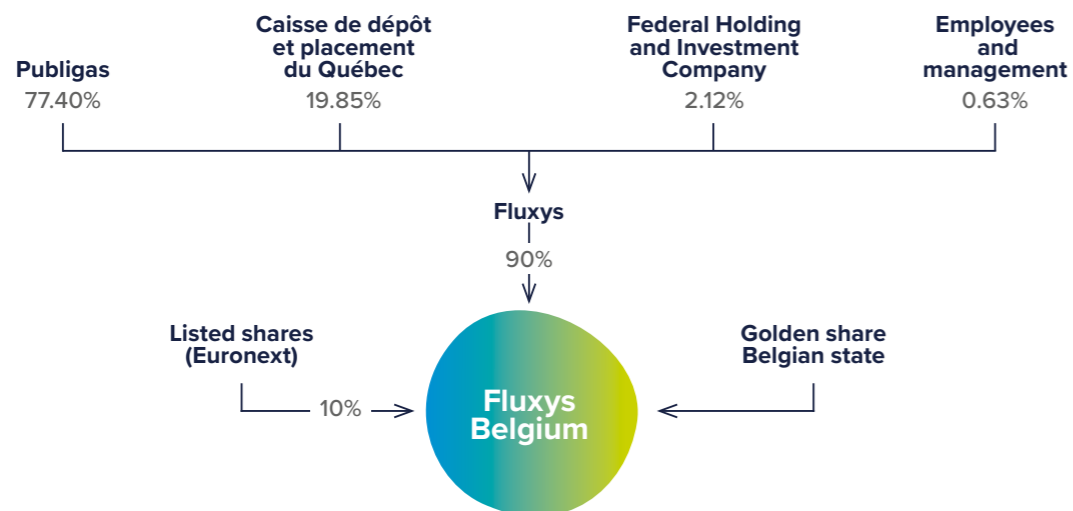
That is why gas and electricity networks must be able to work in tandem. This means electrification with green power where possible and clean molecules where this is necessary or more appropriate, taking into account cost, security of supply and cutting CO<sub>2</sub> emissions.



## Part of the Fluxys group



## Our shareholders



Our shareholders as at 30 March 2022

**Fluxys Belgium** is a public limited company and is part of the Fluxys group. The capital of Fluxys Belgium is held by the following:

- 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 of 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':

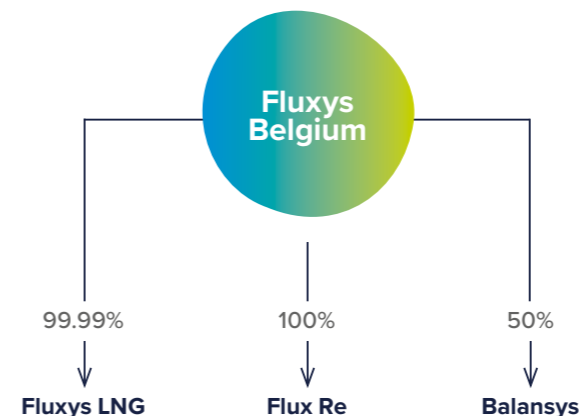
- Class B shares are and will remain registered shares
- Class D shares are registered or dematerialised at the discretion of the shareholder who shall bear any conversion charges
- Class B shares are automatically converted into class D shares when they are transferred to a third party
- 16.71% of the shares are listed on Euronext, 6.71% of them are held by Fluxys and the remaining 10% are held by the public
- The golden share held by the Belgian State gives the federal government special rights should Fluxys Belgium consider selling

strategic infrastructure whose sale would, in the competent minister's opinion, compromise the country's energy interests. The Belgian State is represented by the federal Minister of Energy. For more details about the rights attached to the Belgian State's 'golden share', please refer to the Corporate Governance Declaration, 'Voting rights and special controlling rights'

The shareholder structure of parent company Fluxys is as follows:

- **Publigas** manages the interests of Belgian municipalities in Fluxys
- **Caisse de dépôt et placement du Québec** is a financial institution that manages funds primarily for pension schemes and public and private insurance in Canada (Quebec). It has amassed considerable experience in natural gas transmission and infrastructure through its shareholdings in natural gas transmission and distribution companies in the United States, Canada and Europe
- The **Federal Holding and Investment Company** is a federal Belgian holding company set up to manage, on behalf of the Belgian State, shareholdings in public and private companies of strategic economic importance to Belgium
- Since 2012, **Fluxys group employees and management** have had multiple opportunities to become Fluxys shareholders

## Our subsidiaries



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

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

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

# How we create value with our integrated approach to sustainability

At the heart of our integrated sustainability approach sits our purpose, shaping together a bright energy future. It reflects why and how we matter to society.

Our **sustainability engagement** is inherent to our purpose and forms an integral part of our strategy. Our engagements are articulated around **3 main capitals: people, planet, prosperity** and supported by related policies. They make up the capitals we work with on a daily basis to create value.

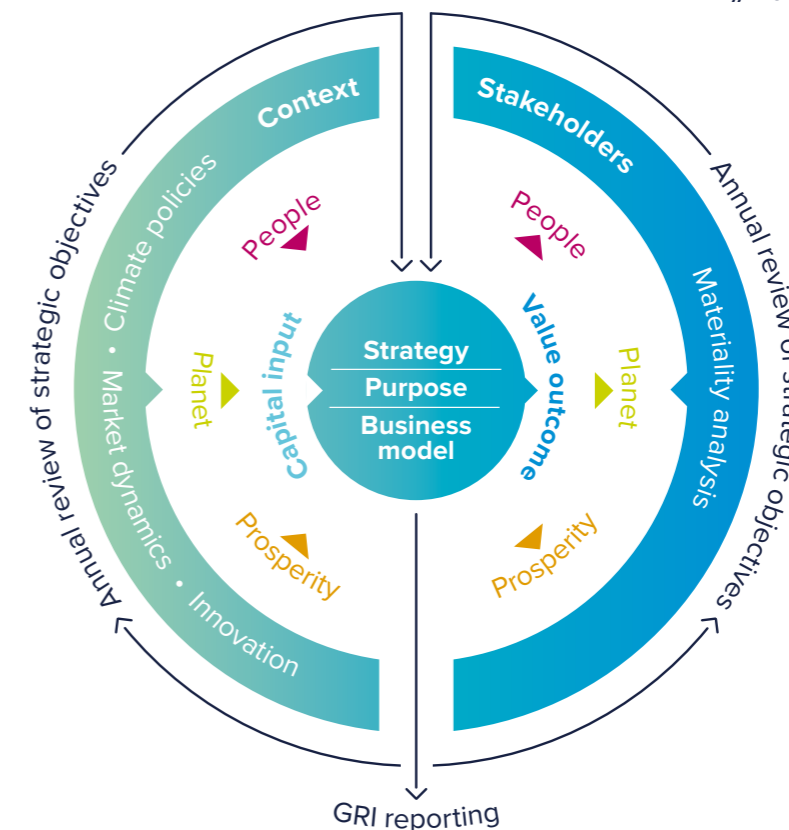
We combine our **strategy** –En route for a green tomorrow with investments in Belgium, further elaborated in the 2 pillars ‘Be fit & grow in Belgium’ and ‘Be the transporter of the future energy carriers’ – with our **business model** to successfully achieve growth and generate value outcomes reflected in our 3 capitals: people, planet and prosperity.

The world around us is constantly changing. To understand the challenges in our activities (**context**) and their impact, we closely monitor Climate policies, Market dynamics and Innovation.

In our integrated approach changes in our operating context and our business progress feed the annual review of our **strategic objectives**.

To measure our sustainable efforts and developments we apply one of the most prominent reporting frameworks, the **Global Reporting Initiative (Core)**.

We can only deliver on our purpose together with our **stakeholders**. Dialogue with our stakeholders helps shape how we define and execute our strategy, including risk management and new business opportunities. Every two years we conduct a **materiality analysis** with our stakeholders to identify which topics are of material importance to Fluxys Belgium’s activities.



People	157 - 727 Women and men	63 <input checked="" type="checkbox"/> New employees
	3.72 <input checked="" type="checkbox"/> Average number of training days per full-time equivalent (number of training days limited by covid measures)	71 Employees taking on a new role within the company
Planet	337,554 MWh Energy consumed Transmission and storage	Stable Greenhouse gas intensity Transmission and storage (vs 2020)
	320,125 MWh Energy consumed LNG terminalling	-27% Greenhouse gas intensity LNG terminalling (vs 2020)
Prosperity	€2.99 bn Extended regulated asset base	0 Interruptions or reductions in capacity
	€50.6 m Investments in infrastructure	€438.9 m Contribution to prosperity
		€1.38 Proposed gross dividend per share (subject to the decision of the ordinary annual general meeting)

# Our purpose



## Shaping together a bright energy future

We are committed to continuing to build a greener energy future for the generations to come. People, industry and societies all need energy to thrive and progress. Fluxys Belgium accommodates this need: we put energy in motion through our infrastructure.

We transport natural gas while paving the way for the transmission of hydrogen, biomethane or any other carbon-neutral energy carrier as well as CO<sub>2</sub>, accommodating the capture, usage and storage of the latter.

### together

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

### bright

Bright: with optimism, we dare to say that our infrastructure, with its energy storage capacity and other forms of gas such as hydrogen and biomethane (green gas), will play a substantial role in the transition to a carbon-neutral energy future for everyone.

### future

The word future encompasses a responsibility. With our unique capabilities as a European energy infrastructure company, we owe it to ourselves to contribute to a greener energy future for the generations to come.



Watch our purpose video



# Our strategy



## En route to a green tomorrow



### Continue to evolve and grow

We optimise our gas operations while making well-considered growth choices with a view to securing a low-carbon future

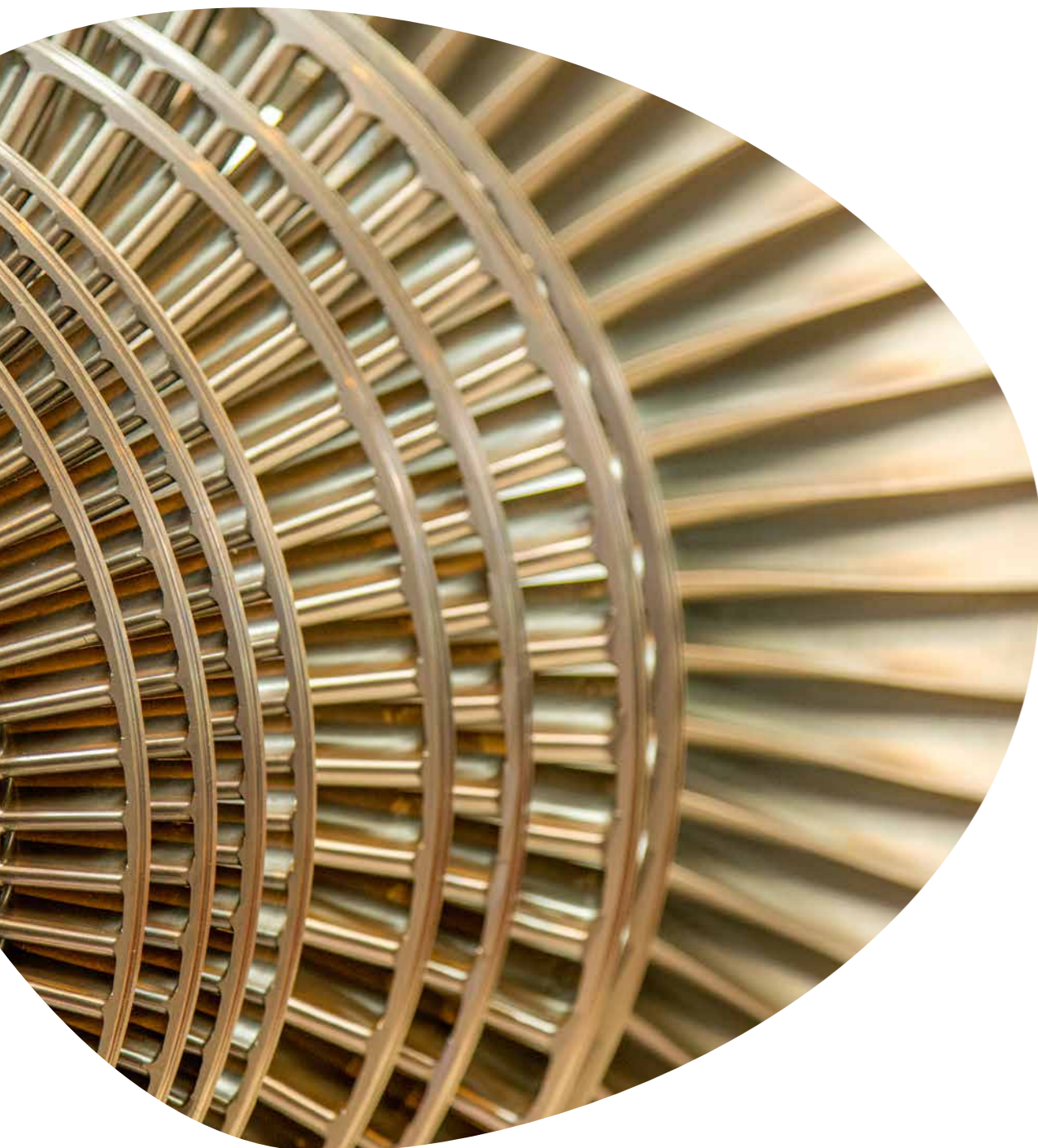
### Transport the energy of the future

We support biomethane initiatives, explore new technologies and invest in infrastructure to transport hydrogen, CO<sub>2</sub> and other molecules with a view to realising a low-carbon future

Watch the video about our strategy



# Our context



## Market dynamic

Europe's natural gas market is embedded in a global dynamic. Flows of pipeline gas and LNG supplies are largely determined by the level of LNG production worldwide and by demand for LNG outside Europe.

2021 saw particularly volatile LNG flows to Europe, challenges in filling storage sites and major rises in the price of natural gas as a market mechanism to attract sufficient supplies.

The Belgian network plays a vital role as a crossroads and the volatility in supplies has resulted in new transit patterns, more specifically with significant flows from the west of the Belgian network to Germany and the Netherlands.

Changes continued in 2022, with ongoing geopolitical developments and the war in Ukraine, so the further diversification of Europe's sources is high on the policy agenda. Fluxys Belgium is currently hard at work investigating ways in which our network could provide a sustainable response in light of the energy transition.

## Climate policy and the energy transition

The European Green Deal further took shape in 2021 with the publication by the European Commission of the 'Fit for 55' package in July and the 'Hydrogen and decarbonised gas market' package in December.

The two packages suggest measures intended to reduce greenhouse gas emissions by 55% by 2030. They include a proposed legal and regulatory framework for carbon-neutral gases like hydrogen, biomethane and synthetic methane that will play a role, alongside renewable electricity, in the energy system of the future. CO<sub>2</sub> capture, use and storage is also acknowledged as one of the various complementary solutions needed to achieve climate neutrality.

Several European countries, including Belgium, France, Germany and the Netherlands, have adopted an ambitious hydrogen strategy, sometimes with specific targets for green hydrogen production and/or support mechanisms to stimulate such production. In early 2022, Belgium's federal government also published for consultation its vision of a regulatory framework for hydrogen.

In the wake of the pandemic that reshaped the world, the European recovery plan has also become more tangible. With regard to energy in particular, the plan aims to support projects that contribute directly to achieving European climate objectives in the long term, more specifically the project to establish a European hydrogen backbone, a project in which Fluxys Belgium is actively involved.

## Innovation

To shape the energy transition, innovative technologies will have to be developed or scaled up as quickly as possible, along various lines: both with regard to the production of the energy carriers themselves and in the way carbon-neutral energies are transported and stored.

For example, industry is fully committed to creating and developing innovative technologies to produce carbon-neutral hydrogen. This hydrogen can then be used directly or as a basic component for other innovative derivatives such as synthetic methane and synthetic methanol. These synthetic energy carriers can also be produced using CO<sub>2</sub> captured from industry, establishing innovative and circular production processes that have a carbon-neutral or even carbon-negative footprint.

The gases vital to a carbon-neutral future will need to be transported and stored, so Fluxys Belgium is doing everything it can to make this possible, drawing on a plan to innovatively repurpose existing infrastructure and build new infrastructure to serve as tools for the energy transition.

# Our reporting



## In line with GRI standards

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

## Our stakeholders

Fluxys Belgium maps its stakeholders every two years with a view to identifying the extent of any mutual interaction between the scope of Fluxys Belgium's activities and those of potential stakeholders.

Given Fluxys Belgium's role in the energy transition, non-governmental organisations were included as stakeholders in the most recent stakeholder analysis (in 2020). Some stakeholders have also seen their role change. For example, a number of stakeholders with whom Fluxys Belgium has had long-standing commercial relations in the context of the supply of natural gas are now partners in projects to transport carbon-neutral energy carriers and CO<sub>2</sub> in Belgium.



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



Stakeholder	Interaction	Expectations
<b>Employees</b>		
	<ul style="list-style-type: none"> <li>• Constant provision of information via the intranet and a wide range of training courses and opportunities for development</li> <li>• Continuous contact through daily management</li> <li>• Regular consultation on platforms such as the works council or Committee for Prevention and Protection at Work</li> <li>• (In)formal chats about psychosocial risks</li> </ul>	<ul style="list-style-type: none"> <li>• Good employer</li> <li>• Safe, healthy working environment</li> <li>• Fluxys Belgium's active role in the energy transition</li> </ul>
<b>Local residents</b>		
<ul style="list-style-type: none"> <li>• Residents owning or using land where our infrastructure is located or in the vicinity thereof</li> <li>• Agricultural, forestry and hunting organisations</li> <li>• Permit authorities, local authorities and emergency services of the towns, cities and municipalities where our infrastructure is located or where we carry out work</li> </ul>	<ul style="list-style-type: none"> <li>• Contact in the framework of daily operations and the construction of infrastructure</li> <li>• Information campaigns</li> <li>• Awareness-raising campaigns</li> <li>• Drills with emergency services</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Safety</li> <li>• Limitation of disruption</li> </ul>
<b>Shareholders</b>		
	<ul style="list-style-type: none"> <li>• Regular consultation in the company's various bodies with shareholders' representatives on matters including strategy, financial performance, risk management, and the safety and reliability of natural gas transmission</li> </ul>	<ul style="list-style-type: none"> <li>• Fluxys Belgium plays an active, positive role in the energy transition thanks to its sound financial situation and reliable infrastructure</li> </ul>
<b>Customers</b>		
<ul style="list-style-type: none"> <li>• The users of the transmission system, the Loenhout storage facility and the Zeebrugge LNG terminal: gas producers, wholesalers, traders and suppliers who buy capacity in the company's infrastructure to get their gas to its intended destination</li> <li>• Distribution system operators connected to Fluxys Belgium's network to supply gas to homes and SMEs</li> <li>• Consumers directly connected to the transmission system, such as industrial companies and natural-gas-fired power plants. They mostly do not purchase capacity from Fluxys Belgium but there is an operational link due to their physical connection to the transmission system</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent contact through a team of key account managers</li> <li>• An annual event for each customer group with a view to addressing topics that regularly come up in day-to-day contact with key account managers</li> <li>• Fluxys Belgium conducts a market consultation in accordance with the regulatory framework when developing new services, proposing new tariffs or suggesting amendments to contractual documents</li> </ul>	<ul style="list-style-type: none"> <li>• Optimum availability of infrastructure capacity</li> <li>• Competitive tariffs</li> <li>• Innovative services</li> <li>• Customers, who take account of total emissions generated by their supply chain, have high expectations with regard to their suppliers' climate impact</li> </ul>

Stakeholder	Interaction	Expectations
<b>Suppliers</b>		
	<ul style="list-style-type: none"> <li>• Regular contact with the business units and the central procurement office with regard to the execution of contracts</li> <li>• A number of suppliers are initially in close contact with Fluxys Belgium with regard to the qualification procedure to be completed by suppliers in order to be able to supply products and services</li> <li>• Some suppliers receive a questionnaire about their environmental, health and safety practices</li> </ul>	<ul style="list-style-type: none"> <li>• In terms of sustainability, the suppliers' objectives and the approach adopted by Fluxys must align</li> </ul>
<b>Authorities and regulators</b>		
<ul style="list-style-type: none"> <li>• The Belgian and European governments and energy regulators</li> <li>• Financial regulators such as the Financial Services and Markets Authority (FSMA)</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation and information exchange with Belgium's federal energy regulator, the Federal Public Service (FPS) Economy, regional authorities and the European energy regulator</li> <li>• Periodic regulated information to the FSMA via publications, reports and notifications</li> </ul>	<ul style="list-style-type: none"> <li>• Well-functioning energy market</li> <li>• Safe and reliable transmission infrastructure</li> <li>• Initiatives regarding the energy transition</li> </ul>
<b>Financial institutions</b>		
	<ul style="list-style-type: none"> <li>• Periodic regulated information via publications, reports and notifications</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent information about Fluxys Belgium's sustainability policy</li> </ul>
<b>Non-governmental organisations</b>		
<ul style="list-style-type: none"> <li>• Non-governmental organisations active specifically in the fields of the energy transition, climate change and environmental issues such as biodiversity, water and waste management</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation and exchange of views</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent information and clear commitments</li> </ul>

## Materiality analysis

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

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

### Overview of areas considered essential by both the Fluxys Belgium Management Team and the company's stakeholders

<b>Building and operating safe infrastructure:</b> safety of infrastructure over its entire life cycle, from design to decommissioning	<b>Safety of employees:</b> employee safety, including occupational accidents
<b>Transporting climate-neutral energy carriers:</b> transporting hydrogen, synthetic methane, biomethane, other carbon-neutral energy carriers and CO <sub>2</sub>	<b>Financial resilience:</b> the economic performance and development of business activities that create value for all stakeholders
<b>Operational reliability:</b> operational excellence, security of supply, including security of information and communication systems	<b>Climate change:</b> the impact of our own activities on the climate (greenhouse gas emissions and energy efficiency)

### Reporting methodology

This sustainability report provides extensive information on the six key areas mentioned above and on **human rights, diversity and anti-corruption activities** in line with GRI Standards, While succinctly touching on the other areas in the materiality matrix.

## Materiality matrix



## Memberships

	Energy	Climate - Environment	Research - Technology
Antwerp@C (via moedergroep Fluxys)	x	x	x
European Network of Transmission System Operators for Gas (ENTSOG)	x	x	
Gas Infrastructure Europe (GIE)	x	x	
Belgian Welding Institute			x
Biogas-E	x	x	
Buisleiding Industrie Gilde (BIG)			x
Catalisti	x	x	x
Cedigaz	x		
Centre Français de l'Anticorrosion (Cefracor)			x
European Committee for Standardization (CEN)			x
Centre on Regulation in Europe (Cerre)	x		
ClusterTweed	x	x	x
COGEN Vlaanderen	x	x	
EASEE-gas	x		
European Pipeline Research Group			x
Federatie van transporteurs per pipeline (Fetrapi)	x		
Flux50	x	x	x
gas.be	x	x	x
Gas for Climate	x	x	
European Gas Research Group (GERG)			x
H2GridLab (via moedergroep Fluxys)	x	x	x
Hydrogen Europe	x	x	
International Group of Liquefied Natural Gas Importers (GIIGNL)	x	x	x
International Gas Union (IGU)	x	x	
International Organization for Standardization (ISO)			x
Marcogaz	x	x	x
NGVA Europe	x	x	
Pipeline Operators Forum			x
North-C-Methanol (via parent company Fluxys)	x	x	x
Science Based Targets Initiative		x	x
Smart Delta Resources	x	x	
Society of International Gas Tanker and Terminal Operators (SIGGTO)	x		
Synergrid	x	x	x
The Shift		x	
Valorisation de la Biomasse (ValBiom)	x	x	
Hydrogen Import Coalition (via parent company Fluxys)	x	x	x
WaterstofNet	x	x	

## GRI overview

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102-5 Ownership and legal form	20-21
102-6 Markets served	10-13, 18-19
102-7 Scale of the organisation	10-13, 18-19, 94-103, 115
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102-9 Supply chain	99
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102-11 Precautionary principle or approach	46-47
102-12 External initiatives	64-65
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102-14 Statement from senior decision-maker	2-7
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102-49 Changes in reporting	-
102-50 Reporting period	1 January 2021 to 31 December 2021

102-51 Date of most recent report	9 April 2021
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	300
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards – core reporting
102-55 GRI content index	35-37
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**Transporting molecules for a carbon-neutral future**

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**Systematically reducing our own climate impact**

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**Safe and reliable infrastructure**

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103-2 The management approach and its components	86-93
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**Financial resilience**

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103-2 The management approach and its components	94-103
103-3 Evaluation of the management approach	94-103
201-1 Direct economic value generated and distributed	99-103
201-2 Financial implications and other risks and opportunities due to climate change	58-78
201-3 Defined benefit plan obligations and other retirement plans	Note 2.11 in the consolidated financial statements

**201-4 Financial assistance received from government**

In 2021, Fluxys Belgium and Fluxys LNG received a reduction in withholding tax of €606,096.44 and €0 respectively. The partial exemption from paying withholding tax is the result of the structural exemption for all employee categories, for shift, night and continuous work, for a certain number of overtime hours, and for R&D (certain qualifications).

Furthermore, in 2020 Fluxys Belgium received an advance ruling on the innovation income deduction for the financial years 2019, 2020 and 2021. This regime, which replaced the patent income deduction, provides for a deduction calculated on net income from intellectual property limited in proportion to the share of the company's own R&D expenditure or the share outsourced to non-affiliated companies in the total R&D expenditure relating to this intellectual property. The deduction for the 2020 financial year (declaration submitted in 2021) totalled €7,905,272.41, i.e. a net tax gain of €1,976,318.10.

**Efforts to combat corruption**

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205-2 Communication and training about anti-corruption policies and procedures	104-105
205-3 Confirmed incidents of corruption and actions taken	104-105
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	104-105

**Human rights**

103-1 Explanation of the material topic and its boundary	106-107
103-2 The management approach and its components	106-107
103-3 Evaluation of the management approach	106-107
412-2 Employee training on human rights policies or procedures	106-107
415-1 Political contributions	Fluxys Belgium does not make any political contributions

**People**

**Employee safety, health and well-being**

103-1 Explanation of the material topic and its boundary	112-115
103-2 The management approach and its components	120-125
103-3 Evaluation of the management approach	120-125
403-3 Occupational health services	121
403-4 Worker participation, consultation, and communication on occupational health and safety	120-125
403-5 Worker training on occupational health and safety	116-117, 123
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116-117, 123
403-9 Work-related injuries	122, 125

**Diversity**

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405-2 Ratio of basic salary and remuneration of women to men	128

**Our people and organisation**

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## Independent limited assurance report on the sustainability information of the annual financial report 2021 of Fluxys Belgium NV

### To the Board of Directors of Fluxys Belgium NV

This report has been prepared in accordance with the terms of our engagement contract dated 27 October 2021 and its addenda dated 25 November 2021 and 9 March 2022 (the “Agreement”) and, whereby we have been engaged to issue an independent limited assurance report in connection with the selected sustainability indicators, marked with a checkmark (☑) of the Annual financial report as of and for the year ended 31 December 2021 (the “Report”).

### The Directors’ responsibility

The Directors of Fluxys Belgium NV (“the Company”) are responsible for the preparation and presentation of the information and data in the selected sustainability indicators for the year 2021, marked with a checkmark (☑) in the Report of Fluxys Belgium NV (the “Subject Matter Information”), in accordance with the criteria disclosed in the Report (the “Criteria”).

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### Auditor’s responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance

as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- Assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2021 presented in the Report.
- Conducting interviews with responsible officers.
- Reviewing, on a limited test basis, relevant internal and external documentation.
- Performing an analytical review of the data and trends in the information submitted for consolidation.
- Considering the disclosure and presentation of the Subject Matter Information

The scope of our work is limited to assurance over the selected sustainability indicators, marked with a checkmark (☑) in the Report of Fluxys Belgium NV. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

### Our independence and quality control

Our engagement has been carried out in compliance with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International

Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability indicators, marked with a checkmark (☑) within your Report as of and for the year ended 31 December 2021, has not been prepared, in all material respects, in accordance with the criteria.

### Other ESG related information

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information.

As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

### Other matter - restriction on use and distribution of our report

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2021 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Diegem, 7 april 2022

PwC Bedrijfsrevisoren BV/  
Reviseurs d’Entreprises SRL

Represented by

Marc Daelman<sup>1</sup>

Registered auditor

1. Marc Daelman BV, director, represented by its permanent representative Marc Daelman.

## Methodology for calculating greenhouse gas emissions

### Scope and sites

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

### Definitions

#### Scope 1

##### 1. Sources of CO<sub>2</sub>

CO<sub>2</sub> emissions from gas consumption:

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

CO<sub>2</sub> emissions relating to diesel and gasoline consumption:

- Fleet
- Emergency generators

##### 2. Sources of CH<sub>4</sub>

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

For the purpose of our calculation, we assume that 1 kg of methane contributes 25 times as much to climate change as 1 kg of CO<sub>2</sub> (GWP<sub>100</sub> = 25, according to the fourth IPCC report).

#### Scope 2

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

## Health, Safety and Environment Policy

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

### Well-being at work

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

### Integrity of our assets

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

### Commitment to the climate targets

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



# Our governance



Management Team BE & Managing Director and CEO:  
Peter Verhaeghe, Pascal De Buck, Arno Bux, Christian Leclercq

## Commitment to sustainability

Fluxys Belgium's commitment to sustainability is an integral part of its business strategy. This strategy serves as the guiding force in our model for creating value for various stakeholders in our three key domains, People, Planet and Prosperity, with Planet incorporating our commitments to achieving the climate targets. The Board of Directors, as the company's highest body, is responsible for the strategy and its review.

A number of advisory bodies have been established within the Board of Directors to assist the Board in its tasks: the Strategic Advice Committee, 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 called 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.

## Corporate objectives

Fluxys Belgium gives tangible form to its strategy and commitment to sustainability by means of corporate objectives in the domains of Planet, Prosperity and People, which are translated every year into personal objectives in the performance management cycle.

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

*More information about corporate governance at Fluxys Belgium can be found in the Corporate Governance Declaration starting on page 130.*

## Our Board of Directors as at 30 March 2022

### Board of Directors

- **Daniël Termont**, Chairman of the Board of Directors and Vice-Chairman of the Strategic Advice Committee
- **Claude Grégoire**, Vice-Chairman of the Board of Directors and Chairman of the Strategic Advice Committee
- **Pascal De Buck**, Managing Director and CEO
- **Abdellah Achaoui**
- **Jos Ansoms**
- **Sabine Colson\***, Chairman of the Corporate Governance Committee
- **Laurent Coppens**
- **Patrick Côté**
- **Valentine Delwart\***
- **Cécile Flandre\***
- **Sandra Gobert\***
- **Andries Gryffroy**

- **Ludo Kelchtermans**, Chairman of the Audit and Risk Committee
  - **Roberte Kesteman\***
  - **Anne Leclercq\***
  - **Renaud Moens**, Chairman of the Appointment and Remuneration Committee
  - **Josly Piette**
  - **Koen Van den Heuvel**
  - **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**, Deputy Director Group General Counsel and Company Secretary, acts as secretary to the Board of Directors.

### Strategic Advice Committee

- **Claude Grégoire**, chairman
- **Daniël Termont**, vice-chairman
- **Abdellah Achaoui**
- **Jos Ansoms**
- **Patrick Côté**
- **Valentine Delwart**
- **Anne Leclercq**
- **Koen Van den Heuvel**
- **Sandra Wauters**
- **Andries Gryffroy**, observer acting in an advisory capacity
- **Tom Vanden Borre**, federal government representative acting in an advisory capacity
- **Maxime Saliez**, federal government representative acting in an advisory capacity

**Nicolas Daubies**, Deputy Director Group General Counsel and Company Secretary, acts as secretary to the Strategic Advice Committee.

### Corporate Governance Committee

- **Sabine Colson**, Chairman
- **Laurent Coppens**
- **Valentine Delwart**
- **Sandra Gobert**
- **Roberte Kesteman**
- **Anne Leclercq**
- **Josly Piette**

**Nicolas Daubies**, Deputy Director Group General Counsel and Company Secretary, acts as secretary to the Corporate Governance Committee.

### Audit and Risk Committee

- **Ludo Kelchtermans**, Chairman
- **Sabine Colson**
- **Laurent Coppens**
- **Patrick Côté**
- **Cécile Flandre**
- **Anne Leclercq**
- **Sandra Wauters**

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

### Appointment and Remuneration Committee

- **Renaud Moens**, chairman
- **Valentine Delwart**
- **Cécile Flandre**
- **Sandra Gobert**
- **Roberte Kesteman**
- **Koen Van den Heuvel**
- **Geert Versnick**

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

### Managing Director and CEO and Management Team BE

#### Managing Director and CEO

- **Pascal De Buck**

#### Management Team BE

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

**Nicolas Daubies**, Deputy Director Group General Counsel and Company Secretary, acts as secretary to the Managing Director and CEO and Management Team BE.

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



# Our risk management process



## Integrated risk management

Fluxys Belgium works with a risk management system based on ISO 31000 with a view to generating maximum sustainable value for the organisation's activities. To this end, we map out the possible consequences of uncertainty – both positive and negative – that will have an impact on the organisation. Risk management is integrated into the company's strategy, business decisions and activities.

## Process actors

All our departments identify, analyse and evaluate their risks and report on how risks are managed. They work with management to map out the main risks, controls and mitigating measures. The Audit and Risk Committee examines all key risks, controls and mitigating measures every year.

The Risk Department systematically coordinates and supports the company-wide risk process. This approach is approved by the Audit and Risk Committee.

The risk assessment process takes into account impact on finances, safety, security of supply, sustainability, climate and reputation. Risk assessments are done in the short, medium and long term. The biggest risks are monitored on a quarterly basis.

## 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

- The first line of defence: the departments themselves.
- The departments are responsible for their risks and ensure effective controls and measures.

### Second line

- The second line of defence: the Risk and Compliance teams as well as, in certain cases, the Finance, Health, Safety and Environment, and ICT Security departments.
- They guide those in the first line in risk management, compliance with regulations, guidelines and internal rules, budget monitoring and the security of staff, facilities, ICT systems and information.

### Third line

- The independent third line of defence: Internal Audit, which is responsible for monitoring business processes.
- Internal Audit performs risk-based audits to monitor the effectiveness and efficiency of the internal control system and processes. The department also performs compliance audits to ensure that guidelines and processes are consistently applied.

# Legal and regulatory framework



## Europe

Since 3 March 2011, the European natural gas market has been regulated by the European Union'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 (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 transmission (both domestic and border-to-border), natural gas storage and LNG terminalling. As required by European 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).

### 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 network, natural gas storage facilities and LNG terminalling facilities.

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

- The legislation provides for a procedure for certifying operators of the transmission network, natural gas storage facilities and LNG terminalling facilities. The aim of this certification is to verify compliance with the requirements of unbundling operators 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 addition to the certification procedure, the procedure for appointing operators of the transmission network, natural gas storage facilities and LNG terminalling facilities remains unchanged by Ministerial Decree. As a result, on 23 February 2010 Fluxys Belgium was appointed operator of the natural gas transmission network and of the natural gas storage facility, and Fluxys LNG was appointed operator of the LNG facility.
- CREG is also responsible for developing the methodology for transmission, storage and LNG terminalling tariffs after having undertaken a public consultation on the subject. Operator tariff proposals must be approved by CREG.

## Setting tariffs

### General remarks

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

The 2020-2023 tariff proposal for transport-related services submitted by Fluxys Belgium on 21 December 2018 based on that method and network code for tariffs (TAR-NC)<sup>2</sup> was reviewed. The reviewed version was finally approved by CREG on 7 May 2019. The approved tariffs are valid for a period of four years, subject to a revision due to an evolution of the regulated assets and liabilities, different from what was estimated for this tariff period.

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

The last updated tariff proposal for terminalling-related services was approved by CREG on 2 December 2021. Thanks to this tariff proposal, a regulated tariff was introduced new services relating to bio-LNG liquefaction and the tariff for the virtual liquefaction service (now known as backhaul liquefaction) was confirmed.

### 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 the accounting according to the Belgian accounting rules (Belgian GAAP). The estimated authorised costs include the **operating costs, financial expenditure and regulated return**.

**Operating costs.** The operating costs are divided into:

- manageable costs, for which efficiency gains or losses are distributed 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 against the estimated and permitted budget for manageable costs has a positive impact on pre-tax gross profits. On the other hand, exceeding budgets negatively influences the profit.

The following are not considered manageable costs: depreciation, costs relating to other regulated activities, subsidies, taxes, duties and expenses relating to the purchase of commodity products for the operation of the network.

Staff costs, business expenses, services and various goods are considered manageable costs.

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

**Regulated return.** The regulated return is the return on equity invested authorised by the regulation. This is calculated based on a remuneration percentage of the average annual value of the regulated assets (average Regulatory Asset Base - 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 percentage is made up of two components determined by the equity/RAB ratio (= S factor).

#### 1. For the equity part up to and including 40% of the RAB, the following applies: average RAB in year n x S<sup>3</sup> x [(OLO n)+(β x risk premium)] x (1+α)

The remuneration percentage (%) as established by CREG for the year 'n' is equal to the sum of the risk-free interest rate (based on 10-year Belgian linear bonds (OLOs)) 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 following applies:

- OLO n = for year n, the risk-free rate for the 2020-2023 tariff period, fixed at 2.40% and based on 10-year Belgian linear bonds (OLO).
- β (network operator risk against global market risk) = 0.65 for transmission; 0.78 for storage and terminalling
- risk premium = 3.5%
- α (illiquidity premium) = 20% for transmission and storage

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

CREG encourages a ratio between equity and regulatory asset base that is as close as possible to 40%. As a result, the part of the reference equity that exceeds 40% of the regulatory asset base is remunerated at a tariff fixed at 2.40% and determined on the basis of the risk-free interest rate for the tariff 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 on the initial and replacement investments of the terminal with an IRR (Internal Rate of Return) formula on 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 cost control incentive, other incentives may be granted to the network 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.

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

3 Capped at 40%.

### Annual settlement

Every year, a settlement is made which compares the estimated amounts with the real amounts. These differences, with the exception of incentives in favour of or against the margin, are registered on a regulatory asset or liability in the year in which they occur. This applies to the different 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 debt (if for example the real volumes exceed the estimates or if the operating costs, financial expenditure or regulated return are lower than expected) or a regulatory receivable in the opposite case.

This regulatory debt or receivable is taken into account in accordance with the tariff methodology to set the tariffs for the following regulatory periods.

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

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

### Code of conduct

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

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

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 for Transmission, the Transmission Programme, the Standard Transmission Agreement and the Standard Connection Agreement. When drawing up these documents, the network users concerned are consulted to ensure that the services offered are aligned as closely as possible with market needs. Only after this consultation can the documents be submitted to CREG for approval.

### Compliance officer

The code of conduct states that the network operator must appoint a compliance officer under the commitments that the network operator enters into regarding non-discriminatory access to the network. Fluxys Belgium has appointed a compliance officer. In 2015, the compliance officer set up a compliance programme 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. The Board of Directors and Management of Fluxys Belgium 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 of Fluxys Belgium.



#wemakethemove  
**Planet**

Our infrastructure is the bridge to the future. With hydrogen and the other molecules of tomorrow. Plenty of challenges, plenty of opportunities. We're opening up new possibilities for society. And for our own activities: we're very much on track towards climate neutrality.



# Climate neutrality firmly in sight



## Our approach

We are working hard to help build a carbon-neutral energy system. Our commitment to the climate targets is an integral part of our Health, Safety and Environment Policy:

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

## Our focus in 2021

-  Go to the market with tangible proposals for open access hydrogen and CO<sub>2</sub> infrastructure in Belgium's various industrial clusters
-  Further promote LNG and bio-LNG as alternative fuels in transport and shipping
-  Through our Go4Net0 project, halve our greenhouse gas emissions by 2025 compared to 2017 levels. We are aiming to achieve full climate neutrality by 2035



**Decarbonising society is a huge challenge. It requires choices. We have made decisions with Fluxys Belgium. We work on all fronts to be able to transport the molecules of tomorrow. At the same time, we are making our own infrastructure climate neutral.**

**10**

**Proposals for open access hydrogen and CO<sub>2</sub> infrastructure in Belgium's various industrial clusters**

**Stable**

**Carbon intensity transmission and storage**

(compared to 2020)  
Page 78  
-7% compared to 2017

**-27%**

**Carbon intensity LNG terminalling**

(compared to 2020)  
Page 78  
+2.6% compared to 2017

# Transporting molecules for a carbon-neutral future



## Policy approach

Fluxys Belgium plays a key role in the smooth energy transition to a carbon-neutral society. We are getting everything ready to convert our network, in line with market needs, into a multifaceted system in which, in addition to natural gas and biomethane, we also transport hydrogen, CO<sub>2</sub> or other molecules. At the same time, we are supporting the development of the biomethane market and promoting the market for LNG and bio-LNG in transport and shipping, which is already producing immediate benefits for the environment.

## Related risks and opportunities

### Risk

Drop in demand for natural gas due to the energy transition: the risk that part of Fluxys Belgium's infrastructure can no longer be used.

### Measures

- Investment plan with projects to gradually reconfigure infrastructure as part of a carbon-neutral energy system (see also 'Opportunity' in this table)
- Every new connection to the network is ready to support hydrogen from 2023 onwards
- Facilitate the development of the biomethane market and the injection of biomethane into the existing network
- Help encourage the use of biomethane, LNG and bio-LNG as alternative fuels in transport and shipping

### Opportunity

Develop new activities to advance the energy transition: compared to building new infrastructure, converting existing natural gas infrastructure is a cost-efficient solution to transport molecules for a carbon-neutral future.

### Actions

Investment planning with projects to gradually reconfigure the existing network as part of a carbon-neutral energy system.



## Building hydrogen and CO<sub>2</sub> infrastructure for Belgium

### Using our infrastructure sustainably for the energy transition

Thanks to its energy transition strategy, Fluxys Belgium is ready to sustainably use its infrastructure as a vital tool to help cultivate a carbon-neutral society. Our approach is fully in line with the hydrogen strategies of the European Commission and the Belgian federal government as well as the climate approach at regional level.

Taking into account the necessary legal and regulatory developments, we want to convert and expand our infrastructure into a multifaceted system. In this system, in line with changing market needs, we are increasingly transporting hydrogen, CO<sub>2</sub> or other molecules in addition to natural gas and biomethane that are needed to make the energy transition a success.

# 60%

Fluxys Belgium's indicative investment programme for 2022-2031 represents total investments of over €1.5 billion. The planned investments in the development of hydrogen and CO<sub>2</sub> infrastructure and other investments earmarked for the energy transition are estimated to account for around 60% of that total.

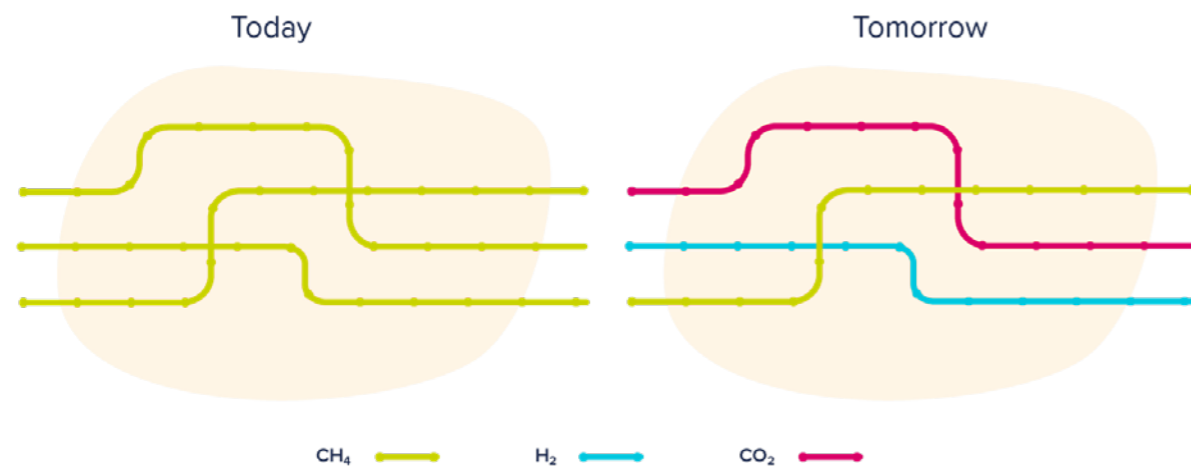
### First infrastructure in 2026

Our approach to providing Belgium with the necessary hydrogen and CO<sub>2</sub> infrastructure is shaped in cooperation with our customers, the authorities, neighbouring operators, distribution system operators and other stakeholders.

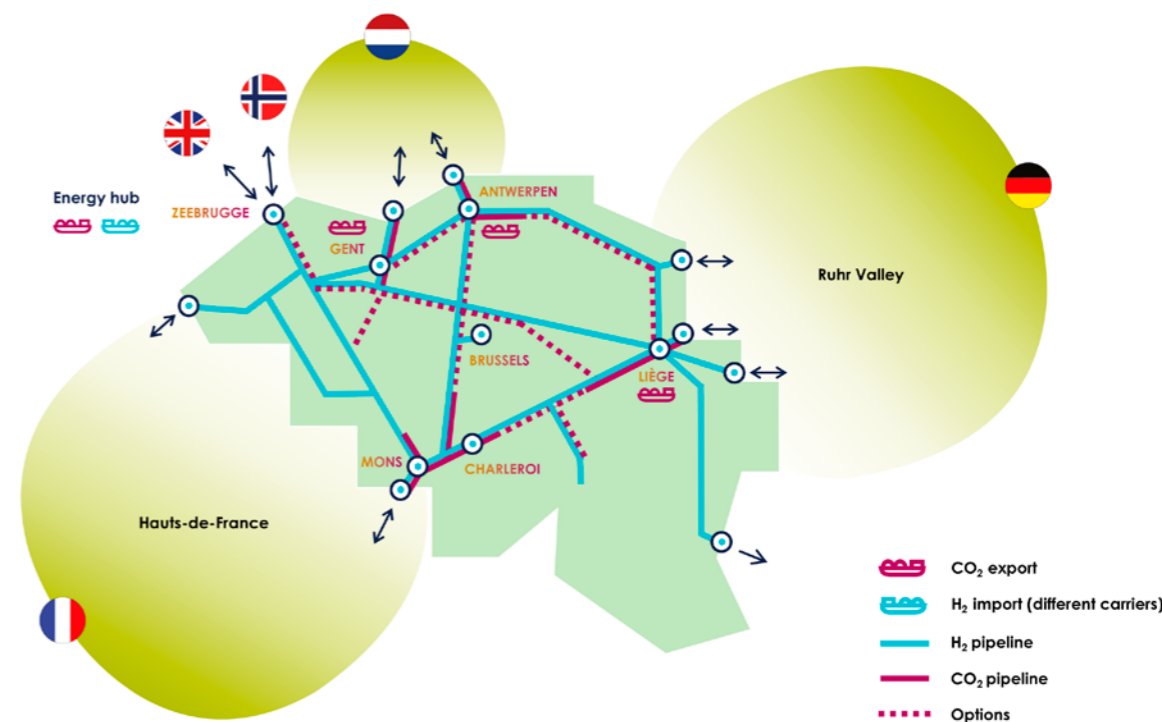
The idea is to develop, in line with market needs, infrastructure in industrial clusters and establish connections between them and then with neighbouring countries. This will allow us to lay the foundations for Belgium's lasting role as an energy hub in North-West Europe for the molecules of the future.

In early 2021, Fluxys Belgium started a joint commercial process for the development of hydrogen and CO<sub>2</sub> infrastructure in Belgium. The subsequent informative consultation with potential users and industry players clearly highlighted how market needs might evolve geographically and over time.

In late 2021 and early 2022, we went back to the market. We produced tangible proposals for open access hydrogen and CO<sub>2</sub> infrastructure in various industrial clusters. The market's response provided direction regarding the construction of new pipelines and the reallocation of existing infrastructure. This will enable Fluxys to provide Belgium with its first hydrogen and/or CO<sub>2</sub> infrastructure by mid-2026.



Gas infrastructure can transport various types of molecules, just as electricity infrastructure can transport electrons from wind, solar, natural gas, nuclear and coal production.





### Infrastructure to transport hydrogen and CO<sub>2</sub>: a dual solution

Approximately 40% of Belgium's CO<sub>2</sub> emissions are generated by energy consumption or process emissions in industry. Reconfiguring our infrastructure is a cost-efficient solution to cutting industrial CO<sub>2</sub> emissions, consequently making a major contribution to climate targets.

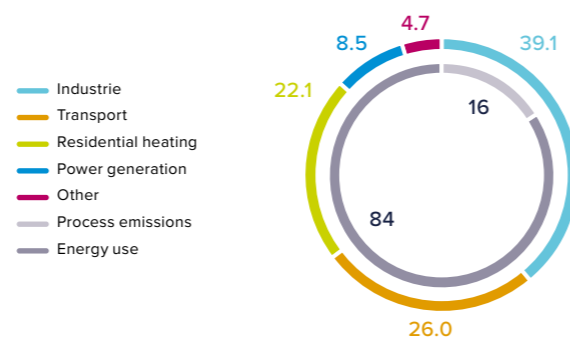
### Industrial processes for which electricity is not an option

a range of industrial processes require high temperatures where (renewable) electricity is not an option. Connecting these industries to a hydrogen supply gives them a chance to switch to a carbon-neutral alternative. The same goes for industries that use carbon-intensive feedstock.

### Industrial processes that produce CO<sub>2</sub>

The capture and use or storage of CO<sub>2</sub> is considered a key technology for reducing CO<sub>2</sub> emissions and creating clusters for the circular reuse of CO<sub>2</sub> in the production of, for example, carbon-neutral biofuels. This technology is particularly important for sectors that are difficult to decarbonise and involve industrial processes that produce CO<sub>2</sub>. The availability of infrastructure to transmit captured CO<sub>2</sub> to destinations for reuse or storage is a cornerstone of this solution.

Belgium: breakdown of CO<sub>2</sub> emissions (in million tonnes, source: klimaat.be)



Saving time, space and resources

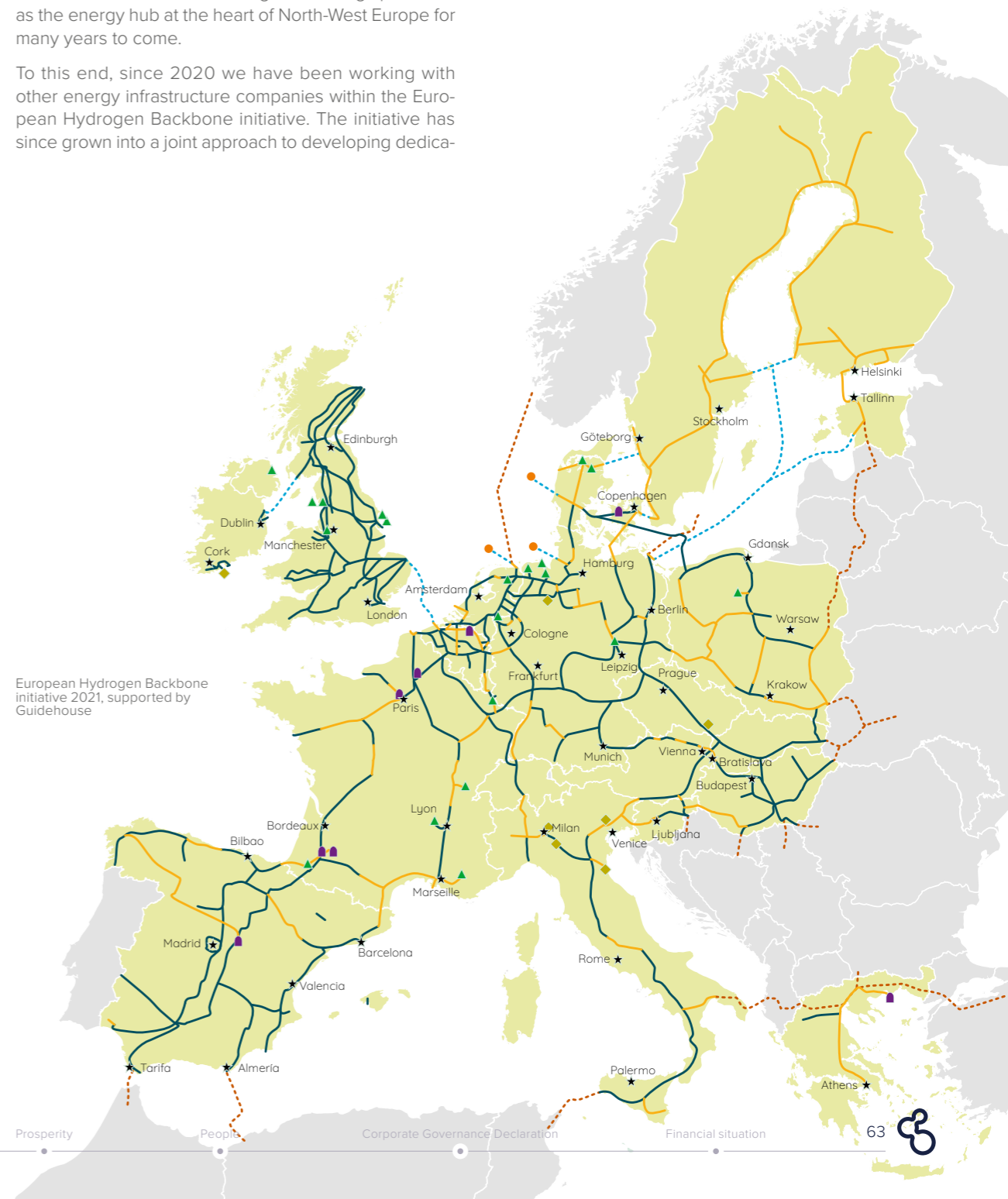
**We are reusing existing infrastructure as much as possible to create the hydrogen and CO<sub>2</sub> backbone. In addition to the circularity aspect it means a significant saving of time, space and resources.**

### Embedded in Europe's hydrogen backbone

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

To this end, since 2020 we have been working with other energy infrastructure companies within the European Hydrogen Backbone initiative. The initiative has since grown into a joint approach to developing dedica-

ted hydrogen infrastructure in 27 European countries. In 2021, the initiative expanded its aims, namely to create a network of 40,000 km of pipelines by 2040, a significant proportion of which will reuse infrastructure currently used to transport natural gas.



## Optimum reuse of our infrastructure: knowledge is power

Together with various academic institutions and partners, Fluxys Belgium is looking into the practicalities of transporting hydrogen and CO<sub>2</sub> in our infrastructure in order to prepare for the molecules of tomorrow.

### HyFit and Hysource

Two projects with universities intended to study the influence of hydrogen on pipeline steels and welding.

### PIPELHYNE

Programme with GRTgaz, National Grid and ENGIE to test different types of steel for their sensitivity to hydrogen.

### Underground storage

We are investigating the practicalities of hydrogen storage at our Loenhout underground storage facility. In 2021, technical preparations were made to inject hydrogen for underground storage and we expect to be able to carry out the first tests in 2022.

### Other research avenues

Fluxys Belgium is working with universities to map additional research to support the development of hydrogen and CO<sub>2</sub> infrastructure. Other possible research includes additional solutions to help Fluxys make its own activities climate-neutral.

### FutureGrid hydrogen test facility

Fluxys Belgium is working with National Grid, its UK counterpart, and Northern Gas Networks, the distribution system operator for the North of England, to develop a hydrogen test facility. Such a facility would test the transmission of hydrogen in real conditions in various domains, with existing natural gas infrastructure forming a mini-network separate from the existing network.

The tests will start in 2022 and are an important addition to our own research into the reuse of existing hydrogen infrastructure. Expert group DNV and the universities of Durham and Edinburgh are also involved in the test facility.



## Research also under way into optimal cooperation between gas and electricity networks

### The role of gas in a low-carbon context:

A project with universities investigating the role of renewable molecules in the energy transition. The research is intended to produce an energy system model to support a renewable energy policy that combines support for renewable electricity and for renewable gas.

### Interaction between energy networks:

Together with a university, research is being conducted into the interactions between different energy networks with a view to creating a simulation model for the Belgian energy system that integrates electricity, hydrogen and natural gas.

## Other projects intended to foster the market for the molecules of the future

Within our parent company Fluxys, efforts are under way with a range of partners and on various projects to carve out a place for hydrogen as a carbon-neutral energy carrier and for CO<sub>2</sub> capture and reuse/storage chains within the energy system and the wider economy.

### Hydrogen imports

Any viable hydrogen sector requires enough renewable electricity to be generated to produce green hydrogen. However, at present Belgium only has limited potential to generate renewable electricity as a source of green hydrogen. 'Blue hydrogen' is one alternative. This is hydrogen produced from natural gas, where the released CO<sub>2</sub> is captured and reused or stored. Using available technologies, more than 95% of the CO<sub>2</sub> released can be captured and other technologies such as pyrolysis are also being developed to produce low-carbon hydrogen.

The import of carbon-neutral hydrogen is an important option to keep in mind if the hydrogen sector continues to grow. DEME, ENGIE, EXMAR, Fluxys, the ports of Antwerp and Zeebrugge and WaterstofNet have joined forces to create the Hydrogen Import Coalition. The partners completed a large-scale industrial study mapping out the financial, technical and regulatory aspects of the entire hydrogen import chain, from production abroad to supply via ships and pipelines to Belgium and internal distribution.

The study concluded that the hydrogen imports are both technically and economically feasible. This forms the basis of subsequent action, including pilot projects to supply green molecules from countries where wind and sun are available in abundance.

The Hydrogen Import Coalition is supported by Flux50 and receives financial support from Flanders Innovation & Entrepreneurship.



The federal government concluded agreements with Namibia and Oman in 2021 to import green hydrogen. The ports of Antwerp and Zeebrugge concluded a similar agreement with Chile.

### Hydrogen panels

Researchers from KU Leuven have developed game-changing hydrogen panels that are a highly efficient means of producing green hydrogen from sunlight as well as water vapour in the air. Fluxys installed several of these panels on the green roof of its Anderlecht lab with a view to joining forces with the university and conducting extensive tests for a year.

The measurements and analyses conducted at the Fluxys lab will highlight variations in the production profile and hydrogen composition depending on the direction of the panels, the weather conditions, the time of day and the season. Researchers from KU Leuven can then use these data to further hone the technology.

### H2GridLab

H2GridLab is an initiative to establish a participatory lab on the Anderlecht site of distribution system operator Sibelga to carry out tests, roll out pilot projects and amass knowledge of green hydrogen, local storage thereof, injection into networks and its role in the decarbonisation of public distribution. H2GridLab is supported by Belgium's federal Energy Transition Fund.

Semi-industrial installations such as gas turbines and fuel cells will be set up and tested in a second phase taking place in late 2022.

### Antwerp@C

Antwerp@C is a project to halve CO<sub>2</sub> emissions in the port of Antwerp by 2030 by building open access CO<sub>2</sub> infrastructure. In this initiative, Fluxys joins forces with Air Liquide, BASF, Borealis, ExxonMobil, INEOS, Port of Antwerp and TotalEnergies. Once the technical studies are complete, a final investment decision is expected by the end of 2022.

Antwerp@C was awarded a European grant from the Connecting Europe Facility. This will be used to conduct studies into a CO<sub>2</sub> pipeline at the port of Antwerp, a CO<sub>2</sub> pipeline to the Netherlands and a terminal to liquefy captured CO<sub>2</sub> for export by ship.



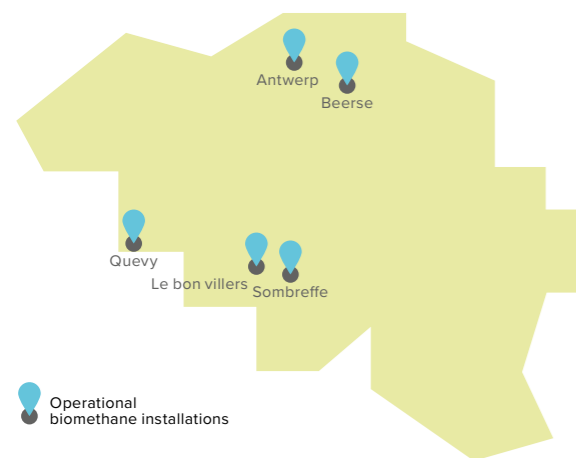
### Ghent Carbon Hub

Fluxys, ArcelorMittal and North Sea Port are together developing an open access CO<sub>2</sub> terminal in the port of Ghent. The idea is to liquefy CO<sub>2</sub> captured in the wider port area at the terminal for export.

## Helping to develop the biomethane market

### Out of the starting blocks

The production of biomethane in Belgium is getting off the ground, but is still lagging behind neighbouring countries. At present, five biomethane units are operational: two in Flanders and three in Wallonia. An additional five are expected by 2024, increasing annual generation to around 1 TWh.

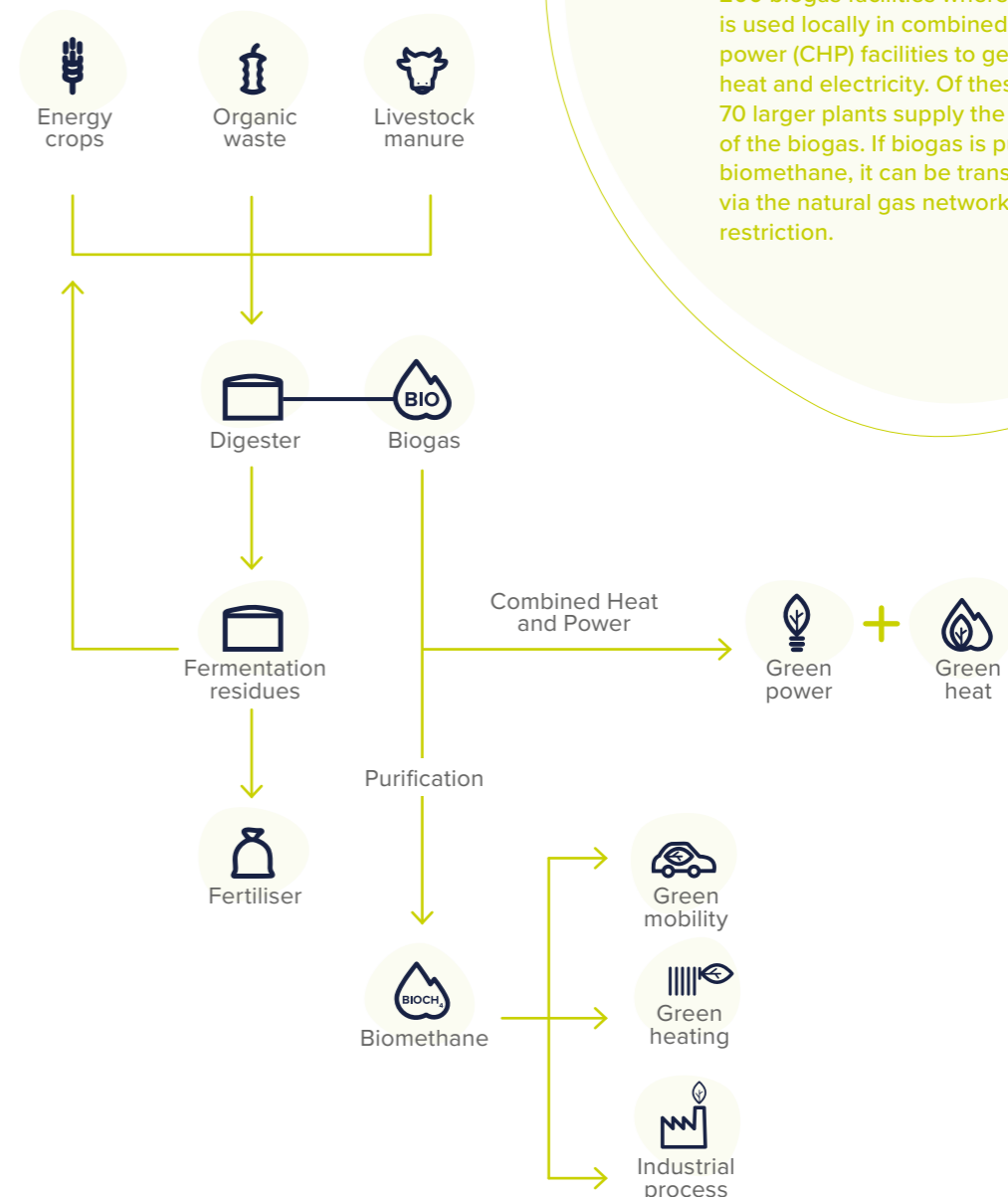


### Significant potential

At the request of the Belgian gas federation gas.be, Val-Biom carried out a study into the potential contribution of locally produced biogas in Belgium, concluding that biogas could cover about one fifth of household gas consumption by 2030. In addition, biomethane can also be imported from neighbouring countries in the future through certificates and guarantees of origin. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin and sustainability certificates.

### Producers: connect to our network

In addition to being able to inject into the networks of distribution system operators, large biomethane plants can also connect to our high-pressure network. Based on the applications we received in 2021, we expect to establish the first connections from 2024 onwards.



Biogas is carbon neutral and is extracted from organic matter such as sludge, garden waste, the remains of fruit and vegetables, or animal waste like cow manure. Belgium is currently home to around 200 biogas facilities where biogas is used locally in combined heat and power (CHP) facilities to generate heat and electricity. Of these, some 70 larger plants supply the bulk of the biogas. If biogas is purified into biomethane, it can be transported via the natural gas networks without restriction.

## Supporting the market for LNG in transport by HGV and shipping

In shipping and transport by HGV, switching to LNG would rapidly help cut greenhouse gas emissions and limit air pollution. That is why Fluxys Belgium and parent group Fluxys are investing heavily in infrastructure and services to open up LNG for these segments. The advantage of small-scale LNG infrastructure and the fleet of LNG-powered ships and trucks is that no additional investments are needed to switch to carbon-neutral bio LNG as it becomes available.

### Four additional truck loading stations at LNG terminal

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

### LNG terminal makes bio-LNG available

Since 2020, the LNG terminal in Zeebrugge has been certified as a European approved process plant to make bio-LNG available as a fuel for transport. By 2021, around one hundred trailers and two bunker vessels had already been loaded with bio-LNG. We expect demand for bio-LNG at the terminal to rise sharply in the coming years. After all, bio-LNG can help shipping and heavy goods transport make the transition to full decarbonisation.

### Port of Antwerp: LNG bunker vessel now also in use

Parent company Fluxys is active in the port of Antwerp, working with partners to open up access to LNG as a fuel. For example, ship bunkering with LNG trucks was facilitated at quay 526/528, and an LNG bunkering point where ships can refuel has also been opened. Furthermore, Fluxys teamed up with Titan LNG to build the LNG bunkering barge Flexfueler 002. It has made LNG more widely available as an alternative marine fuel since 2021. The advantage of the bunkering barge is that ships can be bunkered with LNG wherever they load or unload.



## Indicator - Transporting molecules for a carbon-neutral future: preparations progressing well



10 Proposals for open access hydrogen and CO<sub>2</sub> infrastructure in various industrial clusters

# Systematically reducing our own climate impact



## Policy approach

With its Go4Net0 project, Fluxys Belgium aims to achieve net zero greenhouse gas emissions for its own operations by 2035. This target was set in 2021. The previous

milestone is to halve its own greenhouse gas emissions by 2025 compared to 2017 levels.

## Related risks

### Risk

- Greenhouse gas emissions from Fluxys Belgium's activities do not decrease in line with climate targets.
- Greenhouse gas emissions may have a financial impact.

### Opportunity

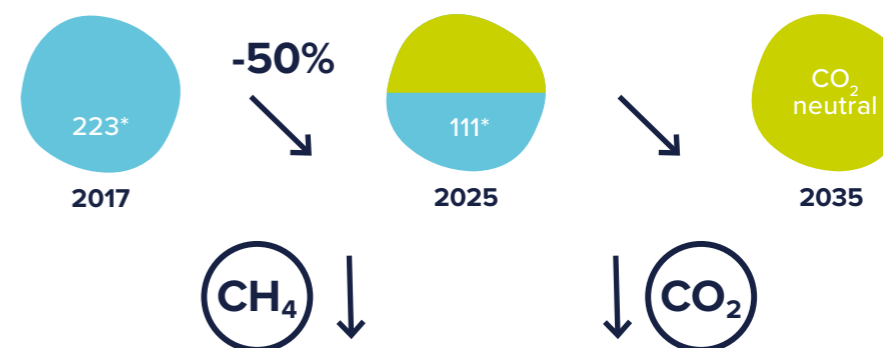
Improve the energy efficiency of our activities.

### Actions

Renewable energy technology improves both energy efficiency and greenhouse gas emissions.

### Measures

- Go4Net0 project to lower Fluxys Belgium's greenhouse gas emissions to net zero by 2035, including methane emissions from our activities and interventions.
- Project to further cut CO<sub>2</sub> emissions by building additional regasifiers with seawater at Zeebrugge LNG Terminal.



\* in thousand tons CO<sub>2</sub>-equivalent

## Approach

### Methane emissions

Total methane losses on the Fluxys Belgium network equal 0.02% of the total volume transported. This is less than the average methane losses on the European transmission system, which were estimated at 0.05% in a study conducted in 2018 by MARCOGAZ, the Technical Association of the European Natural Gas Industry.



The Go4Net0 project encompasses four ways to address the sources of methane emissions.

#### Cut emissions from equipment

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

#### Reduce fugitive methane emissions

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

#### Limit emissions during work on the network

During works, natural gas often has to be removed from a pipeline section by releasing it into the air in a controlled manner. We avoid doing so wherever possible, for example by re-injecting it in the network.

#### Other ways

Various studies are currently exploring other ways to reduce methane emissions, such as the recovery of these emissions by starting and stopping facilities.

### CO<sub>2</sub> emissions

#### Minimising compression

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

#### Regasification using the heat from seawater

The LNG terminal in Zeebrugge has been using an regasifier with seawater since 2013. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and emissions.

#### Green gas

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

#### Green electricity

The electricity Fluxys Belgium buys has been entirely renewable since 2021. As a result, we minimise the indirect impact of our electrical facilities.

Fluxys Belgium also generates green electricity for its own use. This is done with solar panels on some of our industrial buildings. The further expansion of our solar farm is currently under consideration.

### Three additional regasifiers with seawater

In 2021, we started building three additional regasifiers with seawater at the LNG terminal in Zeebrugge. The facilities are expected to be commissioned in 2024 and will mark a milestone in the further reduction of energy consumption and emissions at the terminal.

### Ambitious objective

Our goal to halve our greenhouse gas emissions on 2017 levels by 2025 is particularly ambitious. It means that we are committed to reducing our greenhouse gas emissions in nominal terms from 223,000 tonnes to 111,000 tonnes. Moreover, we are doing this at a time when regasification activities at the Zeebrugge LNG terminal are increasing in line with the dynamics of the global LNG market.



## Results

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

- Direct emissions of carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) from the operation of gas infrastructure, including employee use of motorised vehicles;
- The company's electricity consumption is a source of indirect emissions.

### External verification

The quality and accuracy of the figures used for CO<sub>2</sub> equivalent emissions in this report undergo external verification pursuant to the International Standard on Assurance Engagements (ISAE) 3000 (Revised), a model developed for the attestation of non-financial data. The attested indicators are marked with a (☑) - see page 78 (indicators) and page 38 (limited assurance report).

Fluxys Belgium has CO<sub>2</sub> emission rights for each of its five sites that are subject to the EU Emissions Trading Directive. Internal audits are organised for these sites every year and the annual emissions report for each site undergoes an external audit.

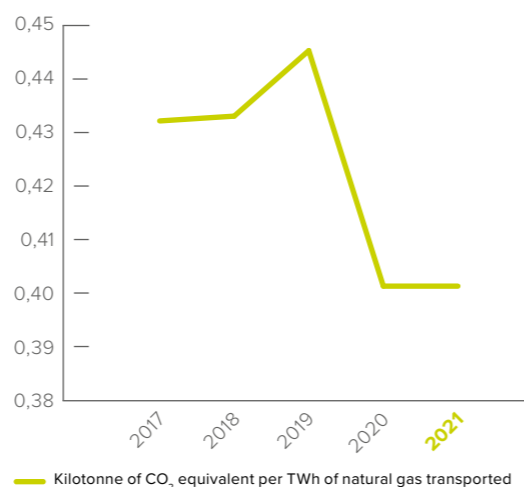


### Greenhouse gases: transmission and storage

In 2021, the GHG intensity of transport and storage remained stable compared to 2020 levels.

- The initiatives and investments for cutting methane emissions reduced methane emissions by about 12% compared to the previous year. Methane emissions were therefore reduced by more than a third compared to 2017 levels.
- CO<sub>2</sub> emissions rose by almost a quarter compared to the previous year. This increase is mainly due to the more intensive use of the storage facility in Loenhout and also to the colder temperatures, which demanded more intensive use of the network. Compared to the reference year 2017, CO<sub>2</sub> emissions were 9% higher. As for storage at Loenhout, investments are being made in research to further reduce CO<sub>2</sub> emissions.

Change in greenhouse gas intensity

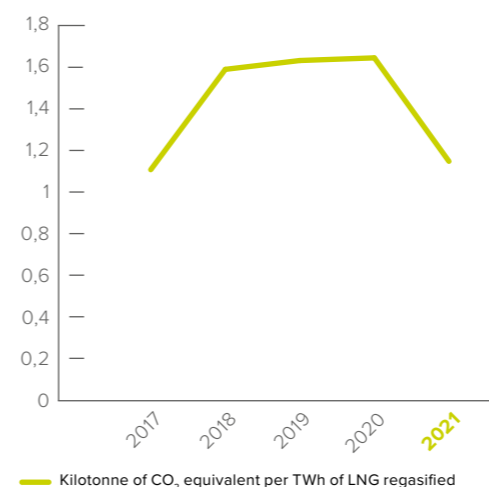


### Greenhouse gases: LNG terminalling

The greenhouse gas intensity of the LNG terminal fell by 27% in 2021 compared to 2020 due to less LNG being regasified. The necessary capacity could, to a large extent, be provided by the regasifiers with seawater and the conventional regasification facilities were used less. Thanks to maximum use being made of the regasifiers with seawater, 53,000 tonnes of CO<sub>2</sub> were avoided in 2021.

Although the greenhouse gas intensity of the LNG terminal fell significantly in 2021, the nominal CO<sub>2</sub> emissions at the terminal were much higher than in the reference year 2017, when regasification activity was relatively low and the heat demand could be fully covered by the regasifier with seawater. We are building three extra regasifiers with seawater to boost send-out capacity at Zeebrugge LNG Terminal. The new facilities will further minimise the greenhouse gas intensity of the LNG terminal (see page 75).

Change in greenhouse gas intensity



## Energy efficiency

The two main solutions for reducing greenhouse gas emissions (namely limiting use of compressor stations and maximising use of the ORV at the LNG terminal) primarily improve energy efficiency. After all, it is the reduction in energy consumption that ensures the reduction of greenhouse gas emissions.








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

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





## Indicators

Systematically reducing our own climate impact	2021	2020	2019	2018	2017
<b>Greenhouse gas emissions: transmission and storage</b>					
Greenhouse gas emissions in kilotonne of CO <sub>2</sub> equivalent	157 	160	195.82	197.06	209.29
Methane (CH <sub>4</sub> )	91	103	127	126	142
CO <sub>2</sub>	65	52.76	64.39	66.3	59.83 
Electricity	0	4.40	4.44	4.52	7.47 
Volume of gas transmitted (TWh)	391.92	398.52	441.00	456.37	485.70
Greenhouse gas intensity (kilotonne of CO <sub>2</sub> equivalent/TWh of natural gas transmitted)	0.40	0.40	0.44	0.43	0.43
<b>Greenhouse gas emissions: LNG terminalling</b>					
Greenhouse gas emissions in kilotonne of CO <sub>2</sub> equivalent	52.52 	83.35	42.74	13.86	13.86
Methane (CH <sub>4</sub> )	0.07	0.03	0.05	0.02	0.01
CO <sub>2</sub>	52.45	71.63	107.43	35.07	5.17 
Electricity	0	11.69	11.74	7.65	8.68 
Volume of regasified LNG (TWh)	44.03	50.87	73.27	26.89	11.95
Greenhouse gas intensity (kilotonne of CO <sub>2</sub> equivalent/TWh of regasified LNG)	1.19	1.64	1.63	1.59	1.16
<b>Total greenhouse gas emissions</b>	<b>209.52 </b>	<b>243.35</b>	<b>315.04</b>	<b>239.8</b>	<b>223.15</b>

*More information about the methodology for calculating greenhouse gas emissions is provided on page 40*

<b>Energy efficiency: transmission and storage</b>					
Energy consumed (MWh)**	337,554	281,109	311,549	329,431	305,121
Diesel and petrol	8,954	8,921	9,991	11,013	11,386
Electricity*	24,565	25,968	26,146	26,262	33,086
Natural gas	304,044	248,149	275,412	292,156	260,649
Volume of gas transmitted (TWh)	391.92	398.52	441.00	456.37	485.70
Energy intensity (MWh of energy consumed/MWh of natural gas transmitted)	0.00086	0.00070	0.00071	0.00072	0.00063
<b>Energy efficiency: LNG terminalling</b>					
Energy consumed (MWh)	320,125	426,640	622,491	242,007	85,867
Diesel and petrol	348	374	383	398	558
Electricity*	58,017	69,052	69,040	44,471	38,458
Natural gas	261,760	357,214	553,068	197,138	46,851
Volume of regasified LNG (TWh)	44.03	50.87	73.27	26.89	11.95
Energy intensity (MWh of energy consumed/MWh of regasified LNG)	0.00727	0.00837	0.00853	0.00896	0.00716

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

## Other environmental measures

### Environmental impact assessments

Fluxys Belgium strives to minimise the impact on the environment and local residents during the design, construction and operation of its infrastructure.

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

Preventive or mitigating measures are taken where necessary, such as:

- tailoring the working method to the surroundings (e.g. use of jacking or directional drilling) or minimising the work area
- optimally integrating the surface infrastructure into the landscape
- taking ecosystems into account when there is an intersection with a watercourse, more specifically by devising the soil profile to provide resting, feeding and spawning grounds for indigenous fish species

In 2021, Fluxys Belgium conducted 26 environmental studies as part of its permit applications.

### Reducing noise pollution

Fluxys Belgium uses a number 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.

Fluxys Belgium also takes targeted control measures to monitor its existing infrastructure for potential noise pollution and then makes the appropriate adjustments where noise levels produced by its infrastructure are out of kilter with the surroundings.

### Conservation of ecosystems

Fluxys Belgium takes great pains to conserve ecosystems wherever it builds infrastructure. Environmental impact assessments gauge infrastructure's impact on ecosystems (see above). When laying a new pipeline, Fluxys Belgium always takes care to ensure that the environment is disturbed as little as possible, that the site can be fully restored to its original state once the work is complete, or that investments can be made in compensatory measures beneficial to nature.

### Wastewater treatment

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

### Monitoring

The environmental coordinator received six external environmental complaints in 2021. These complaints related to noise, the smell of gas and/or possible contamination. All complaints were dealt with.

Fluxys Belgium did not receive any fines or sanctions for failing to comply with environmental legislation or regulations.



## EU taxonomy for sustainable activities

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

From 2023 onwards, companies must report on the share of their activities that meet six environmental objectives set by the Commission. The first two objectives came into force in 2021: **climate change mitigation** and **climate change adaptation**.

An economic activity pursuing **climate change mitigation** must contribute substantially to the stabilisation of greenhouse gas emissions by preventing or reducing them, or by eliminating more greenhouse gases.

An economic activity pursuing **climate change adaptation** must contribute substantially to reducing or preventing the adverse effects of current or projected future climatic conditions, or the risk of such effects, whether on that activity itself or on humans, nature or assets.

### Economic activities

For the 2021 financial year, Fluxys Belgium has identified the following **economic activities** that can contribute to the two environmental objectives set:

- 4.14) Transmission and distribution networks for renewable and low-carbon gases
- 9.1) Close to market research, development and innovation
  - Transmission of biomethane (see p. 68)
  - Provision of bio-LNG services at Zeebrugge LNG Terminal (see p. 97)
  - Retrofit of the transmission network that enables the integration of hydrogen and other low-carbon gases in the network
  - Leak detection and repairs of existing pipelines and stations to reduce methane emissions (see p. 91)
  - Research, development and innovation (see p. 64-67, 92)
- 6.5) Transport by motorbikes, passenger cars and light commercial vehicles
- 7.4) Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

- Electric or hybrid vehicles
- CNG/LNG vehicles
- Charging stations for electric vehicles
- 8.2) Data-driven solutions for GHG emissions reductions
- Purchase of environmentally sustainable energy and individual measures to achieve the low-carbon transport of natural gas or reduce greenhouse gas emissions
  - Purchase of green electricity (see p. 75-78)
  - Purchase of biogas (see p. 68-69)
  - The Go4Net0 project (see p. 74)
  - Construction and operation of regasifiers with seawater at the LNG terminal (see p. 75)

### Turnover, capital expenditure and operating expenses

We then calculated the eligible **turnover, capital expenditure and operating expenses** for the aforementioned environmentally sustainable economic activities (2021).

In doing so, we adopted a strict interpretation of the new taxonomy in order to paint a transparent picture of the initial stage in which Fluxys Belgium finds itself in the process of making its activities more sustainable and the preparation time needed for projects to make the switch. Our indicative investment plan for the period 2022-2031, which amounts to over €1.5 billion, includes approximately **€934 million earmarked for the development of hydrogen and CO<sub>2</sub> infrastructure and other investments with a view to realising the energy transition**. More specifically, we want to have the first hydrogen and CO<sub>2</sub> infrastructure in place by 2026.

Fluxys Belgium is also actively minimising its own climate impact. With our **ambitious Go4Net0 project**, we are working on halving our own greenhouse gas emissions by 2025 compared to 2017 levels and achieving net-zero greenhouse gas emissions for our own activities by 2035.

#### Turnover

In 2021, no revenue was generated from the sale of transmission capacity for renewable or low-carbon molecules, aside from a very small amount for biomethane services. Revenue for the provision of bio-LNG services at Zeebrugge LNG Terminal was also limited.

#### Capital expenditure

- Capital expenditure covers both tangible and intangible investments, mainly as part of the Go4Net0 project to reduce our own climate impact.
- Fluxys Belgium also owns or leases a fleet of over 140 cars and commercial vehicles (electric, plug-in hybrid and, in particular, CNG).
- To boost our energy efficiency and cut greenhouse gas emissions, in 2021 we decided to build three additional regasifiers with seawater at the LNG terminal in Zeebrugge, involving an investment of €106 million.

#### Operating expenses

- Many of our employees are working with industrial partners, academia and government authorities on projects concerning CO<sub>2</sub>, hydrogen and other molecules of the future, as well as on the Go4Net0 project to reduce our own climate impact. However, in accordance with European rules, these personnel costs are not included in the taxonomy.
- Operating expenses encompass costs for leak detection and repairs, including the pigging of pipelines and special helicopter surveys, as well as specific study costs and taxes.

Environmentally sustainable economic activities	Turnover (€)	Capital expenditure (€)	Operating expenses (€)
4.14) Transmission and distribution networks for renewable and low-carbon gases			
9.1) Close to market research, development and innovation	123,000	20,207,406	10,711,285
Individual measures to achieve the low-carbon transport of natural gas or reduce greenhouse gas emissions			
6.5) Transport by motorbikes, passenger cars and light commercial vehicles		465,594	0
7.4) Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	0		
8.2) Data-driven solutions for GHG emissions reductions	0	99,000	92,000
- Purchase of environmentally sustainable energy	0	0	58,715
<b>Total of eligible activities</b>	<b>123,000</b>	<b>20,772,000</b>	<b>10,862,000</b>
<b>Total for Fluxys Belgium (as per taxonomy)</b>	<b>573,000,000</b>	<b>59,100,000</b>	<b>153,480,000</b>
<b>Share of eligible economic activities</b>	<b>0%</b>	<b>35,15%</b>	<b>7,08%</b>

#wemakethemove

# Prosperity

Looking ahead, we're being flexible as we move into the future. Our keystone: energy security for society. With our infrastructure we deliver continuity going forward towards a climate-neutral future. This is how we continue creating lasting prosperity. For the economy, for our employees, for our shareholders.



# Lifeline for society



## Our approach

Together with our customers and distribution system operators, we are a lifeline for society. We forge good neighbourly relations with everyone in the vicinity of our infrastructure, ensuring the safe and continuous flow of energy. A third of the energy needed by households and businesses in Belgium flows through our infrastructure. The strength of our infrastructure lies in its role as a hub. We are connected to all sources open to North-West Europe and we are well-connected to our neighbouring networks, meaning that we are also vital to the security of supply in neighbouring countries.

Our activities contribute hugely to the prosperity of society, the economy, our employees and our shareholders. Our revenue from our current activities is invested in the energy transition: this is how we future-proof our contribution to prosperity.

## Our focus in 2021

-  Keeping our essential services and work operational in complete safety during the second year of the pandemic
-  Providing support and assistance to victims of the floods in Wallonia
-  Striving to sell additional capacity and develop new services to make a future-proof contribution to prosperity
-  Rolling out our initiatives to transport the molecules needed for a carbon-neutral future and thus offering a solution to entrench economic activity and employment at local level in the long term (for more information, see the 'Planet' section on page 54)
-  Entrenching our business integrity in a new Code of Ethics



**We invest in a sustainable future for the generations to come and for Fluxys Belgium. Every step and every investment contributes to a carbon-neutral society.**

**0**

**Interruptions or reductions in capacity**

(2020: 0)

**0**

**Damage to infrastructure caused by third parties, resulting in a gas leak**

(2020: 0)

**0**

**Complaints of fraud, unethical behaviour or violations of human rights**

(2020: 0)

**€ 438.9 m**

**Creating prosperity**

(2020: €427.1 million)

**€ 1.38**

**Proposed gross dividend per share\***

(2020: €1.37)

**0**

**Number of legal proceedings concerning anti-competitive behaviour or failure to comply with competition law**

(2020: 0)

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

# Safe and reliable infrastructure



## Policy approach

As a socially responsible operator, Fluxys Belgium is responsible for building safe infrastructure and ensuring its safe operation. Together with distribution system operators and the users of our infrastructure, we guarantee optimum continuity of gas flows to end users in Belgium and the wider Western European market for which we serve as a hub.

Our approach to safeguarding the integrity and reliability of our facilities is an integral part of our Health, Safety and Environment Policy, which we see as a responsibility and commitment for both the company and its employees.

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

## Related risks

### Risk

Industrial incidents and some cyber incidents can damage Fluxys Belgium's infrastructure, endanger people's safety, cause unavailability impacting service continuity, and result in financial loss.

### Measures

- Safety management system
- Preventive measures in the design, construction and operation of infrastructure
- Detection measures included in monitoring and inspection programmes for infrastructure and construction sites
- Reactive measures in connection with emergency planning
- The security of critical systems is monitored according to the European NIS Directive on cybersecurity. Programmes are also being rolled out to inform and train employees in cybersecurity, alongside a range of technical measures and tests to practise responding to cyber attacks

## LNG truck to heat hundreds of households

Nessonvaux, a district of Trooz located between Chaudfontaine and Pepinster, was cut off from the natural gas supply by flooding. Fluxys Belgium helped distribution system operator RESA temporarily supply Nessonvaux with LNG trucks able to heat nearly 500 households during the winter.

“We have acquired a lot of experience and contacts in the mobile LNG supply business, so this gave us the chance to help distribution system operator RESA keep Nessonvaux warm on cold winter days.”



## Supporting those impacted by flooding

The south of Belgium was badly hit by devastating floods in July. At operational level, we made every effort to assist the distribution system operators in securing their networks. We also deployed people and specialised equipment to carry out drone inspections and underwater checks and to detect gas leaks using infrared technology, for example. Meanwhile, our teams were also hard at work securing our own affected infrastructure and getting it ready to be put back into service.

## Pandemic: moving fast

For the second year in a row, the pandemic turned society upside down. Despite the widespread impact of the COVID virus, Fluxys Belgium ensured the continuity of its essential services to society while continuing to focus on safety and the continuity of the energy supply.

Whether in our offices, in the field or on our sites, we carefully complied with government recommendations to limit the number of infections. Throughout the year, we and our staff shifted gears as public health restrictions were eased or tightened.

Owing to the restrictions in place to limit the spread of COVID, all employees not needed on site in order to secure business continuity switched to telework, while the remaining employees adopted different shift patterns and separate work bubbles, with additional measures implemented for teams with critical functions.

## Solidarity

Wanting to respond quickly to those in need due to flooding, our employees established a solidarity initiative to collect and deliver essential foodstuffs. As a company, we also showed our solidarity and donated €100,000 to the Red Cross to help the victims.

## Infrastructure works on schedule

### Large-scale conversion on schedule

Following a number of small and medium-sized projects concerning the conversion of low-calorific natural gas (L-gas) to high-calorific natural gas (H-gas) rolled out from 2016 to 2020, in 2021 we teamed up with distribution system operators Sibelga, Fluvius and Ores to conduct a large-scale conversion for the first time, during which over 300,000 connections were converted. Despite the limitations imposed by COVID-related measures, the conversion was completed on time.

### Complete conversion brought forward by five years

Thanks to active cooperation between Fluxys Belgium and the distribution system operators Sibelga, Fluvius and Ores, the remaining schedule for the L/H conversion has been shortened. The entire market for low-calorific natural gas will be converted by 2024 instead of 2029.

- 2021: further conversion of the Brussels-Capital Region
- 2023: total conversion of Antwerp
- 2023-2024: conversion of the other regions involved in Flanders and Wallonia

From this point onwards, L-gas from the Netherlands will only flow southwards through our network towards France, where conversion will probably continue until 2029.

### Other projects also on schedule

#### Work on the R4 in Ghent

Our pipelines need to be moved at seven locations to allow for the construction of the turbo roundabout on the R4 ring road in Ghent. Work started in November 2021 and will be largely completed by spring 2023.

#### New pipeline under the Ghent-Terneuzen canal

We laid a new pipeline under the Ghent-Terneuzen canal in Zelzate. This new pipeline will replace another in the vicinity laid in a canal tunnel owned by another company.



## L/H conversion: ensuring continuity of supply

The reduction in production at the Groningen gas field (which produces low-calorific natural gas, otherwise known as L-gas) has prompted the Netherlands to gradually phase out the export of L-gas from this field to Belgium, France and Germany between 2020 and 2030.

Belgium currently imports around 40 TWh of L-gas per year for domestic consumption. The Belgian network also acts as a corridor for conveying L-gas to France. Gas from Groningen accounts for almost 20% of the supply in Belgium as a whole and approximately 40% of natural gas consumed by households and SMEs.

As L-gas exports from the Netherlands decline, the networks in Belgium, France and Germany must be adapted to enable a gradual switch from L-gas to high-calorific natural gas (H-gas) from other sources and so ensure the continuity of the natural gas supply.

## Comprehensive safety management system

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

We work with a comprehensive safety management system in our transmission activities to provide for a safe and reliable transmission network, preserve its integrity and limit the consequences of any incidents. 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 management system for storage and LNG 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.

## Careful construction and dismantling

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

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

Any infrastructure that will cease to have a transmission function in the future is taken out of service in a safe way. In some cases, infrastructure is kept partly or fully underground, and technical precautions are taken to prevent any impact on the environment or on people.

## Control of gas flows 24/7

Fluxys Belgium's central dispatching office controls and monitors natural gas flows across the network 24 hours a day. Dispatchers continuously monitor parameters that may have a direct impact on gas flows and the smooth operation of infrastructure. Dispatching also plays a coordinating role in the event of a report of a gas smell, an incident or an accident.



## Smartphone app for foot patrols

Our patrollers patrol our pipelines every year, covering some 4,000 km. During patrols, they check the surroundings for potential risk factors. In 2021, patrollers switched to a user-friendly smartphone app developed in-house to record observations during patrols.

- Each beacon that a patroller passes is automatically loaded based on a GPS signal
- Speech-to-text technology to enter observations
- Easily supplement recorded observations with photos or videos

## Emergency planning

With a view to limiting the impact of any incidents, Fluxys Belgium works with a crisis organisation and emergency plans and procedures with regard to its operational and ICT activities.

The members of the crisis organisation undergo specific training and we regularly organise internal emergency plan drills to ensure the organisation's responsiveness. Despite the measures in place in response to the coronavirus, drills were held in 2021, both in-house and with public emergency services.

## Detailed maintenance and inspection

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

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

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



## Extra focus on ICT systems and cyber security

The availability of ICT systems and industrial control systems is vital to the safe and reliable operation of our infrastructure. These systems can malfunction for various reasons. With this in mind, technical and organisational measures have been put in place at Fluxys Belgium to gear the availability of IT systems to its needs.

### 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-increasing cyber threats (attacks, malware, phishing, etc.). Technical measures are taken to form a barrier against the wide variety of cyber risks.

### External expertise

Various third parties, such as the Centre for Cybersecurity Belgium and software suppliers, help our ICT teams to identify and close new loopholes in the cybernet.

### Training and awareness-raising

Fluxys Belgium also focuses on training and awareness-raising. Last year, several exercises were organised to teach employees how to efficiently and effectively deal with phishing emails.

### Continuity

If something does go wrong, our ICT approach focuses on ensuring continuity of service. This is done with roadmaps that the ICT teams practice regularly.

## Research and development

### Applied research

Fluxys Belgium carries out applied research in-house, in cooperation with the academic world or with other companies of the Fluxys group. We also work with the Belgian gas association gas.be and other European companies under the umbrella of various national and international organisations, such as:

- Pipeline Operators Forum (POF),
- European Gas Research Group (GERG),
- European Committee for Standardization (CEN),
- European Pipeline Research Group (EPRG),
- International Organization for Standardization (ISO),
- EASEE-gas (European Association for the Streamlining of Energy Exchange – gas),
- MARCOGAZ, the Technical Association of the European Natural Gas Industry.

### Optimising network operation

#### Research into network integrity

Together with universities and industrial partners, Fluxys Belgium carries out various research projects aimed at improving knowledge of pipeline integrity and the methods used to safeguard it.

#### Artificial intelligence and drones

We are researching and testing ways to conduct aerial observations of our network combined with artificial intelligence and object detection with a view to being able to more efficiently detect and monitor third-party works in the immediate vicinity of pipelines. As such, we are also working with various parties to look into the use of drones to inspect parts of our network.

Moreover, we are investigating the use of machine learning for the automatic processing of incoming notifications from third parties regarding work in the vicinity of our pipelines.

#### Internet of Things

Fluxys Belgium is exploring the potential of IoT technology to optimise the operational management and maintenance of its network. Among other things, we are paving the way for predictive maintenance of installations instead of maintenance at fixed times. In 2021, we began adopting the new approach for some components of our facilities.

#### The energy transition

Fluxys Belgium and parent company Fluxys are active in a wide range of initiatives to broaden their expertise in transporting hydrogen and other gases needed for a carbon-neutral future in various fields. These include both research projects with universities and industrial projects with partners in which research accounts for a substantial part of the cooperation.

*For more information about research initiatives on energy transition, go to the 'Planet' section on page 64-67.*



## Keeping an eye on works in the vicinity of our infrastructure

### Closely following up on reports of works

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

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

Our 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 set the safety arrangements down on paper before any work can actually begin.

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

### Providing information and raising awareness

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

- Regular **reminders** to all owners and operators of land where Fluxys infrastructure is located

- An **information session** for municipalities, as well as police forces and emergency services, at least once every legislative period
- Highlighting working safely in the vicinity of underground infrastructure in **trade magazines** and in various **working groups and federations** in which Fluxys Belgium is active
- **Providing training** for excavator operators and for coating steel pipes
- Launching **webinars** for industrial consumers with gas installations directly connected to our network in 2021



## Indicators

### Safe and reliable infrastructure

	2021	2020	2019	2018
Reduction or interruption of firm transmission capacity	0	0	0	0
Reduction or interruption of interruptible transmission capacity	0	0	0	0
Damage to infrastructure caused by third parties, resulting in a gas leak or interruption of capacity	0	0	0	0



# Financial resilience



## Policy approach

Within the limits of the regulatory framework applicable to our activities, we respond to the expectations and needs of our customers in the best possible way to maximise income from the sale of our services. The highest possible sales of capacity also means support for the competitiveness of our tariffs, which we also underpin by keeping operating costs under control and by aiming in our financial structure for a ratio that is as close as possible to the regulatory optimum. Our financing policy enables us to finance investments on attractive terms.

## Related risks

### Risk

The risk that market events or developments will impact Fluxys Belgium's revenues and/or assets.

### Measures

- Monitoring the market by continuously adapting existing services and/or developing new services needed by the market at competitive prices
- Financial monitoring of counterparties by monitoring claims and analysing their credit, liquidity, solvency and reputation
- Insurance
- Warranties from suppliers and customers

## Sales

### Special efforts to sell transmission capacity

The harmonised European rules for the use of the networks mean that customers active in border-to-border transmission are concluding fewer long-term contracts. This is because when long-term contracts expire, the capacity that becomes available is sold by auction.

With the shift from long-term contracts to auctions, the challenge for our sales teams lies in making it as easy as possible for customers to book short-term capacity that generates additional sales for us.

### Capacity for increased demand for imports in Germany and the Netherlands

Shifts in import flows to Europe in late 2021 meant that there was high demand in both Germany and the Netherlands for supplies from Belgium, a trend that continued into spring 2022 owing to geopolitical developments. Customers could flexibly buy short-term capacity from our network to meet the import needs of neighbouring countries, once again cementing our network's role as an energy hub for North-West Europe.

### Commercial proposals for power plants

In 2021, our teams continued their efforts on projects for new power plants. We devised a sales proposal for connecting power plants to the network for various project promoters and made further preparations. Which connection projects will be implemented depends on which power plants will be built.

### Additional regasification capacity fully sold

In early 2021, the LNG terminal successfully completed the open season for additional regasification capacity. The offered capacity of approximately 10.5 GWh/h was fully booked. The additional capacity will be offered in two phases:

- Phase 1: a total of approx. 8.2 GWh/h from early 2024 onwards;
- Phase 2: the total capacity of approx. 10.5 GWh/h from early 2026 onwards.

In light of the capacity booked, the final investment decision was taken to build the necessary additional infrastructure at the terminal. Three additional regasifiers with seawater are being built (see page 75).

### More traffic at Zeebrugge LNG Terminal Shipping traffic continues to rise

Shipping traffic at the LNG terminal in Zeebrugge reached new heights in 2021. 181 ships docked at the terminal, breaking the previous record of 172 in 2020. May 2021 was the busiest month for marine traffic at the terminal, with 26 ships docking there.

The number of large vessels that docked for transshipment was lower while significantly more small ships came to load LNG. Though there was a drop in the number of large ships arriving at the terminal for unloading operations, for the first time several small ships came to the quay to unload.

### Truck loading sees strong growth

In November, the LNG terminal welcomed its 20,000<sup>th</sup> tanker truck. LNG truck loading has experienced particularly strong growth over past three years due to the sharp increase in demand for LNG as a low-carbon fuel for ships and trucks. 2021 was a record year, with the number of loading operations doubling to 6,635. This is the largest rise in seven years.

Given current volumes of traffic, the existing truck loading stations are gradually approaching their maximum capacity. Moreover, there is considerable market interest in booking even more loading slots in the future. Therefore, four additional truck loading stations are being built at the terminal. They are scheduled to be commercially available in 2023.

### Innovative bio-LNG service launched

To provide HGVs and ships with comprehensive decarbonisation options, we have launched an innovative bio-LNG service at Zeebrugge terminal. Fluxys teams have developed a way for terminal users to convert biomethane into bio-LNG and in 2021 around a hundred trucks and two bunker vessels were loaded with bio-LNG (more information about our initiatives on small-scale LNG as a part of the energy transition can be found in the 'Planet' section on page 70).

In consultation with the market and the federal energy regulator CREG, over the course of the year we have developed a regulated service package for bio-LNG. CREG approved the regulatory documents and tariffs at the end of the year. The service range is attracting considerable interest, with 60% of the bio-LNG capacity for 2022 being sold in the first subscription window.

### Storage: strong sales in a volatile market

In all, 60% of capacity at the Loenhout storage site is booked under long-term contracts until April 2022 (2021-2022 storage year). The challenge for Fluxys Belgium is to sell the remaining capacity in a context of high volatility in price differentials between summer and winter gas on gas trading platforms. In periods of high price differentials, physical storage capacity is an opportunity for customers and Fluxys Belgium is making the most of it. As such, we were able to sell the remaining capacity for the storage year 2021-2022 in spring 2021.

### New market model with unprecedented flexibility

Storage activities in Europe have been under pressure for a number of years now due to a high level of volatility in price differentials between summer and winter on gas trading platforms. Against this backdrop, new market models involving a support mechanism have been developed in neighbouring countries, competing directly with sales of storage capacity at Loenhout.

In this context, Fluxys Belgium teamed up with CREG and the Federal Public Service Economy, SMEs, Self-employed and Energy to devise a new market model which would enable the future-proof continued use of storage infrastructure as a key asset for the Belgian energy system after the expiry of the long-term contracts in April 2022.

The new model was launched at the end of 2021. It offers customers 100% fixed capacity in a revamped and optimised range of services. They can also choose an option that allows them to optimise their cycle of injection and send-out days. They can also book this option by season or quarter according to their needs.

### Tariff reduction

In line with the tariff methodology, Fluxys Belgium, in consultation with the market and CREG, lowered its tariffs for storage services by 30% on 1 July. The tariff reduction has no impact on Fluxys Belgium's results.



## Financial monitoring and guarantees

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

Fluxys Belgium uses internal and external information sources to this end, such as official analyses performed by specialist rating agencies. These rating agencies assess entities in relation to risk and award them a credit rating. Several in-house analyses are taking place. These are covered in a thorough cross-sectional review by Sales, Finance and Legal.

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

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

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

## Insurance

Fluxys Belgium assesses the likelihood of the main risks connected with 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. 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. FluxRe reinsures general and environmental liability, property risks, material damage risks and financial risks (not life or health risks).

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

The 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.

## Supply chain

### Policy approach

In its procurement policy, Fluxys Belgium seeks to strike the best balance between safety, reliability and cost. As a rule, we open up contracts and ensure that contractors are treated equally. Transparency is the cornerstone of our communication with current and potential suppliers. To this end, our website has a dedicated section with information on our procurement policy and standard contractual documents.

### Supplier developments

Almost 85% of Fluxys Belgium's suppliers are Belgian companies. In 2021, we signed contracts with 346 new suppliers - over 200 more than in 2020. In most cases, they replaced existing suppliers as a result of contracts being opened up. Other new suppliers were taken on because, for example, we started purchasing new types of goods and services, and one supplier's business was taken over by another.

### Sustainable procurement

In 2021, Fluxys Belgium continued to gather information on its suppliers' environmental, health and safety practices. The primary focus is on the suppliers that have the greatest impact in terms of greenhouse gas emissions. Among these suppliers, we select those from whom a substantial order has been placed. They receive a questionnaire about the management of their greenhouse gas emissions and their certification regarding environmental impact, health and safety.

Fluxys Belgium wants environmental impact, health, safety and additional sustainability aspects to be taken into account more explicitly when selecting contractors and/or awarding contracts.

## Financial situation: consolidated key financial data

Income statement (in thousands of €)	31.12.2021	31.12.2020 (revised)
Operating revenue	573,191	560,590
EBITDA*	318,905	313,623
EBIT*	137,821	133,482
Net profit	75,521	73,237
Balance sheet (in thousands of €)	31.12.2021	31.12.2020 (revised)
Investments in property, plant and equipment for the period	50,647	42,255
Total property, plant and equipment	1,902,037	2,011,209
Equity	639,674	639,038
Net financial debt*	846,046	873,111
Total consolidated balance sheet	2,634,514	2,730,039

### Increase in consolidated turnover and net profit

The Fluxys Belgium group generated turnover of €573.2 million in 2021. This represents an increase of €12.6 million compared with 2020, when turnover stood at €560.6 million. Consolidated net profit rose from €73.2 million in 2020 to €75.5 million in 2021, an increase of €2.3 million. The increase in regulated turnover and net profit is mainly due to the development of

the components to be covered by the regulated tariffs. This change is in line with the tariff proposal and complies with the tariff methodology for 2020-2023 and is therefore not due to the rise in energy prices. After all, as an energy infrastructure company we do not earn any revenue from trading the molecules we transport.

\* See glossary on page 102-103.

### Efficiency efforts in line with regulated tariff model

In June 2018, CREG, the federal regulator, set out a new tariff methodology for the transmission and storage of natural gas and LNG terminalling for the period 2020-2023. The new methodology is based on existing principles that have been honed and supplemented.

The principle whereby tariffs cover all reasonable costs (including interest and fair remuneration) continues to apply. Alongside incentives to control costs, a limited package of new incentives was introduced to monitor and manage some aspects of company performance. The company share of savings has been adjusted, thus limiting potential gains.

By managing its operating costs and continuing its efficiency drive, the Fluxys Belgium group achieved these regulatory objectives and benefitted from incentives.

### €50.6 million in investment

In 2021, investments in property, plant and equipment amounted to €50.6 million compared to €42.3 million in 2020. Of this amount, €32.6 million was dedicated to transmission projects and €17.4 million to LNG infrastructure projects.

### Creating greater prosperity

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

The added value generated by continuing company activities in 2021 amounted to €438.9 million, up €11.8 million on 2020.

### Outlook for 2022

Under the 2020-2023 tariff methodology, the net profit from Belgian regulated activities is determined based on various regulatory parameters, including equity invested, financial structure and incentives. More information about the 2020-2023 tariff methodology can be found in the 'Legal and regulatory framework' section on page 48.

Based on the information available at the time of this report, it is extremely difficult to anticipate the economic impact of the war in Ukraine. In light of the current understanding of the situation, the essential nature of the company's activities and its regulatory framework, at present we do not anticipate the war and the current resulting measures and market developments having any significant negative impact on the consolidated result of the Fluxys Belgium group in 2022.

## Subsidiary activities and statutory profits

### Fluxys LNG

Fluxys LNG (a consolidated subsidiary in which Fluxys Belgium holds a 99.9% stake and Flux Re a 0.01% stake) is the owner and operator of the Zeebrugge LNG terminal and sells terminalling capacity and associated services. Fluxys LNG's equity totalled €149.5 million as at 31 December 2021, compared to €156.9 million the previous year. Net profit for the 2021 financial year totalled €31.1 million (€29.1 million in 2020).

### 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 €15.4 million as at 31 December 2020 to €12.7 million as at 31 December 2021. Net profit for the 2021 financial year totalled €2.3 million (€5.2 million in 2020).

### 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. Balansys is in charge of the commercial balancing activities of the integrated Belgian-Luxembourg gas market.

## Fluxys Belgium – 2021 results (according to Belgian standards): proposed allocation of profit

Fluxys Belgium's net profits totalled €71.7 million, compared with €70.8 million in 2020.

At the Annual General Meeting on 10 May 2022, Fluxys Belgium will propose a gross dividend of €1.38 per share.

Taking into account a profit of €66.8 million carried over from the previous financial year and a withdrawal of €37.7 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- €97.0 million as a dividend payout and
- €79.2 million as profit to be carried forward.

If that profit allocation proposal is adopted, the total gross dividend for the 2021 financial year will be €1.38 per share. This amount will be payable from 18 May 2022 onwards.



## Indicators

Contribution to prosperity (in millions of €)	2021	2020 (revised)	2019	2018
Added value from continuing operations	438.9	427.1	423.2	404.8
Personnel	112.5	110.5	107.5	107.9
Shareholders (dividend)	96.3	91.3	88.5	86.4
Society (taxes)	38.2	37.2	48.2	44.7
Suppliers	155.6	149.3	143.4	124.9
Financial institutions (interest)	36.3	38.8	35.5	40.9
Financial strength of Fluxys Belgium: financial ratios	2021	2020 (revised)	2019	2018
<b>Solvency</b> Ratio of (i) net financial debt and (ii) the sum of equity and net financial debt	57%	58%	58%	56%
<b>Interest coverage</b> Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	6.75	5.61	6.58	7.09
<b>Net financial debt*/extended RAB*</b> Ratio of (i) net financial debt and (ii) extended RAB	28%	28%	29%	28%
<b>FFO*/net financial debt</b> Ratio of (i) FFO and (ii) net financial debt	25%	20%	22%	28%
<b>RCF*/net financial debt</b> Ratio of (i) RCF and (ii) net financial debt	13%	10%	12%	18%

Net financial debt (in millions of €)	2021	2020 (revised)	2019	2018
Net financial debt	846.0	873.1	903.3	881.9
Breakdown				
Debt capital market	699.1	692.7	698.2	697.8
Bank loans	286.8	310.6	327.8	309.8
Related parties	233.6	257.0	263.3	263.3
75% of cash and other financial assets	-373.5	-393.1	-386.0	-388.9
Weighted average maturity as at 31 December	9.2	10.2	11.3	12.4
RAB and WACC	2021	2020 (revised)	2019	2018
<b>RAB* (in millions of €)</b>				
Transmission	2.047.5	2.086.9	2.125.3	2.194.2
Storage	228.8	235.6	239.7	246.1
LNG terminalling	303.0	302.7	314.4	324.6
Property, plant and equipment outside RAB (in millions of €)	410.4	420.3	413.4	376.6
<b>Extended RAB*</b>	<b>2.989.7</b>	3.045.4	3.092.8	3.141.5
<b>WACC* before tax (in %)</b>				
Transmission	4.92	4.88	3.87	4.04
Storage	5.09	5.04	3.57	3.71
LNG terminalling	4.99	5.14	2.85	3.40

## 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..

# Efforts to combat corruption



## Policy approach

Fluxys Belgium's anti-corruption policy is set out in the company's Code of Ethics. In 2021, a new Code of Ethics came into force, which, among other things, expanded options for reporting unethical behaviour.

## Related risks

### Risk

Corruption having a negative impact on the company's business reputation and/or financial results.

### Measures

- Fluxys staff are subject to the Code of Ethics, company regulations, collective bargaining agreements and specific procedures
- Suppliers are subject to the purchasing terms and conditions with specific provisions on corruption
- Control process to ensure that customers, suppliers, agents, consultants, etc. adhere to anti-bribery rules
- Specific internal checks followed up at least every two years by internal audit

## New Code of Ethics

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

## Indicators

### Efforts to combat corruption Anti-corruptie

	2021	2020	2019	2018
Complaints of fraud or reports of unethical behaviour	0	0	0	0
Number of legal proceedings concerning anti-competitive behaviour or failure to comply with competition law	0	0	0	0

## Wider scope for reporting unethical behaviour

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

Employees, customers, suppliers and partners can also email [ethics@fluxys.com](mailto:ethics@fluxys.com) to report a (potential) violation in a strictly confidential manner.

As per the new Code of Ethics and the relevant European directive, the formal procedures for whistleblowing and protecting whistleblowers were further elaborated in 2021. These procedures will be rolled out in 2022.

## Focus on ethical behaviour in the supply chain

Fluxys Belgium's general purchasing terms and conditions for suppliers impose various anti-corruption obligations on contractors, including:

- being prohibited from engaging in or accepting practices such as private or public corruption;
- being required to demonstrate integrity to their employees.

# Human rights



## Policy approach

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

## Related risks

### Risk

Violation of human rights having a negative impact on the company's business reputation and/or financial results.

### Measures

- Staff: provisions in the Code of Ethics, company regulations, collective bargaining agreements and specific procedures
- Suppliers: human rights provisions included in the purchasing terms and conditions

## Approach incorporated in other domains

Given the Belgian scope of our activities, our initiatives on respecting human rights are mainly contained in our policy approach in two other domains.

In the 'Health, safety and well-being at work' domain, the following human rights are addressed:

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

Numerous training courses on these topics were offered to employees in 2021 (see page 116-117, 23).

The right to equal opportunities and the prohibition of discrimination fall within the 'Diversity' domain (see page 127-128).

## Focus on human rights in the supply chain

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



- the obligation to insure personnel against occupational accidents
- the obligation to comply with the legal obligations regarding safety and well-being at work, 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 who reside illegally in Belgium

## Data protection and privacy

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

Fluxys Belgium has also issued guidelines for staff on the use of social media with a view to achieving a balance between every employee's freedom of speech and right to privacy on the one hand and the company's mission on the other.

## Indicators

	2021	2020	2019	2018
Complaints of violations of human rights	0	0	0	0
Number of training courses on human rights completed				
Number of training hours completed	459 	554	*	*
Share in the total number of training hours completed	1.9% 	2.4%	*	*

\* Not registered

# Good neighbourly relations



## Policy approach

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

Through open dialogue, we want to establish good relations with all those affected by the construction and operation of our facilities. The company also ensures that the construction and operation of its infrastructure cause as little disruption as possible.

## Open dialogue with residents

### Personal point of contact

Owners and operators of land have a designated point of contact at Fluxys Belgium, right from a project's preliminary phase through to the restoration of a site following construction or operation 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 part of a specific team that has the special task of understanding the interests of landowners and operators and defending them in relations with Fluxys Belgium.

### New infrastructure: securing consensus with our neighbours

#### Transparent communication from the project phase onwards

In the case of new infrastructure projects, from the planning phase onwards Fluxys Belgium aims to transparently provide information to and communicate with the relevant authorities, municipal bodies, local residents and other parties involved. In 2021, we once again visited many municipal and other authorities in connection with our plans to construct new facilities.

#### Information sessions

As regards permit applications for major infrastructure projects, Fluxys Belgium suggests to municipalities that an information session be held for local residents before the permit procedures get under way. This gives residents the chance to discuss the project and its impact with us and enables us to take on board any feedback at the start of the project.

In the public consultation stage too, we contact municipalities to suggest organising an information session so that local residents can again ask any questions they might have about the project.

## Agreements concerning agriculture, horticulture, forest management and hunting

Fluxys Belgium builds the vast majority of its facilities (pipelines and surface stations) in areas used for agriculture, horticulture or forest management. Good neighbourly relations are crucial between Fluxys Belgium and the owners and operators of land where we have facilities, or land located in the vicinity of our facilities.

With this in mind, we have signed agreements with the country's three largest agricultural organisations and with Hubertus (the Flemish hunting association), Landelijk Vlaanderen, and Nature, Terres et Forêts. These agreements set out the compensation due to those in the agriculture, horticulture or forest-management industries who experience disruption or are temporarily unable to use their land during the construction of a facility. If problems occur after work is complete, we deal with any such reported issues on a case-by-case basis.

## Working with sheltered workshops

A number of Fluxys Belgium regional operating centres have been working with sheltered workshops for several years now. In 2021, this was extended to all operating centres. These are given straightforward, repetitive tasks such as mowing around markings along roads and watercourses.

## Team-building events: commitment to charity

Fluxys Belgium encourages its employees to organise social, sports or nature-related team-building events with the twin objectives of boosting team spirit and contributing to the community in a broad sense. In 2021, due to COVID restrictions, only a limited number of team-building events could take place.



# Go Digital



## Digital transformation gets off to a powerful start

Fluxys Belgium stepped up its digital approach with its Digital Transformation programme in 2021. The programme aims to secure the wide-ranging and accelerated rollout of digital solutions to strengthen the company's clout, whether regarding our agility, our journey to transport new energy carriers, our services to our customers or our internal processes.

### Digital lounge

The first lever of the transformation is the Digital Lounge, an innovation lab approach to quickly and agilely devise digital solutions for our employees, customers and stakeholders. Examples include using artificial intelligence to improve our operations, developing an app to enhance the interface with our customers and deploying virtual reality to train our teams. The Digital Lounge is a learning process and priorities can change based on what we learn.

One of the Digital Lounge teams is developing a digital marketplace for small-scale bio-LNG aiming to guarantee maximum simplicity and ease of use for buyers and sellers.



## Digital workplace

The second lever is the Digital Workplace. By 2021, we rolled out the tools for hybrid working to make online working and meetings as convenient as possible. The new hardware provides optimum support for the digital transformation. At the same time, our employees are shoring up their digital skills under the guidance of the Digital Coaches.

Lastly, the digital transformation is based on various ICT projects launched in recent years:

**Available capacity:** This display tool on our website shows customers in real-time where which capacity is available. The tool first became available for entry and exit capacity. LNG capacity and the schedule for loading LNG tankers will follow in 2021. In 2022, we will launch the same real-time information on the website for storage capacity at Loenhout.

**GSmart:** Our in-house system for gas transportation used by various gas infrastructure companies.

**Smart Data Factory:** This tool orders huge volumes of data, alongside data models and visualisation tools.

**Cloud architecture:** The architecture for Cloud applications allows us to deploy this technology in a uniform and secure way.

**Internet of Things:** Paves the way for predictive maintenance of installations, instead of maintenance at fixed times. This should optimise operational management and maintenance of the pipeline network.

**Digital Twin:** We are investigating the possibility of developing a digital twin of our transmission system that could, for example, simulate the flow of new molecules through the network.



#wemakethemove  
**People**

Our goal makes us strong and agile.  
Together, we're making the transition to a  
bright energy future. With healthy and happy  
colleagues. Driven by the spark of discovery,  
we're paving the way into the future.



# Our employees: our most important asset



## Our approach

Our results and success are down to the commitment and talents of our employees, which is why we invest in supporting safety, health, well-being, development and constructive social dialogue. In light of the ongoing pandemic, we are focusing in particular on keeping our employees connected with the company, their work and each other.

## Our focus in 2021

-  Staying safe at work together to guarantee our essential services, both at home and in the field, throughout the ongoing pandemic
-  Promoting well-being and health through targeted initiatives, including a framework for new hybrid working
-  Enabling our organisation to move with our growth strategy and taking steps towards digitisation and the future of work
-  Launching a new Employer Branding campaign focusing on our commitment to the climate-neutral energy landscape of the future



Investing in our employees is key because they are our engine. They give the best of themselves and we can count on them to build the energy system of tomorrow. Their creativity, drive and dedication: we are proud of them.

**7.8 / 0.22** 

**Safety**  
Frequency / Severity  
(2020: 6.4) / (2020: 0.15)

**884**

**Employees**  
(2020: 876)

**18 / 82**

**Diversity**  
Female / male  
(2020: 18) / (2020: 82)

**63 / 62** 

**Talent**  
Incoming / outgoing  
(2020: 59) / (2020: 58)

**3.72** 

**Development**  
Average number of training days per full-time equivalent (FTE)  
(2020: 3.42)

**71**

**Development**  
Number of employees taking on a new role within the company  
(2020: 69)

# Our people and organisation



Photo taken on the occasion of International Women's Day.

## Policy approach

- We further honed our People & Organisation strategy in 2021 with a view to supporting the business strategy. The strategy is built on three clusters, each of which is intended to prepare our company for the future through annual initiatives and programmes.
- Transforming
- Developing future-proof employees
- Offering meaningful work

## Transforming

We need to future-proof our organisation and employees in an evolving landscape. To overcome this challenge, we are committed to strategies that allow employees to adapt to the new way of working and make our transformation a success.

We are striving to evolve into an open, self-learning community of interconnected teams with a common, shared goal: to successfully implement our strategy of leading the energy transition. All teams work together to transform future challenges into new opportunities.

To succeed here, we are enhancing our processes and practices based on a proactive, data-driven approach. We are attentive to changes and digitalisation to be ready for the future, meaning that HR is continuously revamping its working models and tailoring them to the new normal with a view to providing for an organisation that develops new business models while continuing to grow its existing activities.

## Developing future-proof employees

Our development and training policy ensures that members of staff have the relevant knowledge and skills. We offer a varied mix of learning tools: educational tasks falling within or outside the employees' job description, internal or external coaching, internal and external training, and an online learning platform.

There are also various digital learning portals with e-learning modules and a team of Digital Coaches to further develop our employees' digital skills.

The accelerated digitalisation triggered by the pandemic has also had an impact on the learning process: where possible, conventional training has been converted into digital or hybrid courses. The training on offer is constantly evolving to keep pace with the company's needs.

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

### Average number of training days per full-time equivalent

2021	2020	2019	2018	2018
3.72 <input checked="" type="checkbox"/>	3.42	6	6.14	6.23

In 2021, members of staff completed more than 24,000 hours of training. Almost half of the courses provided training in (gas) technology or safety or job-specific training. There were also courses to strengthen personal, digital and language skills. Partly as a result of the pandemic, employees quickly became familiar with the new forms of training.

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

## Offering meaningful work as an attractive employer

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

Based on its company objectives, Fluxys Belgium assesses its future staffing needs to gain a clear overview of which competencies are required now and in the future. This includes a sustainable, future-oriented approach to recruitment: we want what we offer as an employer to give employees proper meaning to their work in exchange for their drive, expertise and competencies. Our purpose shows what we stand for as a company in order to find the right match for future employees.

## How will you change the world?

Our hunt for talent continues unabated. Our new multi-media campaign helps us stand out in the highly competitive labour market in order to persuade talent to help build the carbon-neutral world of tomorrow.

In contrast to previous years, the ongoing COVID crisis prevented us from organising physical recruitment events and making direct contact with candidates. We switched to digital channels to attract new talents and completed the recruitment process alongside the candidates. This was a success: recruitment (63 employees) remained stable and internal mobility (71 employees) also continued to run smoothly.

## Indicators

	2021	2020	2019	2018
Members of staff	884	876	868	862
Women	157	155	154	150
Men	727	721	714	712
Ratio of women/men	18:82	18:82	18:82	17:83
Full-time	773	754	746	745
Part-time	111	122	122	117
Ratio of full-/part-time staff members	87/13	86/14	86/14	86/14
Open-ended contract	866	857	844	837
Fixed-term contract	18	19	24	25
Ratio of open-ended/fixed-term contracts	98/2	98/2	97/3	97/3
Internal mobility	71	69	70	39
Incoming employees	63 <input checked="" type="checkbox"/>	59	63	52
Outgoing employees (including those leaving due to their contract coming to an end or due to retirement)	62 <input checked="" type="checkbox"/>	58	56	61
Ratio of outgoing employees	3.2%	3.3%	3.7%	4%
Average number of training days* per full-time equivalent	3.72* <input checked="" type="checkbox"/>	3.42*	6	6.14

\* The number of training days in 2020 and 2021 was affected by COVID-19 restrictions.

The statistics on personnel have been calculated differently than in previous years in order to provide a more relevant image of our company's active workforce. The data are based on the active workforce of Fluxys Belgium and Fluxys LNG and do not include non-active employees (e.g. those on long-term sick leave). Unless otherwise specified, the statistics refer to the number of employees and not the number of FTEs.



# Health, safety and well-being at work



## Policy approach

Healthy, involved and happy employees are the driving force that makes the company accelerate and stand out. This approach is a central pillar of our Health, Safety and Environment Policy, which we see as a responsibility and commitment for both the company and its employees.

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

## Related risks

### Risk

Circumstances and events that may harm employees. These may include illness or other health problems, mental health issues or physical injury.

### Controls and measures

- Active Health, Safety and Environment Policy
- Consultative bodies
- Absenteeism policy
- Feeling Good@Fluxys
- Global Prevention Plan
- External support available

## Consultative bodies

Fluxys Belgium is home to various bodies tasked with discussing and promoting employee and contractor safety, well-being and health.

### Internal Workplace Health & Safety Department (SIPPT/IDPBW)

This department ensures the proper implementation of well-being legislation, the prevention policy and the legal obligations for personal safety. It also issues various publications providing employees with all kinds of information on safety and well-being at work.

### Committee for Prevention and Protection at Work (CPPW)

Meeting every month, the CPPW is a consultative body between employees, the employer and 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.

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

### Local Joint Consultation Committee

The Local Joint Consultation Committee is a local consultative body between the trade-union and employer delegations. It is intended to keep an eye on events at local level and propose solutions that do not fall within the exclusive remit of other consultative bodies.

### CAO 90

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

## Global Prevention Plan and psychosocial risks

The 2022-2026 Global Prevention Plan (GPP) focuses on occupational and process safety as well as the prevention of psychosocial risks and on well-being, health and moving around at work. Every accident is investigated, and our Health and Safety Advisors and managers on site take measures to prevent accidents recurring.

The GPP also pays particular attention to involvement in the new, hybrid way of working. In addition, the company is committed to lifelong learning, especially about using our infrastructure to transport other molecules such as hydrogen and CO2.

In 2021, 13 occupational accidents were recorded, including 11 that rendered the victim unable to work, resulting in a total of 311 working days lost. The accident frequency rate was 7.84 and the severity rate was 0.22.

According to figures from contractors, there were 10 occupational accidents involving Fluxys Belgium contractors, six of them resulting in the victim being unable to work.

Fluxys also pays attention to risks associated with moving around during working hours. In 2021, for example, we organised interactive workshops on road safety. Participants were given essential information and tips on how to travel safely and sustainably, both by bike and by car.

## Absenteeism

Fluxys wants to provide a safe and healthy working environment and guarantee the well-being of its employees. Measuring and following up on absenteeism gives us an objective view of employees' general health. The level of absenteeism is higher than that of 2020 but is still below the market average in Belgium. 48% of employees did not take sick leave in 2021.

We actively strive to support employees during their illness, in the run-up to their return and after they return to work. Individual guidance and support is available. This support is based on regular contact and cooperation between the employee involved, their manager, HR and the internal and external departments for prevention and protection at work.

## Preventive work on health

We work preventively on our employees' health through various projects. Attention is also paid to the mental health of employees. In 2021, for example, various actions were set up to support employees with a view to ensuring resilience and mental well-being.

## Training in health, safety and well-being

Fluxys Belgium uses various e-learning platforms to periodically remind its own staff and those of its contractors of the general safety rules. Every employee of a contractor scheduled to work at a Fluxys construction site or facility must complete the training module remotely and demonstrate that they are familiar with these rules.

In 2021, workshops were held on risk awareness, behaviour and, more specifically, the risks of exposure to welding fumes, dust and heavy metals. Employees were made aware of the importance of wearing respiratory protection.

Among employees, (gas) technical, safety or job-specific training accounted for almost half the number of hours of training completed.



walking  
together  
with heart 

In all, our employees and their colleagues from other Fluxys group companies walked 180,000 km in two and a half months in the spring of 2021. That's equal to 4.5 laps around the earth! In view of this amazing achievement, Fluxys Belgium donated €10,000 to the Belgian Heart League.

The initiative encouraged many employees to keep moving during COVID, sharing photos and organising special 'Fluxys walks'. Several colleagues also took part in city runs: the 20 km of Brussels and the AG Antwerp 10 Miles.



stepin.

## 725 employee shareholders

At the end of 2021 and in early 2022, Fluxys Belgium staff were given another opportunity to buy unlisted shares in parent group Fluxys. Another success and sign of commitment and confidence: 725 Fluxys Belgium employees have now become group shareholders.

## Extensive engagement campaign

In 2021, Fluxys continued to focus on a wide-ranging health and well-being campaign and on the involvement and commitment of its staff, encompassing a range of aspects.

For the second year in a row, the pandemic had an impact on work. Large numbers of employees whose jobs allowed it continued to work from home during certain periods. For operational staff whose presence on site was required, the work organisation was adapted to ensure service continuity. This led to new ways of working and cooperating in a new work environment and structure.

### New way of working

Together with employees and social partners, we came up with a new way of working for those employees whose jobs allow them to work from home. They have the chance to work more from home up to two days a week.

We are also focused on hybrid working, i.e. how do you stay in contact with your colleagues, how do you work together, how do you exchange information, and so on, if you are no longer in the office together every day.

In the next phase, we will also look at solutions for employees for whom working from home is less straightforward.

We are also considering overhauling the office layout. In general, the function of the office is increasingly shifting from a pure workplace to a meeting place. This trend stems from the experiences gained during the ongoing pandemic.

### Feeling Good@Fluxys

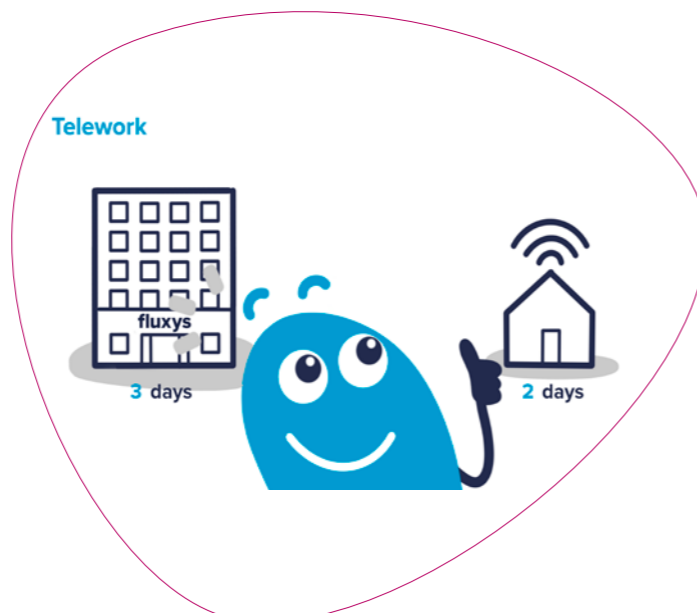
Employees who were experiencing difficulties or simply needed a chat could contact an advisory centre for well-being services. The SEPPT/EDPBW Duty Officer was on hand to provide psychological and ergonomic support and advice. The SIPPT/IDPBW also supported staff in this changed situation and launched several communications around working at home and self-care. Fluxys Belgium supports employees who make use of external psychological help.

### Fit@Fluxys

Under the professional guidance of a sports coach, online exercise classes were held to encourage employees to regularly stretch their legs.

### Healthy@Fluxys

To optimise working from home, ergo coaches are on hand to give employees tips on the best way to sit at their desk and how often they should alternate between working while sitting down and standing up.



## Indicators

	2021	2020	2019	2018
<b>Incapacity for work among staff</b>				
Occupational accident resulting in more than one day's incapacity for work	11 <input checked="" type="checkbox"/>	9	15	12
Frequency (number of occupational accidents divided by the number of hours worked)	7.8 <input checked="" type="checkbox"/>	6.4	11	8,9
Severity (number of days of absence divided by the number of hours worked)	0.22 <input checked="" type="checkbox"/>	0.15	0.12	0.26
<b>Incapacity for work among contractors</b>				
Occupational accident resulting in more than one day's incapacity for work	6 <input checked="" type="checkbox"/>	6	10	8

**90%** of employees have fun at work

In the autumn, we conducted the VIBES survey on staff engagement and well-being. 87% of staff took part.

The survey gauged how employees feel about working at Fluxys and about their work specifically (variety, adequate information, relationship with superiors and colleagues, participation, etc.), as well as their perception of work (do employees enjoy their work, do they feel involved, do they experience stress or work pressure?).

76% of employees feel involved or very involved and 90% have fun at work. Workload does appear to be an area of concern.

The results will be discussed in all teams and with the trade unions. Based on this feedback, we want to take actions that will contribute to employees' engagement and experience at work.

**vibes.**



# Social dialogue



## Policy approach

Good industrial relations are vital for company cohesion and activity development, which is why Fluxys Belgium engages in transparent, constructive social dialogue with all employees, members of the works council, the committee for prevention and protection at work, the trade union delegation and executive representatives.

## Digitalisation

In view of the measures taken to prevent the spread of the coronavirus, Fluxys Belgium organised social dialogue digitally. Alongside the usual meetings, several additional consultations were held to liaise with staff representatives on adjusting measures to align with government guidelines.



# Diversity



## Policy approach

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

## Related risks

### Risk

A lack of diversity in the workforce can lead to a business organisation that lacks the necessary skills, talents and experience.

### Controls and measures

Equal opportunities policies that encourage diversity by promoting equity, merit, personal development, work-life balance and shared responsibility

## Encouraging diversity in recruitment

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

As regards diversity on the Fluxys Belgium Management Board, the Gas Act (Article 8/3) stipulates that at least one third of those on the Board of Directors must be of a different sex from the other members.

## Diversity in experience, too

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

We welcomed 63 new employees in 2021, 10 of whom had limited work experience or who had fewer opportunities on the labour market.

## The same criteria for everyone

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

## Indicators

	2021	2020	2019	2018
	<b>884</b>	876	868	862
<b>Incoming employees</b>				
< 30 yr	<b>54%</b> <input checked="" type="checkbox"/>	49%	40%	60%
30-50 yr	<b>41%</b> <input checked="" type="checkbox"/>	44%	51%	36%
> 50 yr	<b>5%</b> <input checked="" type="checkbox"/>	7%	9%	4%
Men	<b>75%</b> <input checked="" type="checkbox"/>	69%	68%	71%
Women	<b>25%</b> <input checked="" type="checkbox"/>	31%	32%	29%
<b>Outgoing employees</b>				
< 30 yr	<b>32%</b> <input checked="" type="checkbox"/>	28%	28%	33%
30-50 yr	<b>61%</b> <input checked="" type="checkbox"/>	62%	56%	56%
> 50 yr	<b>7%</b> <input checked="" type="checkbox"/>	10%	16%	11%
Men	<b>79%</b> <input checked="" type="checkbox"/>	83%	69%	69%
Women	<b>21%</b> <input checked="" type="checkbox"/>	17%	31%	31%
<b>Executives</b>				
< 30 yr	<b>10%</b>	9%	6%	5%
30-50 yr	<b>55%</b>	57%	63%	64%
> 50 yr	<b>35%</b>	34%	31%	31%
Men	<b>85%</b>	87%	86%	87%
Women	<b>15%</b>	13%	14%	13%
<b>Salaried staff members</b>				
< 30 yr	<b>8%</b>	6%	7%	7%
30-50 yr	<b>46%</b>	49%	52%	57%
> 50 yr	<b>46%</b>	45%	41%	36%
Men	<b>81%</b>	80%	81%	80%
Women	<b>19%</b>	20%	19%	20%
<b>Management</b>				
< 30 yr	<b>0%</b>	0%	0%	0%
30-50 yr	<b>25%</b>	39%	50%	45%
> 50 yr	<b>75%</b>	61%	50%	55%
Men	<b>89%</b>	89%	89%	85%
Women	<b>11%</b>	11%	11%	15%
<b>Board of Directors</b>				
< 30 yr	<b>0%</b>	0%	0%	0%
30-50 yr	<b>25%</b>	18%	18%	20%
> 50 yr	<b>75%</b>	82%	82%	80%
Men	<b>65%</b>	68%	68%	65%
Women	<b>35%</b>	32%	32%	35%
<b>Average basic salary ratio</b>				
Men	<b>100%</b> <input checked="" type="checkbox"/>	100%	100%	100%
Women	<b>91%</b> <input checked="" type="checkbox"/>	93%	91%	89%

The statistics on personnel have been calculated differently than in previous years. The data are based on the active workforce of Fluxys Belgium and Fluxys LNG and do not include non-active employees (e.g. those on

long-term sick leave). Unless otherwise specified, the statistics refer to the number of employees and not the number of FTEs.

#wemakethemove  
**Corporate  
Governance  
Declaration**



Fluxys Belgium has adopted the 2020 Belgian Code on Corporate Governance (the 2020 Code) as its benchmark code of conduct. 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](http://www.just.fgov.be) (in French and Dutch)
- The Directive: [www.eur-lex.europa.eu](http://www.eur-lex.europa.eu)

Fluxys Belgium 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.

## Changes in the composition of the Board of Directors in 2021

At the Annual General Meeting held on 11 May 2021, the directorships of Andries Gryffroy and Daniël Termont were renewed for a period of six years, until the end of the 2027 Annual General Meeting. Luc Hujuel's directorship was renewed until 30 June 2021.

In addition, the same General Meeting decided to appoint Laurent Coppens as a director with effect from 1 July 2021, replacing Luc Zabeau, who resigned with effect from 30 June 2021. His directorship will expire at the end of the 2027 Annual General Meeting.

Walter Nonneman's independent directorship expired after the Annual General Meeting on 11 May 2021. It was decided not to replace him.

Laurence Bovy resigned as an independent director with effect from 31 December 2021. Cécile Flandre was co-opted by the Board of Directors on 30 March 2022 as an independent director, taking over Laurence Bovy's directorship until the 2025 Annual General Meeting. A decision on her permanent appointment will be taken at the General Meeting on 10 May 2022.

The Board of Directors co-opted Abdellah Achaoui as a director on 26 January 2022, with effect from 30 March 2022, for a term expiring at the end of the 2027 Annual General Meeting. A decision on his permanent appointment will be taken at the General Meeting on 10 May 2022.

The procedure for renewing directorships and 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 the federal government representative(s).

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

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

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

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

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

### Directors

**Daniël Termont**, Chairman of the Board of Directors and Vice-Chairman of the Strategic Advice Committee

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

**Claude Grégoire**, Director, Vice-Chairman of the Board of Directors and Chairman of the Strategic Advice Committee

Claude Grégoire is a qualified civil engineer. He was appointed as director in October 1994 following his nomination by Publigas. His current term of office will expire at the Annual General Meeting in May 2024.

**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 (since 30 March 2022)

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. Following his nomination by Publigas, he was co-opted as director by the Board of Directors with effect from 30 March 2022 for a term expiring at the end of the Annual General Meeting in May 2027. A decision on his permanent appointment will be taken at the Annual General Meeting on 10 May 2022.

**Jos Ansoms**, Director

Jos Ansoms holds a degree in political and social sciences from KU Leuven. He has been Chairman of Intermixt, Iveka and IGEAN and Vice-Chairman of Eandis, among other roles. For 23 years he was a member of the lower house of the Belgian federal parliament, the House of Representatives, during which time he for example chaired the Business and Energy Committee. He was appointed as director in May 2016 following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 2022.

**Laurent Coppens**, Director (since 1 July 2021)

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, Interfin, Publigas and Publi-T. He was appointed as director by the Annual General Meeting in May 2021, with effect from 1 July 2021, following his nomination by Publigas. His term of office will expire at the end of the Annual General Meeting in May 2027.

**Patrick Côté**, Director

Patrick Côté is Managing Director, Infrastructure at Caisse de dépôt et placement du Québec (CDPQ). He has 15 years' experience in the infrastructure sector, having joined CDPQ in 2006. Before that, he held various corporate finance positions in large companies, including Ivanhoé Cambridge, CDPQ's real estate subsidiary. He also sits on the Board of Directors of Velto Renewables and London Array. 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, and his term of office will expire at the end of the Annual General Meeting in May 2023.

**Andries Gryffroy**, Director

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

**Luc Hujoel**, Director and Chairman of the Appointment and Remuneration Committee (until 30 June 2021)

Luc Hujoel holds a Master's degree in economics. He is the General Manager of Interfin and a director and Secretary General at Publigas. He was appointed as director in May 2009 following his nomination by Publigas, and his term of office expired on 30 June 2021.

**Ludo Kelchtermans**, Director, Chairman of the Audit and Risk Committee

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

**Renaud Moens**, Director and Chairman of the Appointment and Remuneration Committee

Renaud Moens has a degree in business from ULB's Solvay Business School. He is the General Manager of the intermunicipal company IGRETEC and a director at Publigas, Sambrinvest, Sonaca and SOCOFE. He was co-opted as director by the Board of Directors on 24 September 2014 following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 2022.

**Josly Piette**, Director

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

**Koen Van den Heuvel**, Director

Koen Van den Heuvel holds a degree in economics and political science. As a member of Puurs Municipal Council since 1989, for five years he served as the Alderman for Youth, Culture and Finance. In 1997, he became Mayor of Puurs, and since 2019 he has been the mayor of the merged municipality of Puurs-Sint-Amunds. Since 2004, he has been a member of the Flemish Parliament, leading his parliamentary group there from 2012 to 2019. In 2019, he was the Flemish Minister for the Environment, Nature and Agriculture. He was co-opted as director, with effect from 1 December 2019, at the Board of Directors' meeting held on 29 January 2020, and his current term of office will expire at the Annual General Meeting in May 2025.

**Geert Versnick**, Director

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

**Luc Zabeau**, Director (until 30 June 2021)

Luc Zabeau is a commercial engineer and holds a degree in commercial and financial sciences. He was appointed as director in June 2009 following his nomination by Publigas. He resigned with effect from 30 June 2021.

**Independent directors under the provisions of the Gas Act****Laurence Bovy**, independent director (until 31 December 2021)

Laurence Bovy holds a Master's degree in public and administrative law from the Université Libre de Bruxelles (ULB). She also studied at the Institute of Directors in London and followed various programmes in public procurement and banking law. She is currently CEO of the bi-regional intermunicipal company VIVAQUA and a member of the Board of Governors of the King Baudouin Foundation and the Board of Directors of the Federal Holding and Investment Company (SFPI-FPIM). 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. She tendered her resignation with effect from 31 December 2021.

**Sabine Colson**, independent director, Chairman of the Corporate Governance Committee

Sabine Colson has a degree in business and finance from HEC Liège. She completed a GUBERNA Certified Director course and holds a university certificate in innovation management from UCLouvain. She coordinates the Family & MBO investment platform at the Regional Investment Company of Wallonia (SRIW). Following the recommendation of the relevant advisory committees, she was co-opted as independent director by the Board of Directors with effect from 1 October 2018. Her current term of office will expire at the Annual General Meeting in May 2024.

**Valentine Delwart**, independent director

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

**Cécile Flandre**, independent director (since 30 March 2022)

Cécile Flandre holds a degree in mathematics and actuarial science from the Université Libre de Bruxelles (ULB). For nine years she served as CFO and executive director at two insurance companies, Belfius Insurance and later Ethias. She has many years of experience in the insurance sector, including its supervision, and in financial matters. She is currently a director of Elia Transmission Belgium, Elia Asset and Elia Group. She has been a member or chair of the boards of directors and audit committees of several companies. She was co-opted as an independent director by the Board of Directors with effect from 30 March 2022 for a term expiring at the Annual General Meeting in May 2025. A decision on her permanent appointment will be taken at the Annual General Meeting on 10 May 2022.

**Sandra Gobert**, independent director

Sandra Gobert holds a Master's degree in law from the Vrije Universiteit Brussel (VUB). She has taken the GUBERNA training courses and is a GUBERNA Certified Director. She has been a member of the Brussels Bar since 1992, specialising in corporate law and corporate governance, and has held directorships since 1991. In early 2019, she was appointed Executive Director of GUBERNA, where she has been a member of the Board of Directors since 2016. She is also a partner in Sub Rosa Legal. 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. She was co-opted as independent director with effect from 1 July 2019 following her nomination by the Board of Directors' meeting held on 26 June 2019 and the recommendation of the relevant advisory committees, and her current term of office will expire at the Annual General Meeting in May 2023.

**Anne Leclercq**, independent director

Anne Leclercq holds a Master's degree in law and an MBA from Vlerick Business School. Many years working in both the banking sector and as Director of Treasury and Capital Markets at the Belgian Debt Agency (the agency in charge of the operational management of the debt of the Belgian federal government) have provided her with a wealth of financial expertise and management experience. Until mid-2019, Anne chaired a sub-committee of the European Union's Economic and Financial Committee comprising debt managers from the various EU Member States. She is currently a director at Argenta Bank en Verzekeringen, WDP (Warehouses De Pauw), Z.org, Plexus (Regional Hospital Network) and KU Leuven/UZ Leuven, where she is also Chairman of the Audit Committee. She was appointed as independent director at Fluxys in May 2018 following her nomination by the Board of Directors and the recommendation of the relevant advisory committees. Her current term of office will expire at the Annual General Meeting in May 2024.

**Walter Nonneman**, independent director (until 11 May 2021)

Walter Nonneman is an emeritus professor of economics at the University of Antwerp and has held management and board positions in the private, non-profit and public sectors. He holds a PhD in applied economics from UFSIA in Antwerp and also studied at the Harvard Graduate School of Business Administration. Walter was appointed as independent director in May 2009 following his nomination by the Appointment and Remuneration Committee. His term of office expired at the Annual General Meeting in May 2021.

**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 term of office will expire at the Annual General Meeting in May 2025.

## Federal government representatives

**François Fontaine, Maxime Saliez and Tom Vanden Borre**

François Fontaine sat on the Board of Directors in an advisory capacity as a French-speaking representative of the federal government until 8 February 2021.

Messrs Maxime Saliez and Tom Vanden Borre were appointed as per the Royal Decree of 31 January 2021 as representatives of the federal government in an advisory capacity for the French- and Dutch-speaking roles respectively. This Royal Decree entered into force on the date of its publication in the Belgian Official Gazette, namely 8 February 2021.<sup>1</sup>

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 and the Strategic Advice Committee in an advisory capacity.

**Secretariat**

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

<sup>1</sup> 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).

## Activity report

### Issues examined

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

- The strategy of Fluxys Belgium;
- The 2021 budget;
- The 10-year investment programme (2021-2030);
- The medium-term financial plan;
- The HSEQ policy;
- Risk management;
- The preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases;
- The drafting of the annual financial report for the financial year 2020 and the half-yearly financial report as at 30 June 2021;
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
  - market integration projects;
  - projects linked to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO<sub>2</sub>, including the framework of the economic recovery plan;
  - L-gas to H-gas conversion;
  - long-term solutions for storage in Loenhout and changes to the regulation of storage activities;
  - regasification services;
  - investment decision for the expansion of truck loading capacity in Zeebrugge;
- Changes in the legal and regulatory framework;
- Progress of disputes and legal action brought in order to safeguard the company's interests;
- The energy mix, the European Green Deal, developing a long-term vision for a low-carbon energy system by 2050 and the European Commission's Fit for 55 programme;
- The role of natural gas in Belgium's future energy system and in the energy transition;
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal);
- Water capture contribution;
- Convening the Annual General Meeting;
- Changes in the composition of the Board of Directors and the advisory committees;
- Examination of reports by the Strategic Advice Committee, the Audit and Risk Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee;
- Examination of the report of the Board of Directors of Fluxys LNG;
- The measures taken by the company with regard to the COVID-19 pandemic.

## Operation

The Board of Directors may only deliberate and adopt decisions when at least half of the directors are either present or represented. Decisions made by the Board of Directors are taken by a simple majority of votes cast by directors present or represented. In 2021, 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 six times in ordinary meetings in 2021. Director attendance at Board of Directors' meetings in 2021 was as follows:

	Attendance
Daniël Termont	6 out of 6 meetings
Claude Grégoire	6 out of 6 meetings
Pascal De Buck	6 out of 6 meetings
Jos Ansoms	6 out of 6 meetings
Laurence Bovy	3 out of 6 meetings
Sabine Colson	5 out of 6 meetings
Laurent Coppens	2 out of 2 meetings
Patrick Côté	6 out of 6 meetings
Valentine Delwart	5 out of 6 meetings
Sandra Gobert	6 out of 6 meetings
Andries Gryffroy	4 out of 6 meetings
Luc Hujoel	4 out of 4 meetings
Ludo Kelchtermans	6 out of 6 meetings
Robert Kesteman	6 out of 6 meetings
Anne Leclercq	6 out of 6 meetings
Renaud Moens	6 out of 6 meetings
Walter Nonneman	3 out of 3 meetings
Josly Piette	6 out of 6 meetings
Koen Van den Heuvel	6 out of 6 meetings
Geert Versnick	4 out of 6 meetings
Sandra Wauters	6 out of 6 meetings
Luc Zabeau	4 out of 4 meetings



## Committees formed by the Board of Directors

### Strategic Advice Committee

#### Composition of the Strategic Advice Committee

The Strategic Advice Committee comprises nine non-executive directors, of whom at least one third must be independent within the meaning of the Gas Act.

#### Chairman

Claude Grégoire

#### Vice-Chairman

Daniël Termont, Chairman of the Board of Directors

#### Members

- Jos Ansoms
- Patrick Côté
- Valentine Delwart\*
- Luc Hujoel (until 30 June 2021)
- Anne Leclercq\* (since 12 May 2021)
- Walter Nonneman\* (until 11 May 2021)
- Koen Van den Heuvel
- Sandra Wauters\*

\* Independent directors under the provisions of the Gas Act

#### Federal government representatives acting in an advisory capacity

Maxime Saliez and Tom Vanden Borre

#### Invited in an advisory capacity

Andries Gryffroy, Director

#### Secretariat

Nicolas Daubies, Deputy Director Group General Counsel & Company Secretary, acts as secretary to the Strategic Advice Committee.

#### Issues examined

The Strategic Advice Committee was set up within the Board of Directors in accordance with Article 15.1 of the Articles of Association. It has no decision-making powers but is responsible for providing an opinion on the items to be submitted to the Board of Directors for approval, in accordance with the applicable legal and regulatory provisions and the Articles of Association. Within this framework, the Strategy Committee also monitors implementation of the Board of Directors' decisions. The members of the Strategic Advice Committee seek to adopt decisions by consensus. In 2021, the Strategic Advice Committee addressed the following issues, among others:

- The strategy of Fluxys Belgium;
- The 10-year investment programme (2022-2031);
- The 2022 budget;
- The Medium-Term Plan;
- The HSEQ policy;
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:

- market integration projects;
- L-gas to H-gas conversion;
- projects linked to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO<sub>2</sub>, including the framework of the economic recovery plan;
- long-term solutions for storage in Loenhout and changes to the regulation of storage activities;
- geothermal energy;
- regasification services;
- investment decision for the expansion of truck loading capacity in Zeebrugge;
- Changes in the legal and regulatory framework, including tariffs and the new draft Gas Package published by the European Commission;
- Progress of disputes and legal action brought in order to safeguard the company's interests;
- The energy mix, the European Green Deal, developing a long-term vision for a low-carbon energy system by 2050 and the European Commission's Fit for 55 programme;
- The role of natural gas in Belgium's future energy system and in the energy transition;
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal);
- Water capture contribution;
- Information relating to operation and safety.

#### Operation

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

## Frequency of meetings and attendance levels

The Strategic Advice Committee met nine times in 2021. Director attendance at Strategic Advice Committee meetings in 2021 was as follows:

	Attendance
Claude Grégoire	9 out of 9 meetings
Daniël Termont	9 out of 9 meetings
Jos Ansoms	8 out of 9 meetings
Patrick Côté	9 out of 9 meetings
Valentine Delwart	9 out of 9 meetings
Andries Gryffroy	9 out of 9 meetings
Luc Hujoel	4 out of 4 meetings
Anne Leclercq	4 out of 5 meetings
Walter Nonneman	4 out of 4 meetings
Koen Van den Heuvel	9 out of 9 meetings
Sandra Wauters	9 out of 9 meetings

## Audit and Risk Committee

### Composition of the Audit and Risk Committee

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

#### Chairman

Ludo Kelchtermans

#### Members

- Laurence Bovy\* (until 31 December 2021)
- Cécile Flandre (since 30 March 2022)
- Sabine Colson\*
- Laurent Coppens (since 1 July 2021)
- Patrick Côté
- Anne Leclercq\*
- Renaud Moens (until 30 June 2021)
- Sandra Wauters\*

\* Independent directors under the provisions of the Gas Act

#### Secretariat

Nicolas Daubies, Deputy 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

### Laurence Bovy (until 31 December 2021)

- She has experience of audit committees and appointment and remuneration committees, specifically at the National Railway Company of Belgium (SNCB), finance.brussels and the SFPI-FPIM.

### Cécile Flandre (since 30 March 2022)

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

### Sabine Colson

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

### Anne Leclercq

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

### Sandra Wauters

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

## Issues examined

The Audit and Risk Committee was set up within the Board of Directors to assist this body. It has the powers assigned to an audit and risk committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Audit and Risk Committee seek to adopt decisions by consensus. In 2021, the Audit and Risk Committee mainly addressed the following issues:

- The company's accounts as at 31 December 2020 and 30 June 2021 as well as the associated press releases (financial part);
- The annual financial report for the 2020 financial year and the half-yearly report as at 30 June 2021;
- The principles governing the closing of accounts;
- Examination of the auditor's work and schedule;
- Examination of the internal control and risk management system;
- Goals, schedule and activities of the internal audit in 2021;
- The internal audit schedule for 2022;
- Follow-up on the recommendations made in the wake of the internal audit in 2020;
- Risk management;
- The results of the Fluxys Risk Management (2nd Line) audit;
- Confirmation to the Audit and Risk Committee of the independence of the internal audit;
- The evaluation of the person in charge of the internal audit.

## Operation

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

## Frequency of meetings and attendance levels

The Audit and Risk Committee met four times in 2021. Director attendance at Audit and Risk Committee meetings in 2021 was as follows:

	Attendance
Ludo Kelchtermans	4 out of 4 meetings
Laurence Bovy	3 out of 4 meetings
Sabine Colson	4 out of 4 meetings
Laurent Coppens	2 out of 2 meetings
Patrick Côté	4 out of 4 meetings
Anne Leclercq	4 out of 4 meetings
Renaud Moens	2 out of 2 meetings
Sandra Wauters	3 out of 4 meetings

## Appointment and Remuneration Committee

### Composition of the Appointment and Remuneration Committee

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

### Chairman

Luc Hujoel (until 30 June 2021)

Renaud Moens (since 1 July 2021)

### Members

- Laurence Bovy\* (until 31 December 2021)
- Cécile Flandre (since 30 March 2022)
- Valentine Delwart\*
- Sandra Gobert\* (since 12 May 2021)
- Roberte Kesteman\*
- Walter Nonneman\* (until 11 May 2021)
- Koen Van den Heuvel
- Geert Versnick

\* Independent directors under the provisions of the Gas Act

### 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 2021, the Appointment and Remuneration Committee mainly addressed the following issues:

- The compilation of the draft remuneration report;
- The compilation of the opinion for the Board of Directors concerning the renewal of the term of office of directors;
- 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 2021;
- The approach and planning 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 2021, the Appointment and Remuneration Committee approved all the decisions submitted to it. For detailed information on how the Appointment and Remuneration Committee works, please consult Annex III of the Corporate Governance Charter – Appointment and Remuneration Committee Rules of Internal Procedure (<https://www.fluxys.com/en/company/fluxys-belgium/management-governance>).

## Frequency of meetings and attendance levels

The Appointment and Remuneration Committee met five times in 2021. Director attendance at Appointment and Remuneration Committee meetings in 2021 was as follows:

	Attendance
Luc Hujoel	4 out of 4 meetings
Renaud Moens	1 out of 1 meeting
Laurence Bovy	3 out of 5 meetings
Valentine Delwart	5 out of 5 meetings
Sandra Gobert	2 out of 2 meetings
Roberte Kesteman	5 out of 5 meetings
Walter Nonneman	3 out of 3 meetings
Koen Van den Heuvel	5 out of 5 meetings
Geert Versnick	3 out of 5 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 (since 1 July 2021)
- Valentine Delwart\*
- Sandra Gobert\*
- Roberte Kesteman\*
- Anne Leclercq\*
- Josly Piette
- Luc Zabeau (until 30 June 2021)

\* Independent directors under the provisions of the Gas Act

#### Secretariat

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

### Issues examined

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act. The members of the Corporate Governance Committee seek to adopt decisions by consensus. In 2021, the Corporate Governance Committee mainly addressed the following issue:

- Preparation of the 2020 annual report by the Corporate Governance Committee, drafted on the basis of Article 8/3 section 5(3) of the Gas Act.

### Operation

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

### Frequency of meetings and attendance levels

The Corporate Governance Committee met once in 2021. Director attendance at Corporate Governance Committee meetings in 2021 was as follows:

	Attendance
Sabine Colson	1 out of 1 meeting
Laurent Coppens	No meetings
Valentine Delwart	0 out of 1 meeting
Sandra Gobert	1 out of 1 meeting
Roberte Kesteman	1 out of 1 meeting
Anne Leclercq	1 out of 1 meeting
Josly Piette	1 out of 1 meeting
Luc Zabeau	1 out of 1 meeting

## Managing Director and CEO and Management Team BE in 2021

### 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, Deputy Director Group General Counsel & Company Secretary, acts as secretary to the Management Team BE.

### Issues examined

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. In 2021, the Management Team BE – in addition to the matters submitted to the Board of Directors (see page 140) – also focused on the following issues:

- **Strategy:** key role of the transmission of carbon-neutral gases and CO<sub>2</sub> in the energy system of the future, sustainable development goals, multi-energy model: outlook for 2030/2050, investment planning including transition projects, ENTSOG roadmap;
- **Commercial activities:** monitoring changes in traded volumes and liquidity on the gas trading points, monitoring changes in capacity sales, analysing the competitiveness of transmission activities, project to increase regasification capacity at the LNG terminal, new services in small-scale LNG, injection of green gas into the network, market process for the development of hydrogen and CO<sub>2</sub> infrastructure, L/H conversion, truck loading, market consultations, impact of high gas prices, certification issues for biofuels, commercialisation of optical fibres;
- **Finance:** annual and half-yearly financial results, efficient cost management, audit policy, monitoring of subsidy applications, sustainable finance and the Taxonomy Regulation, drafting, validation and monitoring of the budget, creditworthiness analysis of counterparties, OPEX monitoring, financial situation at Balansys;
- **Legal and regulatory framework:** tariff methodology 2024-2027, 2022 balancing tariff proposal, market consultation for transmission and storage, H<sub>2</sub> and CO<sub>2</sub> legal framework, future market model for storage, Gas Directive, BioLNG regulated service, Fit for 55 project, CSR annual report 2020 and approach, embargo procedure;
- **Infrastructure and operations:** ICT security monitoring and governance, Digital Lounge plan, electronic signature, digitalisation, infrastructure adjustments for home working, research projects on hydrogen transmission, green energy and climate neutrality, monitoring of infrastructure works, network safety, analysis of incidents, near-incidents and occupational accidents, investment projects, orders, obtaining the necessary permits for investment projects or operating activities, awarding of contracts, status of the decommissioning of pipelines, transfer of the ownership of land or subsurfaces, operational reporting, CRM study, water capture contribution, impact of nitrogen ruling, crisis management training and exercise programme;
- **HR policy:** effects of the pandemic on staff and plan of action, internal organisation, company objectives and monitoring of progress, sustainability report;

- **Health, safety and environment:** implementation and monitoring of pandemic-related measures, emission issues, HSE policy, EU methane regulation, ISO 14001 certification, Global Prevention Plan 2022-2026, safety advice for employees;
- Renewal and termination of insurance;
- Monitoring the activities of subsidiaries and related associations;
- Preparation of documentation for the Board of Directors and the various committees.

## Remuneration report

### Introduction

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

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

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

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

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

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

The remuneration awarded in 2021 is in line with the company's remuneration policy and with the company's performance, which also remained strong during this year, and with its short- and long-term ambitions. Among other things, the company was able to continue ensuring the continuity of its activities during the prevailing pandemic and also to take important steps in the transition to a sustainable energy future.

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

### Remuneration for non-executive directors

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

The remuneration consists of a total fixed amount, determined by the Annual General Meeting, that the Board of Directors distributes to non-executive directors on the basis of the workload their individual roles require within the company of no more than € 360,000 per annum as of 1 July 2007 (subject to indexation), or €466,613.50 as of 31 December 2021. Non-executive directors and government representatives also receive an attendance fee of €250 for each Board or committee meeting.

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

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

## Fees for non-executive directors

For their work on Fluxys Belgium's Board of Directors and its various committees, the non-executive directors received the following gross remuneration and attendance fees in 2021:

Directors and government representative	Gross total (in €)
Daniël Termont	29,672.97
Claude Grégoire	24,488.38
Jos Ansoms	19,053.78
Laurence Bovy (1)	22,988.37
Sabine Colson (2)	23,488.37
Laurent Coppens (4)	11,454.41
Patrick Côté (3)	25,488.37
Valentine Delwart	30,672.96
Sandra Gobert	21,377.60
Andries Gryffroy	18,803.78
Luc Hujoel (4)	13,283.96
Ludo Kelchtermans (5)	18,053.78
Roberte Kesteman (6)	23,988.37
Anne Leclercq	28,062.19
Renaud Moens (7)	17,803.78
Walter Nonneman	9,943.09
Josly Piette (8)	17,553.78
Koen Van den Heuvel	25,738.37
Geert Versnick	17,303.78
Sandra Wauters	25,238.37
Luc Zabeau (4)	9,212.97
François Fontaine	2,119.30
Maxime Saliez	17,184.48
Tom Vanden Borre	16,934.48
Total	469,909.69

The total amount of €469,909.69 is made up of €398,659.69 in directors' fees and €71,250.00 in attendance fees.

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

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

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

Until 8 February 2021, Mr François Fontaine served as federal government representative acting in an advisory capacity, attending the Strategic Advice Committee. On 8 February 2021 Mr Tom Vanden Borre and Mr Maxime Saliez were appointed as representatives of the federal government for the Dutch-speaking and French-speaking roles respectively<sup>2</sup>.

<sup>2</sup> 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).

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

### Total remuneration

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

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

### Setting of remuneration

The Chairman of the Executive Board and CEO was evaluated for the year in question by the Board of Directors, following the opinion of the Appointment and Remuneration Committee, based on the extent to which the stipulated objectives were achieved. The Appointment and Remuneration Committee was also given an explanation regarding the extent to which the stipulated objectives of the Managing Director and CEO of Fluxys Belgium were achieved and the evaluation of the members of Management Team BE in 2021.

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

- approved the performance and activities of Fluxys Belgium for 2021;
- defined the amount of the 2021 variable remuneration for Pascal De Buck as Managing Director and CEO of Fluxys Belgium in 2021, pursuant to a proposal by the Appointment and Remuneration Committee, and defined the total amount of the variable remuneration in 2021 of the other members of Management Team BE of Fluxys Belgium, pursuant to a proposal by Pascal De Buck.

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

## For the Managing Director and CEO

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

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

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



## For the members of Management Team BE

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

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

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

For 2021, the key corporate targets can be summarised as follows:

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

Fluxys Belgium implements its strategy and sustainability commitment in company objectives that cover the key areas of Planet, Prosperity and People, which are translated into personal objectives every year. For example, our focus on our role in the transition to a sustainable energy future is a critical factor in the variable compensation framework, as is our Go4Net0 project targeting a greenhouse gas emission-free company.

In addition, sustainability, safety, good community relations and the well-being of our employees were included as important pillars in the short-term and long-term compensation plans.

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

The company targets were easily achieved in 2021, in particular in terms of financial performance and the energy transition.

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

For the members of Management Team BE, too, the personal targets were exceeded and the targets related to leadership and the propagation of the company's values were also positively assessed. Short-term variable remuneration is paid entirely in cash, with the option to have part of the bonus paid out in OTC options. The long-term objectives were almost completely achieved by the members of Management Team BE; as an exception, there will be a payout after one year. The next payout is possible after two years, in 2023. Remuneration for long-term goals is paid out in cash.

## Remuneration awarded to the Managing Director and CEO and the members of Management Team BE in 2021

Components	Managing Director and CEO (individual)	Members of Management Team BE (together)
Basic remuneration	300,743.40	506,081.40
Variable remuneration	175,935.00	183,608.00
Long-term variable remuneration*	N/A	30,871.00
Pension	113,984.51	251,347.17**
Other components	19,148.28	50,438.46
Total	609,811.19	1,022,346.03
Fixed/variable ratio***	71%	78%
	29%	22%

\*As an exception: a payout after one year. The CEO waives this long-term variable remuneration for the year 2021.

\*\* Including special bonus for 25 years of service for one member of Management Team BE.

\*\*\* The one-off special bonus for 25 years of service for one member of Management Team BE has not been included in the calculation of the fixed/variable ratio.

As regards the variable remuneration for 2021, Fluxys Belgium is covered by the legal derogation from the requirement to spread payment over multiple years, because the on-target variable remuneration for the Managing Director and CEO and the members of Management Team BE is no more than 25% of the total annual remuneration.

### Share-related remuneration

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

### Severance pay

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

### Recovery 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, the error will be taken into account in the evaluation process of the individual concerned in the year in which the error is detected.

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

### Deviations from the remuneration policy

There were no deviations from the remuneration policy in 2021.

## Changes in company remuneration and performance

Change by year	2017	2018	2019	2020	2021
<b>Non-executive directors*</b>					
Total	415,448	437,103	462,051	464,687	469,910
<b>Chairman of the Executive Board and CEO/Managing Director and CEO</b>					
Total	450,921	470,938	516,941	619,288	609,811
<b>Members of the Executive Board/Management Team BE*</b>					
Total	869,451	915,034	893,778	977,242	1,022,346
<b>Performance of Fluxys Belgium Group (consolidated annual accounts – in thousands of €)</b>					
Operating revenue	510,528	503,246	530,995	560,590	573,191
EBITDA	283,163	278,382	297,337	313,623	318,905
EBIT	129,312	120,601	134,841	133,482	137,821
Net profit	70,321	54,469	69,498	73,237	75,521
<b>Average remuneration for other employees (in full-time equivalents)</b>					
Total**	83,417	88,498	88,689	89,292	91,112

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

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

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

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

The ratio between the highest remuneration for management (the Managing Director and CEO) and the lowest remuneration in full-time equivalent for employees was 1:15 for 2021.

## 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 and Strategic Advice Committee;
- 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 or advice from the Strategic Advice Committee (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 the 2021 financial year.

## Issue or buy-back of shares

Fluxys Belgium's Articles of Association authorise the General Meeting to acquire the company's own shares in accordance with legal provisions. No such decision was taken at the 2021 Annual General Meeting. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the General Meeting is required.

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

## Auditor

The Annual General Meeting decided on the annual fees of EY Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL.

In 2021, EY received remuneration totalling €169,982 for its work as the Fluxys Belgium group's auditor.

This remuneration is broken down as follows:

- Audit services as auditor for the group: €134,860;
- Audit services as auditor for the group's foreign subsidiaries: €17,622.
- The auditor provided additional services during the year for a total of €17,500.

The mandate of the auditor, Ernst & Young Bedrijfsrevisoren BV, having its registered office at De Kleetlaan 2, B-1831 Diegem, listed in the Register of Legal Entities under the number 0446.334.711, represented by:

- Marnix Van Dooren & Co BV, permanently represented by Mr Marnix Van Dooren, and
- Wim Van Gasse BV, permanently represented by Mr Wim Van Gasse,

will expire at the end of the Annual General Meeting on 10 May 2022.

Based on the advice of the Audit Committee, the Board of Directors has recommended to the Annual General Meeting to renew the mandate of Ernst & Young Bedrijfsrevisoren BV as auditor for a further term of three years expiring at the end of the Annual General Meeting in 2025, for an indexed fee of €118.779/year.

## Subsidiaries

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

## Disclosure of major holdings

The periodic disclosure pursuant to Article 74(8) of the Act of 1 April 2007 was sent out on 13 December 2017. As of the date of disclosure, Fluxys held 63,237,240 shares with voting rights in Fluxys Belgium. Publigas held no shares with voting rights in Fluxys Belgium. Publigas confirmed at that time that it had not acquired or transferred any shares with voting rights in Fluxys Belgium. No transfer of shares with voting rights took place in 2021.

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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 Act<sup>1</sup>.

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

<sup>1</sup> 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	31-12-2021	31-12-2020 revised
<b>I. Non-current assets</b>		<b>2,074,508</b>	<b>2,196,174</b>
Property, plant and equipment	5.1	1,902,037	2,011,209
Intangible assets	5.2	23,891	28,207
Right of use assets	5.3	33,527	36,467
Investments accounted for using the equity method		50	50
Other financial assets	5.4/6	88,642	109,506
Finance lease receivables	6	2,094	2,697
Other receivables	6	9,144	4,144
Other non-current assets	5.5	15,123	3,894
<b>II. Current assets</b>		<b>560,006</b>	<b>533,865</b>
Inventories	5.6	39,042	26,378
Finance lease receivables	6	601	601
Current tax receivables		1,473	5,108
Trade and other receivables	5.7/6	90,446	71,000
Cash investments	5.8/6	45,740	39,458
Cash and cash equivalents	5.8/6	366,931	377,359
Other current assets	5.9	15,773	13,961
<b>Total assets</b>		<b>2,634,514</b>	<b>2,730,039</b>

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2021	31-12-2020 revised
<b>I. Equity</b>	<b>5.10</b>	<b>639,674</b>	<b>639,038</b>
Equity attributable to the parent company's shareholders		639,674	639,038
Share capital and share premiums		60,310	60,310
Retained earnings and other reserves		579,364	578,728
Non-controlling interests		0	0
<b>II. Non-current liabilities</b>		<b>1,775,473</b>	<b>1,819,250</b>
Interest-bearing liabilities	5.11/6	1,162,091	1,208,055
Regulatory liabilities	5.12	397,877	381,499
Provisions	5.13	4,246	4,465
Provisions for employee benefits	5.14	60,517	70,631
Other non-current financial liabilities	6	3,254	2,054
Deferred tax liabilities	5.14	147,488	152,546
<b>III. Current liabilities</b>		<b>219,367</b>	<b>271,751</b>
Interest-bearing liabilities	5.11/6	57,432	58,186
Regulatory liabilities	5.12	75,963	126,657
Provisions	5.12	3,069	875
Provisions for employee benefits	5.13	4,201	5,143
Current tax payables		2,148	4,146
Trade and other payables	5.16/6	73,307	73,950
Other current liabilities		3,247	2,794
<b>Total liabilities and equity</b>		<b>2,634,514</b>	<b>2,730,039</b>

**B. Consolidated income statement**

Consolidated income statement		In thousands of €	
	Notes	31-12-2021	31-12-2020
Operating revenue	4.1	573,191	560,590
Sales of gas related to balancing operations and operational needs	4.1.3	32,378	26,887
Other operating income		13,107	12,191
Consumables, merchandise and supplies used	4.2.1	-3,422	-2,970
Purchase of gas related to balancing of operations and operational needs		-32,378	-26,886
Miscellaneous goods and services	4.2.2	-146,348	-140,410
Employee expenses	4.2.3	-112,549	-110,544
Other operating expenses	4.2.4	-5,074	-5,235
Depreciations	4.2.5	-173,993	-174,534
Provisions	4.2.6	-7,070	-6,155
Impairment losses		-21	548
<b>Operational profit/loss</b>		<b>137,821</b>	<b>133,482</b>
Change in the fair value of financial instruments		-114	0
Financial income	4.3	1,142	924
Finance costs	4.4	-38,375	-40,734
<b>Profit/loss before taxes</b>		<b>100,474</b>	<b>93,672</b>
Income tax expenses	4.5	-24,953	-20,435
<b>Net profit/loss for the period</b>	<b>4.6</b>	<b>75,521</b>	<b>73,237</b>
Fluxys Belgium share		75,521	73,237
Non-controlling interests		0	0
Basic earnings per share attributable to the parent company's shareholders in €	4.7	1,0748	1,0423
Diluted earnings per share attributable to the parent company's shareholders in €	4.7	1,0748	1,0423

**C. Consolidated statement of comprehensive income**

Consolidated statement of comprehensive income		In thousands of €	
	Notes	31-12-2021	31-12-2020
<b>Net profit/loss for the period</b>	<b>4.6</b>	<b>75,521</b>	<b>73,237</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of employee benefits	5.13	28,503	-7,378
Income tax expense on these variances		-7,126	1,845
<b>Other comprehensive income</b>		<b>21,377</b>	<b>-5,533</b>
<b>Comprehensive income for the period</b>		<b>96,898</b>	<b>67,704</b>
Fluxys Belgium share		96,898	67,704
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		
<b>I. BALANCE AS AT 31-12-2019</b>	60,272	38	54,072	560,643	-12,348	0	662,677	0	662,677		
1. Comprehensive income for the period				73,237	-5,533	0	67,704	0	67,704		
2. Dividends paid			0	-91,343			-91,343		-91,343		
<b>II. CLOSING BALANCE AS AT 31-12-2020</b>	60,272	38	54,072	542,537	-17,881	0	639,038	0	639,038		
1. Comprehensive income for the Period				75,521	21,377		96,898		96,898		
2. Dividends paid				-96,262			-96,262		-96,262		
<b>III. CLOSING BALANCE AS AT 31-12-2021</b>	60,272	38	54,072	521,796	3,496	0	639,674	0	639,674		

## E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)		In thousands of €	
	Notes	31-12-2021	31-12-2020 revised
<b>I. Cash and cash equivalents, opening balance</b>	A.	377,359	369,005
<b>II. Net cash flows from operating activities</b>		214,328	213,336
<b>1. Cash flows from operating activities</b>		248,206	247,365
1.1. Profit/loss from continuing operations	B.	137,821	133,482
1.2. Non cash adjustments		144,620	113,528
1.2.1. Depreciations	B.	173,993	174,534
1.2.2. Provisions	B.	7,070	6,155
1.2.3. Impairment losses	B.	21	-548
1.2.4. Translation adjustments		0	0
1.2.5. Other non-cash adjustments		-369	390
1.2.6. Increase (decrease) of the regulatory liabilities	5.12	-36,095	-67,003
1.3. Changes in working capital		-34,235	356
1.3.1. Decrease (increase) of inventories		-12,663	658
1.3.2. Decrease (increase) of tax receivables	A.	3,635	-1,143
1.3.3. Decrease (increase) of trade and other receivables	A.	-19,468	18,421
1.3.4. Decrease (increase) of other current assets		-564	-69
1.3.5. Increase (decrease) of tax payables		-4,355	756
1.3.6. Increase (decrease) of trade and other payables	A.	-1,273	-18,718
1.3.7. Increase (decrease) of other current liabilities	A.	453	-398
1.3.8. Other changes in working capital		0	849
<b>2. Cash flows relating to other operating activities</b>		-33,878	-34,029
2.1. Current tax paid		-34,780	-34,732
2.2. Interests from investments, cash and cash equivalents	4.3	957	792
2.3. Other inflows (outflows) relating to other operating activities	4.3/4.4	-55	-89
<b>III. Net cash flows relating to investment activities</b>		-43,950	-51,949
<b>1. Acquisitions</b>		-61,546	-71,262
1.1. Payments to acquire property, plant and equipment, and intangible assets	5.1/5.2	-56,546	-47,306
1.2. Payments to acquire subsidiaries, joint arrangements or associates	A.	0	-34

1.3. Payments to acquire other financial assets	-5,000	-23,922
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<b>VI. Cash and cash equivalents, closing balance</b>	<b>A.</b>	<b>366,931</b>	<b>377,359</b>
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<b>Consolidated statement of cash flows (indirect method)</b>		<b>In thousands of €</b>	
	<b>Notes</b>	<b>31-12-2021</b>	<b>31-12-2020 revised</b>
<b>2. Disposals</b>		<b>23,365</b>	<b>566</b>
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets		1,307	565
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates		0	0
2.3. Proceeds from disposal of other financial assets	5.4	22,058	1
<b>3. Dividends received classified as investment activities</b>		<b>0</b>	<b>0</b>
<b>4. Subsidies received</b>	<b>5.1</b>	<b>513</b>	<b>0</b>
<b>5. Increase (-)/ Decrease (+) of cash investments</b>	<b>A.</b>	<b>-6,282</b>	<b>18,747</b>
<b>IV. Net cash flows relating to financing activities</b>		<b>-180,807</b>	<b>-153,033</b>
<b>1. Proceeds from cash flows from financing</b>		<b>603</b>	<b>603</b>
1.1. Proceeds from issuance of equity instruments	D.	0	0
1.2. Proceeds from issuance of treasury shares	D.	0	0
1.3. Proceeds from finance leases	A.	603	603
1.4. Proceeds from other non-current assets		0	0
1.5. Proceeds from issuance of compound financial instruments		0	0
1.6. Proceeds from issuance of other financial liabilities	5.11	0	0
<b>2. Repayments relating to cash flows from financing</b>		<b>-48,288</b>	<b>-24,608</b>
2.1. Repurchase of equity instruments subsequently cancelled		0	0
2.2. Repayment of capital to non-controlling shareholders		0	0
2.3. Repayment of finance lease liabilities	5.11	-4,955	-4,602
2.4. Redemption of compound financial instruments		0	0
2.5. Repayment of other financial liabilities	5.11	-43,333	-20,006
<b>3. Interests</b>		<b>-36,859</b>	<b>-37,686</b>
3.1. Interest paid classified as financing		-36,919	-37,750
3.2. Interest received classified as financing		60	64
<b>4. Dividends paid</b>	<b>D.</b>	<b>-96,262</b>	<b>-91,343</b>
<b>V. Net change in cash and cash equivalents</b>		<b>-10,429</b>	<b>8,354</b>

## Notes

### Note 1a. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys Belgium group for the financial year ended 31 December 2021 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 30 March 2022.

#### Note 1d. Standards, amendments and interpretations applicable on 1 January 2021

The following standards and interpretations are applicable for the annual period starting from 1 January 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments IFRS 16 Leases: COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020)
- Amendments to IFRS 4 Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (effective for annual periods beginning on or after 1 January 2021)

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

#### Note 1e. Standards, amendments and interpretations applicable from 1 January 2022

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

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023, but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements and the IFRS 2 Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023)

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023, but not yet adopted at European level)

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 1f. Changes in the presentation of regulatory liabilities

The group is closely following the latest evolutions of the IASB project for a new standard on regulatory assets and regulatory liabilities (ED 2021/1). Even if this new standard is still being developed, the group estimates it is useful to anticipate the application of some principles to improve transparency on the effects of regulation.

In the exposure draft, it is already becoming clear that regulatory assets and regulatory liabilities will not be considered as financial assets or liabilities (ED 2021/ BC52) and will have to be presented separately on the balance sheet. That is why the group, in agreement with the market regulator, has decided to present its regulatory liabilities henceforth as a separate line item on the balance sheet. Before, these liabilities were considered as part of the interest-bearing liabilities (as explained in note 5.11 of the annual financial report 2020). The group does not have any regulatory assets in the published periods.

Considering the above and after further analysis, we concluded that presenting the initial recognition and subsequent movements of regulatory liabilities as cash flow from financing activities was not compliant with IAS 7 *Statement of Cash Flows* and we applied IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Therefore, the evolution of the regulatory liabilities is no longer presented as cash flow from financing activities but as cash flow from operating activities.

The effects of this change in presentation can be summarised as follows:

On the **balance sheet**, the interest-bearing liabilities are split between regulatory and other liabilities. Since this is simply a split into two line-items, there is no impact on the net financial debt, total debt, solvency or equity.

Consolidated balance sheet		(in thousands of €)	
	31.12.2020 revised	31.12.2020 published	Difference
<b>II. Non-current liabilities</b>	<b>1,819,250</b>	<b>1,819,250</b>	<b>0</b>
Interest-bearing liabilities	1,208,055	1,589,554	-381,499
Regulatory liabilities	381,499	0	381,499
(...)			
<b>III. Current liabilities</b>	<b>271,751</b>	<b>271,751</b>	<b>0</b>
Interest-bearing liabilities	58,186	184,843	-126,657
Regulatory liabilities	126,657	0	126,657
(...)			

Consolidated balance sheet		(in thousands of €)	
	01.01.2020 revised	31.12.2019 published	Difference
<b>II. Non-current liabilities</b>	<b>1,957,483</b>	<b>1,957,483</b>	<b>0</b>
Interest-bearing liabilities	1,254,254	1,718,972	-464,718
Regulatory liabilities	464,718	0	464,718
(...)			
<b>III. Current liabilities</b>	<b>247,415</b>	<b>247,415</b>	<b>0</b>
Interest-bearing liabilities	35,069	143,577	-108,508
Regulatory liabilities	108,508	0	108,508
(...)			

In the consolidated **statement of cash flows**, there is a shift between financial and operational cash flows for an amount of €67,003 thousand (decrease of operational cash flow), that can be detailed as follows:

Consolidated statement of cash flows (indirect method)		(in thousands of €)		
	31.12.2020 revised	31.12.2020 published	Difference	Note
<b>I. Cash and cash equivalents, opening balance</b>	<b>369,005</b>	<b>369,005</b>	<b>0</b>	
<b>II. Cash flows from operating activities</b>	<b>213,336</b>	<b>280,339</b>	<b>-67,003</b>	<b>Subtotal</b>
1. Cash flows from operating activities	247,365	314,368	-67,003	Subtotal
1.1. Operating profit/loss	133,482	133,482	0	
1.2. Non-cash adjustments	113,528	180,531	-67,003	Subtotal
1.2.1. Depreciation	174,534	174,534	0	
1.2.2. Provisions	6,155	6,155	0	
1.2.3. Impairment losses	-548	-548	0	
1.2.4. Changes in regulatory liabilities	0	0	0	
1.2.5. Other non-cash adjustments	390	390	0	
1.2.6. Increase (decrease) regulatory liabilities	-67,003	0	-67,003	
1.3. Changes in working capital	356	356	0	
2. Cash flows relating to other operating activities	-34,029	-34,029	0	
<b>III. Cash flows relating to investment activities</b>	<b>-51,949</b>	<b>-51,949</b>	<b>0</b>	

Consolidated statement of cash flows (indirect method)		(in thousands of €)		
	31.12.2020 revised	31.12.2020 published	Difference	Note
<b>IV. Cash flows relating to financing activities</b>	<b>-153,033</b>	<b>-220,036</b>	<b>67,003</b>	<b>Subtotal</b>
1. Proceeds from cash flows from financing	603	33,784	-33,181	Subtotal
1.3. Proceeds from finance leases	603	603	0	
1.6. Proceeds from issuance of other financial liabilities	0	33,181	-33,181	B)
2. Repayments relating to cash flows from financing	-24,608	-122,858	98,250	Subtotal
2.3. Repayment of lease liabilities	-4,602	-4,602	0	
2.5. Repayment of other financial liabilities	-20,006	-118,256	98,250	C)
3. Interests	-37,686	-39,619	1,933	Subtotal
3.1. Interest paid classified as financing	-37,750	-39,683	1,933	D)
3.2. Interest received classified as financing	64	64	0	
4. Dividends paid	-91,343	-91,343	0	
<b>V. Net change in cash and cash equivalents</b>	<b>8,354</b>	<b>8,354</b>	<b>0</b>	
<b>VI. Cash and cash equivalents, closing balance</b>	<b>377,359</b>	<b>377,359</b>	<b>0</b>	

Notes to the table above:

- A) The difference of €67,003 thousand relates to the regulatory liabilities excluding interests accrued (see D). This amount equals the change in the regulatory liabilities in the operational result in the segment reporting (see note 4: €73,386 thousand minus €6,383 thousand = €67,003 thousand).
- B) Movements on regulatory liabilities have been removed from this section and transferred to operating cash flows (see A).
- C) The remainder, €20,006 thousand concerns a repayment of the EIB loan.
- D) The reclassified amount of €1,933 thousand relates to the interests that have been accrued under the regulatory framework on the regulatory liabilities.

As apparent in the table, there is no impact on the total cash flow or on the cash position.

There is also no impact on the income statement and hence neither on the main indicators of the group such as EBITDA, EBIT, net result, earnings per share and the ratio's that are derived from the latter such as FFO and RCF (see annual financial report 2020).

The comparative figures in the condensed financial statements and in the notes have been adapted where necessary.

Notwithstanding these changes in presentation, the interests that are accrued on the regulatory liabilities under the regulatory framework are still presented in the financial

## 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 30 March 2022.

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.

The investor has power over the investee when he holds existing rights that give the current ability to direct the relevant activities, i.e. the activities of the investee that significantly affect the investee's returns, even he does not hold the majority of the voting rights in the investee concerned.

The parent entity must consolidate the subsidiary as of the date it obtains the control over it and must cease to consolidate when it loses control over it. In this way revenues and charges of a subsidiary acquired or transferred in the course of the financial year are included in the consolidated income statement and in the consolidated statement of comprehensive income as from the date on which the parent entity acquired the control over the subsidiary and up to the date on which it ceased to control the latter.

## Investments in joint ventures

A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

The results and assets and liabilities of associates or joint ventures are accounted for in the present consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified as an asset held for sale in accordance with IFRS 5.

An investment in an associate or joint venture is initially accounted for at cost. It then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally, dividends distributed by this entity decrease the value of the investment.

### Note 2.5. Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

Intangible assets are recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Intangible assets with a limited useful life are depreciated over their useful life.

Computer software is depreciated at 20% per annum.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such

indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

Intangible assets are impaired when their book value exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.

Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognised when their book value exceeds their recoverable amount.

The useful life, the depreciation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

### Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.

The cost associated with emission of greenhouse gases in the atmosphere is recognised as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned (other debts). This expense is measured by reference to the weighted average cost of the acquired or granted allowances.

This liability is derecognised on the delivery of allowances to the government by withdrawing emission rights from intangible assets.

In case the allowances are insufficient to cover the emission of greenhouse gases during the financial year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.

The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

### Note 2.6. Property, plant and equipment

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

PPE is recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

PPE is reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset



and its value in use. The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discount rate.

### Subsidies

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.

### Depreciation methods

PPE is depreciated over its useful life.

Each significant component of PPE is recognised separately and depreciated over its useful life.

The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.

The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets. This is a specific list of regulated infrastructure investments, which are essential for gas transmission in Europe and form an integral part of the RAB.

The methods and durations of depreciation used are as follows:

Straight-line method:

- 50 years for transmission pipelines in Belgium, terminalling facilities and tanks;  
In line with the new tariff method applied since 01.01.2020, all investments (new and existing) in gas transmission pipelines are fully depreciated by December 2049 at the latest.  
This amendment has a limited impact on the financial statements and is neutral for the financial year's profit/loss. This period of depreciation has been agreed with the regulator and forms part of the energy transition (including the EU Green Deal), which the Group is fully engaged and cooperating with. In this context, the Group is also studying how its pipeline network can contribute in future to the transport of other molecules (CO<sub>2</sub>, hydrogen, biogas etc.);
- 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 over 25 years.

The useful life, the depreciation method, as well as the potential residual value of property, plant and equipment are reassessed at each balance sheet date and revised prospectively, if applicable.

### Note 2.7. Leases

#### Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination are considered, as required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

#### The group as a lessee

At the start of the lease, the lessee recognises a right-of-use asset and a lease obligation.

#### Right-of-use assets

The group recognises right-of-use assets on the date of the start of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease obligation minus amortisation and any depreciation, adjusted to take into account any revaluations of the lease obligation. The initial cost of the right-of-use assets includes the present value of the lease obligation, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different entry under non-current assets.

### Lease obligations

The lease obligation is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the book value to reflect the interest on the lease obligation;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease obligation or amendments to the lease.

The services included in leases do not form part of the lease debt.

Lease obligations are presented in a separate entry under current and non-current interest-bearing liabilities (see note 5.11).

#### Short-term leases and low-value leases

For short-term leases (duration of 12 months or less), the Fluxys Belgium group registers a lease expense.

To determine the criteria for a low-value lease, a threshold has been determined, except for vehicles, which are included in the group of vehicles leased for more than one year without applying the value criteria.

For short-term leases, and low-value leases, the effect on profit/loss is not significant.

### Presentation

In the consolidated income statement, the interest charge on the lease obligation is presented separately from the depreciation charge that applies to the right-of-use asset.

In the cash flow statement, the cash flows will be presented as follows:

- cash outflows relating to the principal of the lease obligation and the interest paid, in the financing activities;
- rent payments for short-term leases, low-value leases and variable rent payments that have not been taken into account in the valuation of the lease obligations, in the operating activities.

### The group as a lessor

The group leases out some facilities under finance lease as a lessor.

Assets under finance lease are assets for which the group substantially transfers risks and rewards related to the economic ownership to the lessee. Assets leased under such contracts are recognised on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question. Lease payments received are apportioned between financial income and repayments of the lease receivable so as to achieve a constant rate of return on the net investment by the group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the most pertinent criteria adopted is the following: a contract is considered a finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract.

No residual value is assumed for gas transmission assets in Belgium, due to the specific nature of the activities concerned.

### Note 2.8. Financial instruments

#### Recognition and derecognition of financial assets and liabilities

##### Recognition

Financial assets and liabilities are recognised when the group becomes party to the instrument's contractual terms.

##### Derecognition of financial assets

The group has to derecognise a financial asset if and only if the contractual rights on the cash flows of the financial asset expire, or where it transfers almost all the risks and advantages inherent to the ownership of the financial asset to a third party.

If the group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the group continues to recognise the financial asset to the extent of its continuing involvement and recognises a related liability for the amount received.

If the group keeps almost all the risks and advantages inherent to the ownership of the financial asset, it continues to recognise the whole financial asset and recognises a financial liability for the consideration received.

When a financial asset measured at amortised cost is derecognised, the difference between the amortised cost and the sum of the considerations received is transferred to the income statement.

When an investment in equity instruments until now measured at fair value with changes to other comprehensive income are derecognised, the accumulated profit/loss recognised previously in other comprehensive income is not reclassified to net income.

### Derecognition of financial liabilities

The entity derecognises a financial liability only if this liability is extinguished, i.e. once the obligation is fulfilled, cancelled or it expires.

The difference between the book value of an extinguished financial liability and the consideration paid, including, where applicable, the assets (non-cash) transferred and the liabilities acquired must be recognised in the income statement.

### Unconsolidated equity instruments (such as shares and equity rights)

The Fluxys Belgium group values the unconsolidated equity instruments at fair value with changes to other comprehensive income.

However, given the materiality of certain instruments and the unavailability of recent market values, certain equity instruments are accounted for at the initial cost.

The dividends received for these equity instruments are recognised in financial income under the item 'Dividends from unconsolidated entities'.

### Short-term investments, cash and cash equivalents

Cash investments in the form of bonds or commercial paper, having a maturity date exceeding three months, are reported as financial assets measured at amortised cost. These are shown in the balance sheet under non-current 'other financial assets' and under current 'investments'.

Cash and cash equivalents include short-term investments, short-term bank deposits and deposits readily convertible to a known cash amount and which are subject to an insignificant risk of changes in value (maximum of three months).

Cash and cash equivalents held are reported as financial assets measured at amortised cost.

The economic model used by the Fluxys Belgium group to manage financial assets aims to hold them in order to obtain contractual cash flows. The sales of financial assets are rare, and the group does not expect to proceed with such sales in the future, except in the case of an increased credit risk for the assets over and above the policy advocated by the group. A sale may also be motivated by an unexpected financing need.

Where the conditions required to be qualified as financial assets valued at amortised cost are not met, these financial assets concerned are valued at fair value with changes to net profit/loss.

### Trade and other receivables

Trade and other receivables are stated at their face value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognised when the book value of these items at balance sheet date exceeds their recoverable amount.

### Expected credit losses and write-downs

Expected credit losses on financial assets accounted for at amortised cost are calculated using an individual approach, based on the credit quality of the counterparty and the maturity of the financial asset.

Expected credit losses are calculated using a probability of default over 12 months where the credit risk is low.

A financial asset is impaired where one or more events have occurred with a negative effect on the future estimated cash flows of this financial asset. The indications of the impairment of a financial asset encompass data that may be observed on the following events:

- defaults in payments for more than 90 days,
- significant financial difficulty of the issuer or debtor and
- increasing probability of bankruptcy or financial restructuring of the lender.

If the economic forecast (for example gross domestic product) deteriorates over the course of next year, which could lead to an increase in the number of defaults, the historical default rates are adjusted. At each balance sheet date, the historical default rates observed are updated and the changes in the forecast estimates are analysed.

### Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognised in the income statement under the effective interest rate method over the term of the liabilities.

### Trade payables

Trade payables are stated at face value.

When the time value of money is significant, trade payables are discounted.

**Note 2.9. Inventories****Valuation**

Inventories are valued at the lower of cost and net realisable value.

Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

This impairment on inventories is recognised in the income statement in the period in which they arise.

**Gas inventory**

Gas inventory changes are valued under the weighted average cost method.

**Supplies and consumables**

Supplies and consumables are valued under the weighted average cost method.

**Work in progress**

Work in progress for third parties is valued at cost, including indirectly attributable costs.

When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognised immediately as an expense in the income statement.

**Note 2.10. Borrowing costs**

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.

The amount of the borrowing costs to be capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

**Note 2.11. Provisions**

Provisions are recognised as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from a past event;
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits;
- the amount of the obligation can be reliably estimated.

No provision is recognised if the above conditions are not met.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to have to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognised, management considers that the probability of an outflow of resources exceeds 50%.

When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.

All risks incurred by the group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes.

**Employee benefits**

Some companies in the Fluxys group have established supplementary 'defined benefit' or 'defined contribution' pension plans. Benefits provided under these plans are based on the number of years of service and the employee's salary.

**'Defined benefit' pension plans** enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

**'Defined contribution' pension plans** provide employees with a capital sum accumulated from personal and employer contributions, based on the salary.

In Belgium, the law requires that the employer guarantee a minimum return for defined contribution, which varies based on the market rates.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit' plans.

In case of death before retirement, these plans provide a capital sum for the surviving spouse, as well as allowances for orphans.

**Other employee benefits**

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and price subsidies, and other long-term benefits (seniority bonuses).

## Valuation

These liabilities are valued annually by a qualified actuary.

Regular payments made in relation to the supplementary pension plans are recognised as expenses at the time they are incurred.

### 'Defined benefit' pension plans

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee Benefits), using the projected unit credit method (PUCM).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee's career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. Any deficit resulting from this valuation is subject to the recognition of a provision to cover this risk. In the opposite case, an asset is recognised in line with the surplus of the defined benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or assets in the balance sheet comprise:

- the actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate);
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity through the other items in comprehensive income.

### 'Defined contribution' pension plans

The liabilities of the group with regard to 'defined contribution' plans are limited to the employer contributions paid recorded in the results.

### Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but revaluations are fully accounted for in the financial results in the financial year in which they occur.

## Note 2.12. Revenue recognition

The group accounts for operating revenue as it meets a service obligation by supplying the customer with the promised good or service and as this latter obtains control thereof.

The Fluxys Belgium group uses a five-stage approach to determine whether a contract entered into with a customer may be accounted for and the way in which revenue should be recognised:

1. identification of the contract,
2. identification of the service obligations,
3. determination of the transaction price,
4. distribution of the transaction price between the service obligations and
5. recognition of operating revenue where the service obligations are met or where the control of the goods or services is transferred to the customer.

Group revenues mainly come from standard regulated contracts for which both the services to be provided and the price of the service are clearly identified.

Fluxys Belgium and its subsidiaries transfer the control of their regulated services progressively and in doing so meet their service obligation and account for operating revenue progressively. It should be noted that the revenue from regulated activity is recognised based on reserved capacities.

Furthermore, the Fluxys Belgium group makes sales of gas that are necessary for balancing operations and its operational needs. These services, fulfilled at a specific time, are recognised in operating revenue at the time of their fulfilment. From 1 June 2020, these balancing operations are conducted by the joint venture with Balansys.

Regulated income received by the group may generate a gain or a loss compared with the target rate of return on the capital invested. Gains are reported and recognised as regulatory liabilities, whereas losses are included in operating revenue to offset the accounting of regulatory assets. The Group has no regulatory assets in the published periods.

The regulatory framework is explained in further detail in the chapter on 'Regulatory and legal framework' of the annual report.

In note 4 - Segment income statement, the distinction is shown between the revenue invoiced and the revenue recognised. The latter includes the revenue invoiced, but also the movements in regulatory assets and liabilities.

The following table provides more detailed information on the Group's services (performance obligations), types of contract, pricing, and the way in which operating revenue is recognised. Most of this revenue is regulated.

Legal entity	Revenue stream	Performance obligation: nature, customer and timing of satisfaction	Contract type and pricing
Fluxys Belgium	Transmission services	<p><b>Nature of performance obligation:</b> 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><b>Customers:</b> gas shippers reserve capacity slots (short + long term contracts)</p> <p><b>Revenue recognition:</b> 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 <b>over time</b>, 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. <b>over time</b> recognition.</p>	<p><b>Regulated Standard Transmission Agreement.</b></p> <p>Regulated tariffs are expressed in €/kWh/h/year</p>
Fluxys Belgium	Storage capacity service	<p><b>Nature of performance obligation:</b> 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><b>Customers:</b> As for transmission, the revenues are based on the reserved capacities.</p>	<p><b>Regulated Standard Storage Agreement</b> (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><b>Nature of performance obligations:</b></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>Transshipment 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><b>Customers:</b> 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 <b>over time</b> 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><b>Standard regulated LNG Terminalling Agreement</b>, 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><b>Regulated standard LNG Transshipment Service Agreement.</b></p> <p>Tariffs are expressed in €/berthing right for the transshipment 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.

Deferred tax liabilities and assets are measured at the enacted or substantially enacted new income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability is expected to be settled.

Any later change in rates requires a change to the deferred taxes. This is accounted for via the other items of the global profit/loss for the part concerning operations that are usually accounted for in these items. The balance of the change in deferred taxes is accounted for in the net profit/loss for the period.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

**Note 3. Acquisitions, disposals and restructuring****Consolidation scope**

The consolidation scope and percentage of interests in consolidated entities remained identical to those of 31 December 2020.

**Information on investments**

Fully consolidated entities						
Name of the subsidiary	Registered office	Entity number	% ownership	Core business	Currency	Balance sheet date
<b>Fluxys LNG SA</b>	Rue Guimard 4 B - 1040 Brussels	0426 047 853	100.00%	LNG terminalling	€	31 December
<b>Flux Re SA</b>	Rue de Merl 74 L - 2146 Luxembourg	-	100.00%	Reinsurance entity	€	31 December

Entities accounted for using the equity method						
Name of the subsidiary	Registered office	Entity number	% ownership	Core business	Currency	Balance sheet date
<b>Balansys SA</b>	Rue de Bouillon 59-61 L - 1248 Luxembourg	-	50.00%	Balancing operator	€	31 December

### Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- the right to oppose to all transfers, any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy;
- the right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategic Committee of Fluxys Belgium;
- the right of the representatives of the federal government, within four business days, to appeal to the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors or any advice of the strategic Committee of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the country's energy policy, including the government's objectives concerning the country's energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not cancelled the decision concerned within eight business days after this appeal, it becomes final;
- a special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

There are no other significant restrictions that may limit the ability of the group to access or use its assets and discharge its liabilities. However, it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re came to €172.3 million as at 31-12-2021 compared to €171.7 million as at 2020 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	31-12-2021 In thousands of € (*)	31-12-2020 In thousands of € (*)
Non-current assets	0	0
Current assets	66,040	14,313
Equity	100	100
Non-current liabilities	18,061	8,063
Current liabilities	48,879	6,150
Operating revenue	168,837	22,517
Operating expenses	-168,546	-22,384
Net financial result	-280	-127
Income tax expenses	-11	-5
Net profit/loss for the period	0	0
Entities accounted for by the equity method	50	50
Result of entities accounted for by the equity method	0	0

(\*) Figures before intercompany eliminations, on a 100% basis and subject to approval of the accounts by the governing bodies and the general assembly of the entity.



## Note 4. Income statement and operating segments

### Operating segments

Fluxys Belgium group carries out activities in the following operating segments: transmission, storage, LNG terminalling activities in Belgium and other activities.

The segment information is based on a classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission of gas in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage of gas at Loenhout in Belgium.

Terminalling activities comprise all activities subject to the Gas Act related to the LNG terminal at Zeebrugge in Belgium.

The three aforementioned activities are regulated and strictly separated. Offsetting balances between these activities is not authorised.

The segment 'other activities' comprises other services rendered by Fluxys Belgium group such as the operational support of the IZT and ZPT terminals<sup>2</sup> in Belgium and work for third parties.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

The Chief Operating Decision Maker (CODM) is the CEO.

### Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another. These transactions are charged at the same regulatory tariffs as for external clients.

### Information relating to the main customers

The group's main customers are users of transmission and storage services and of the Zeebrugge LNG Terminal.

<sup>2</sup> **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 31-12-2021						In thousands of €
	Trans- mission	Storage	Terminal- ling	Other	Elimination between segments	Total
<b>Operating revenue</b>	<b>384,346</b>	<b>33,536</b>	<b>145,680</b>	<b>26,343</b>	<b>-16,714</b>	<b>573,191</b>
Sales and services to external customers	286,969	32,791	137,826	20,135	0	477,721
Transactions with other segments	892	8,137	1,477	6,208	-16,714	0
Changes in regulatory assets and liabilities	96,485	-7,392	6,377	0	0	95,470
<b>Sales of gas related to balancing operations and operational needs</b>	<b>20,038</b>	<b>2,948</b>	<b>9,392</b>	<b>0</b>	<b>0</b>	<b>32,378</b>
Sales of gas related to balancing of operations and operational needs	65,830	2,948	22,975	0	0	91,753
Changes in regulatory liabilities	-45,792	0	-13,583	0	0	-59,375
Other operating income	4,256	115	2,467	6,327	-58	13,107
Consumables, merchandise and supplies used	-991	-5	-27	-2,399	0	-3,422
Purchase of gas related to balancing of operations and operational needs	-20,038	-2,948	-9,392	0	0	-32,378
Miscellaneous goods and services	-117,044	-7,838	-26,379	-11,800	16,713	-146,348
Employee expenses	-80,839	-6,510	-20,409	-4,850	59	-112,549
Other operating expenses	-3,841	-523	-462	-248	0	-5,074
Depreciations	-116,067	-9,568	-47,520	-838	0	-173,993
Provisions for risks and charges	-2,117	28	-121	-4,861	1	-7,070
Impairment losses	1	0	0	-22	0	-21
<b>Profit/loss from continuing operations</b>	<b>67,704</b>	<b>9,235</b>	<b>53,229</b>	<b>7,652</b>	<b>1</b>	<b>137,821</b>
Change in the fair value of financial instruments				-114		-114
Financial income	125	14	32	971		1,142
Finance costs	-24,251	-2,711	-10,011	-1,402		-38,375
<b>Profit/loss before taxes</b>	<b>43,578</b>	<b>6,538</b>	<b>43,250</b>	<b>7,107</b>	<b>1</b>	<b>100,474</b>
Income tax expenses						-24,953
<b>Net profit/loss for the period</b>						<b>75,521</b>

Segment income statement at 31-12-2020						In thousands of €
	Trans- mission	Storage	Terminal- ling	Others	Elimination between segments	Total
<b>Operating revenue</b>	<b>369,004</b>	<b>34,132</b>	<b>148,677</b>	<b>25,968</b>	<b>-17,191</b>	<b>560,590</b>
Sales and services to external customers	292,590	37,968	136,420	20,226	0	487,204
Transactions with other segments	877	9,110	1,462	5,742	-17,191	0
Changes in regulatory assets and liabilities	75,537	-12,946	10,795	0	0	73,386
<b>Sales of gas related to balancing operations and operational needs</b>	<b>23,158</b>	<b>232</b>	<b>3,497</b>	<b>0</b>	<b>0</b>	<b>26,887</b>
Sales of gas related to balancing of operations and operational needs	27,962	232	5,076	0	0	33,270
Changes in regulatory liabilities	-4,804	0	-1,579	0	0	-6,383
Other operating income	3,651	116	2,913	5,572	-61	12,191
Consumables, merchandise and supplies used	-1,071	-14	-29	-1,856	0	-2,970
Purchase of gas related to balancing of operations and operational needs	-23,157	-232	-3,497	0	0	-26,886
Miscellaneous goods and services	-108,515	-7,397	-30,363	-11,387	17,252	-140,410
Employee expenses	-78,636	-6,779	-20,117	-5,012	0	-110,544
Other operating expenses	-3,943	-593	-469	-230	0	-5,235
Depreciations	-114,850	-10,661	-48,687	-336	0	-174,534
Provisions for risks and charges	-238	10	-293	-5,634	0	-6,155
Impairment losses	423	0	125	0	0	548
<b>Profit/loss from continuing operations</b>	<b>65,826</b>	<b>8,814</b>	<b>51,757</b>	<b>7,085</b>	<b>0</b>	<b>133,482</b>
Change in the fair value of financial instruments				0	0	0
Financial income	90	10	1	823	0	924
Finance costs	-24,998	-2,822	-10,781	-2,133	0	-40,734
<b>Profit/loss before taxes</b>	<b>40,918</b>	<b>6,002</b>	<b>40,977</b>	<b>5,775</b>	<b>0</b>	<b>93,672</b>
Income tax expenses						-20,435
<b>Net profit/loss for the period</b>						<b>73,237</b>

## Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue		In thousands of €		
	Notes	31-12-2021	31-12-2020	Change
Transmission in Belgium	4.1.1	383,454	368,127	15,327
Storage in Belgium	4.1.1	25,399	25,022	377
Terminalling in Belgium	4.1.1	144,203	147,215	-3,012
Other operating income	4.1.2	20,135	20,226	-91
<b>Total</b>		<b>573,191</b>	<b>560,590</b>	<b>12,601</b>

Operating revenue in the 2021 financial year amounted to €573,191 thousand, which represents an increase of €12,601 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.

Most of the increase in regulated sales and services relates to transmission activities (€15,327 thousand). The decrease in turnover from transmission activities is mainly related to the expiry of some long-term contracts and is compensated by a higher use of regulatory obligations to cover the components covered by regulation.

Revenues from storage activities are stable compared to 2020 and are in line with the July 2021 tariff proposal. The decrease in revenues in 2021, which is offset by a lower allocation to regulatory liabilities, is explained by the implementation of a new tariff proposal in July 2021 with a significant tariff reduction.

As for terminalling products, there were fewer additional spot slot sales than in 2020, but this was compensated by other services and in particular, the number of LNG tanker loads increased as well as the number of (stand)-alone berthing rights. The decrease observed in 2021 compared to 2020 is ultimately due to a lower utilisation of regulatory obligations according to the new tariff proposal of December 2021.

4.1.2 Other operating revenue relates mainly to work and services for third parties and the provision of facilities.

#### 4.1.3. Sales of gas related to balancing operations and operational needs

The balancing activities are managed by Balansys since June 1, 2020. Balansys is a joint venture and is accounted for by the equity method in the consolidated accounts.

It should be noted that both sales and purchases of gas for balancing operations are higher in 2021 than in 2020, partly because these activities fluctuate significantly given their nature and also because the price of gas has increased in 2021.

#### Note 4.2. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions		In thousands of €		
	Notes	31-12-2021	31-12-2020	Change
Consumables, merchandise and supplies used	4.2.1	-3,422	-2,970	-452
Miscellaneous goods and services	4.2.2	-146,348	-140,410	-5,938
Employee expenses	4.2.3	-112,549	-110,544	-2,005
Other operating expenses	4.2.4	-5,074	-5,235	161
<b>Total operating expenses</b>		<b>-267,393</b>	<b>-259,159</b>	<b>-8,234</b>

#### 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:

	31-12-2021	31-12-2020
Purchase of equipment	-8,674	-8,673
Rent and rental charges (1)	-5,496	-4,835
Maintenance and repair expenses	-24,365	-25,307
Goods and services supplied to the group	-6,540	-9,112
Third-party remuneration	-52,496	-45,018
Royalties and contributions	-37,681	-35,351
Non-personnel related insurance costs	-6,096	-7,039
Other miscellaneous goods and services	-5,000	-5,075
<b>Total</b>	<b>-146,348</b>	<b>-140,410</b>

(1) Amounts that relate mainly to services that do not meet the definition of a lease under IFRS 16.

The evolution of miscellaneous goods and services in 2021 can be explained primarily by an increase in maintenance costs and third-party remuneration, as well as by an increase in royalties.

This evolution is in line with the reference framework for the 2020-2023 regulatory period. Third-party remuneration increased by €7,477 thousand. This evolution is essentially linked to higher rewards granted in the framework of the L/H conversion. A second element is explained by IT consultancy fees as part of a range of third-party projects, where the costs are covered by revenues. The maintenance and development of IT solutions, particularly in the light of digitalisation, in order to ensure their continuous performance and to keep them as technologically up-to-date as possible, also generated additional costs.

Finally, third-party fees for market studies and analyses in support of the activities and for studies relating to the connection of new gas power plants to the network have also increased.

The increase in fees and contributions (€2,330 thousand) is mainly explained by costs for external service providers.

#### 4.2.3. Employee expenses

The employee expenses have increased by €2,005 thousand compared to 2020.

The average total headcount of the group slightly increased from 899 in 2020 to 912 in 2021. Expressed in average FTE (full-time equivalents), these figures convert to 881.4 in 2021 compared to 866.2 in 2020.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
<b>Average number of employees</b>	<b>912</b>	<b>881.4</b>	<b>899</b>	<b>866.2</b>
<b>Fluxys Belgium</b>	<b>864</b>	<b>835.3</b>	<b>852</b>	<b>820.8</b>
Executives	295	286.7	281	273.0
Employees	569	548.6	571	547.8
<b>Fluxys LNG</b>	<b>47</b>	<b>45.5</b>	<b>46</b>	<b>44.9</b>
Executives	3	3.1	4	3.8
Employees	43	42.4	42	41.1
<b>Flux Re</b>	<b>1</b>	<b>0.5</b>	<b>1</b>	<b>0.5</b>
<b>Headcount at balance sheet date</b>				
<b>Fluxys Belgium</b>	<b>869</b>	<b>839.2</b>	<b>861</b>	<b>832.4</b>
Executives	300	291.3	292	284.5
Employees	569	547.9	569	547.9
<b>Fluxys LNG</b>	<b>48</b>	<b>46.5</b>	<b>48</b>	<b>47.0</b>
Executives	3	2.9	4	3.8
Employees	45	43.6	44	43.2
<b>Flux Re</b>	<b>1</b>	<b>0.5</b>	<b>1</b>	<b>0.5</b>

#### 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

Depreciation charges on property, plant and equipment over the period are down by €1,158 thousand compared to the previous year.

Depreciations, impairment losses and provisions		In thousands of €		
	Notes	31-12-2021	31-12-2020	Change
<b>Depreciations</b>	<b>4.2.5</b>	<b>-173,993</b>	<b>-174,534</b>	<b>541</b>
Intangible assets		-10,844	-10,267	-577
Property, plant and equipment		-158,258	-159,416	1,158
Right of Use Assets		-4,891	-4,851	-40
<b>Provisions for risks and charges</b>	<b>4.2.6</b>	<b>-7,070</b>	<b>-6,155</b>	<b>-915</b>
<b>Impairment losses</b>		<b>-21</b>	<b>548</b>	<b>-569</b>
Inventories		1	547	-546
Trade receivables		-22	1	-23
<b>Total depreciations, impairment losses and provisions</b>		<b>-181,084</b>	<b>-180,141</b>	<b>-943</b>

#### 4.2.6. Provisions for risks and charges

In 2021, provisions for employee benefits remained generally stable compared to 2020. The slight increase in the provision in 2021 is mainly due to the set-up of a new provision linked to a claim and the estimate of the amount to be paid.

#### Note 4.3. Financial income

Financial income		In thousands of €		
	Notes	31-12-2021	31-12-2020	Change
Dividends from unconsolidated entities		0	0	0
Financial income from leasing contracts	4.3.1	60	64	-4
Interest income on investments and cash equivalents	4.3.2	927	768	159
Other interest income	4.3.2	30	24	6
Unwinding of discounts on provisions	4.4.2	126	0	126
Other financial income		125	68	57
<b>Total</b>		<b>1,268</b>	<b>924</b>	<b>344</b>

4.3.1. Financial income from leasing contracts relates to the Interconnector Zeebrugge Terminal (IZT) facilities.

4.3.2. Interest on investments and cash equivalents mainly come, in 2021, from investments recognised at amortised cost in accordance with IFRS 9. The amount of this interest is in line with 2020, as interest rates have remained low.

#### Note 4.4. Finance costs

Finance costs	In thousands of €			
	Notes	31-12-2021	31-12-2020	Change
Borrowing interest costs	4.4.1	-37,338	-38,896	1,558
Unwinding of discounts on provisions	4.4.2	0	-642	642
Interest charges on leasing contracts		-983	-1,039	56
Other finance costs		-180	-157	-23
<b>Total</b>		<b>-38,501</b>	<b>-40,734</b>	<b>2,233</b>

##### 4.4.1. Borrowing interest costs

Borrowing interest costs primarily include interest on the loans from the European Investment Bank and Fluxys, on bonds and on regulatory liabilities.

##### 4.4.2. Unwinding of discounts on provisions

This item almost exclusively concerns employee benefits that are recognised and valued in accordance with IAS 19 and includes, apart from the unwinding of discounts on provisions, returns from associated assets, and actuarial gains and losses recognised in profit/loss. The change is mainly associated with an increase in the discount rates at year-end.

**Note 4.5. Income tax expenses**

Income tax expense is analysed as follows:

Income tax expenses	Notes	In thousands of €		
		31-12-2021	31-12-2020	Change
Current tax	4.5.1	-37,137	-34,278	-2,859
Deferred tax	4.5.2	12,184	13,843	-1,659
<b>Total</b>	4.5.3	<b>-24,953</b>	<b>-20,435</b>	<b>-4,518</b>

Income tax expenses are up €4,518 thousand as compared with the preceding financial year. This change can essentially be explained by the following factors:

- an increase in earnings before tax;
- the impact of the previous financial year's taxes. There was an amount of €1,921 thousand to recover in 2020 compared to an amount of €672 thousand to pay for the year 2021. This difference comes from the effect of tax deductibility for revenues from innovation.

Income tax expenses include both current and deferred taxes, which are detailed separately below.

4.5.1. Current tax	In thousands of €		
	31-12-2021	31-12-2020	Change
<b>Income taxes on the result of the current period</b>	<b>-36,465</b>	<b>-36,199</b>	<b>-266</b>
Taxes and withholding taxes due or paid	-36,938	-37,222	284
Excess of payment of taxes and withholding taxes (included in assets)	47	1,902	-1,855
Estimated additional taxes (included in liabilities)	426	-879	1,305
<b>Adjustments to previous years' current taxes</b>	<b>-672</b>	<b>1,921</b>	<b>-2,593</b>
<b>Total</b>	<b>-37,137</b>	<b>-34,278</b>	<b>-2,859</b>

Current tax increased by €2,859 thousand in 2021.

4.5.2 Deferred tax	In thousands of €		
	31-12-2021	31-12-2020	Change
<b>Relating to origination or reversal of temporary differences</b>	<b>12,184</b>	<b>13,843</b>	<b>-1,659</b>
Differences arising from the valuation of property, plant and equipment	12,094	12,641	-547
Changes in provisions	-28	1,140	-1,168
Other changes	118	62	56
<b>Relating to tax rate changes or to new taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Relating to changes in accounting policies and errors</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Relating to changes in fiscal status of entity or shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>12,184</b>	<b>13,843</b>	<b>-1,659</b>

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 €1,659 thousand compared to 2020. This decrease can primarily be explained by movements in provisions.

4.5.3. Reconciliation of expected income tax rate and effective average income tax rate		In thousands of €		
	31-12-2021	31-12-2020	Change	
<b>Income tax as per applicable tax rate – Financial year</b>	<b>-25,119</b>	<b>-23,418</b>	<b>-1,701</b>	
Profit/loss before taxes	100,474	93,672	6,802	
Applicable tax rate	25.00%	25.00%		
<b>Elements that justify transition to the effective average tax rate</b>	<b>838</b>	<b>1,062</b>	<b>-224</b>	
Income tax rate differences between jurisdictions	5	-74	79	
Changes in tax rates	0	0	0	
Tax-exempt income	0	0	0	
Non-deductible expenses	-1,375	-1,300	-75	
Taxable dividend income	0	0	0	
Deductible notional interest cost	0	0	0	
Other (1)	2,208	2,436	-228	
<b>Income tax as per effective average tax rate – Financial year</b>	<b>-24,281</b>	<b>-22,356</b>	<b>-1,925</b>	
Profit/loss before taxes	100,474	93,672	6,802	
Average effective tax rate	24.17%	23.87%	0.30%	
<b>Taxation of tax-free reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Adjustments to previous years' current taxes (1)</b>	<b>-672</b>	<b>1,921</b>	<b>-2,593</b>	
<b>Total income tax expense</b>	<b>-24,953</b>	<b>-20,435</b>	<b>-4,518</b>	

(1) In 2020 Fluxys Belgium obtained deductibility of innovation revenue for the years 2019 to 2021, based on a ruling. The tax advantage is integrated in the regulated tariffs.

The average effective tax rate for 2021 amounted to 24.17% compared with 23.87% the previous year.

#### Note 4.6. Net profit/loss for the period

Net profit/loss for the period		In thousands of €		
	31-12-2021	31-12-2020	Change	
Non-controlling interests	0	0	0	
Group share	75,521	73,237	2,284	
<b>Total profit/loss for the period</b>	<b>75,521</b>	<b>73,237</b>	<b>2,284</b>	

The consolidated net profit for the financial year amounted to €75,521 thousand, an increase of €2,284 thousand compared with 2020.

**Note 4.7. Earnings per share**

In thousands of €	31-12-2021	31-12-2020
<b>Net profit/loss from continuing operations attributable to the parent company's shareholders</b>	<b>75,521</b>	<b>73,237</b>
Net profit/loss	75,521	73,237
Impact of dilutive instruments	0	0
<b>Diluted net profit/loss from continuing operations attributable to the parent company's shareholders</b>	<b>75,521</b>	<b>73,237</b>
<b>Net profit/loss from discontinued operations attributable to the parent company's shareholders</b>	<b>0</b>	<b>0</b>
Net profit/loss	0	0
Impact of dilutive instruments	0	0
<b>Diluted net profit/loss from discontinued operations attributable to the parent company's shareholders</b>	<b>0</b>	<b>0</b>
<b>Net profit/loss attributable to the parent company's shareholders</b>	<b>75,521</b>	<b>73,237</b>
Net profit/loss	75,521	73,237
Impact of dilutive instruments	0	0
<b>Diluted net profit/loss attributable to the parent company's shareholders</b>	<b>75,521</b>	<b>73,237</b>

Denominator (in units)	31-12-2021	31-12-2020
<b>Average number of outstanding shares</b>	<b>70,263,501</b>	<b>70,263,501</b>
Impact of dilutive instruments	0	0
<b>Diluted average number of outstanding shares</b>	<b>70,263,501</b>	<b>70,263,501</b>

Earnings per share (in euros)	31-12-2021	31-12-2020
Basic earnings per share from continuing operations attributable to the parent company's shareholders	1,0748	1,0423
Diluted basic earnings per share from continuing operations attributable to the parent company's shareholders	1,0748	1,0423
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	1,0748	1,0423
Diluted basic earnings per share attributable to the parent company's shareholders	1,0748	1,0423



**Note 5. Segment balance sheet**

Segment balance sheet at 31-12-2021						In thousands of €
	Trans- mission	Storage	Terminal- ling	Other	Unallo- cated	Total
Property, plant and equipment	1,219,055	132,855	550,044	83	0	1,902,037
Intangible assets	22,614	14	1,263	0	0	23,891
Right of use assets	8,999	327	21,505	2,696	0	33,527
Other financial assets	91	0	0	88,551	0	88,642
Inventories	35,078	3,100	589	275	0	39,042
Lease receivables	0	0	0	2,695	0	2,695
Net trade receivables	57,161	2,158	7,017	19,051	0	85,387
Other assets					459,293	459,293
						<b>2,634,514</b>
Interest-bearing liabilities	632,486	47,153	259,041	280,843	0	1,219,523
Other financial liabilities	0	0	18	3,236	0	3,254
Other liabilities	268,432	53,167	152,241	0	298,223	772,063
						<b>1,994,840</b>
Equity						639,674
						<b>2,634,514</b>
Investments over the period in PP&E	32,630	564	17,440	14	0	50,648
Investments over the period in intangible assets	6,186	12	329	0	0	6,528

Segment balance sheet at 31-12-2020 revised						In thousands of €
	Trans- mission	Storage	Terminal- ling	Other	Unallo- cated	Total
Property, plant and equipment	1,291,689	141,848	577,589	83	0	2,011,209
Intangible assets	26,818	5	1,384	0	0	28,207
Right of use assets	10,590	336	24,091	1,450	0	36,467
Other financial assets	97	0	0	109,409	0	109,506
Inventories	21,902	3,084	815	577	0	26,378
Lease receivables	0	0	0	3,298	0	3,298
Net trade receivables	53,960	3,377	5,491	4,396	0	67,224
Other assets					447,750	447,750
						<b>2,730,039</b>
Interest-bearing liabilities	618,717	59,445	285,737	302,342	0	1,266,241
Other financial liabilities	0	0	11	2,043	0	2,054
Other liabilities	318,972	45,758	143,426	0	314,550	822,706
						<b>2,091,001</b>
Equity						639,038
						<b>2,730,039</b>
Investments over the period in PP&E	31,925	675	9,642	14	0	42,256
Investments over the period in intangible assets	4,880	0	170	0	0	5,050

**Note 5.1. Property, plant and equipment**

Movements in property, plant and equipment				
Gross book value	Land	Buildings	Gas transmission*	Gas storage *
<b>At 31-12-2019</b>	<b>48,362</b>	<b>161,314</b>	<b>3,440,612</b>	<b>386,171</b>
Investments	141	43	20,895	499
Grants received	0	0	0	0
Disposals and retirements	-87	-65	-2,700	0
Internal transfers	0	-61	4,030	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
<b>At 31-12-2020</b>	<b>48,416</b>	<b>161,231</b>	<b>3,462,837</b>	<b>386,670</b>
Investments	1,060	51	14,882	22
Grants received	0	0	0	0
Disposals and retirements	-75	-189	-8,697	0
Internal transfers	0	0	2,300	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
<b>At 31-12-2020</b>	<b>49,401</b>	<b>161,093</b>	<b>3,471,322</b>	<b>386,692</b>

\*subject to the Gas Act

In thousands of €				
LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
<b>1,448,792</b>	<b>43,511</b>	<b>59,256</b>	<b>5,055</b>	<b>5,593,073</b>
8,514	0	6,470	5,694	42,256
0	0	0	0	0
-59	0	-2,949	0	-5,860
61	0	0	-4,030	0
0	0	0	0	0
0	0	0	0	0
<b>1,457,308</b>	<b>43,511</b>	<b>62,777</b>	<b>6,719</b>	<b>5,629,469</b>
3,025	0	7,232	24,376	50,648
-513	0	0	0	-513
-18	0	-11,857	0	-20,836
0	0	0	-2,300	0
0	0	0	0	0
0	0	0	0	0
<b>1,459,802</b>	<b>43,511</b>	<b>58,152</b>	<b>28,795</b>	<b>5,658,768</b>

Movements in property, plant and equipment				
Depreciation and impairment losses	Land	Buildings	Gas transmission*	Gas storage*
<b>As at 31-12-2019</b>	<b>0</b>	<b>-94,627</b>	<b>-2,197,002</b>	<b>-240,932</b>
Depreciation	0	-4,041	-94,939	-10,458
Disposals and retirements	0	47	2,072	0
Internal transfers	0	3	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
<b>As at 31-12-2020</b>	<b>0</b>	<b>-98,618</b>	<b>-2,289,869</b>	<b>-251,390</b>
Depreciation	0	-4,041	-96,005	-9,357
Disposals and retirements	0	175	8,233	0
Internal transfers	0	3	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
<b>As at 31-12-2021</b>	<b>0</b>	<b>-102,457</b>	<b>-2,377,641</b>	<b>-260,747</b>
<b>Net book values as at 31-12-2021</b>	<b>49,401</b>	<b>58,636</b>	<b>1,093,681</b>	<b>125,945</b>
<b>Net book values as at 31-12-2020</b>	<b>48,416</b>	<b>62,613</b>	<b>1,172,968</b>	<b>135,280</b>

\*subject to the Gas Act

In thousands of €				
LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
<b>-845,060</b>	<b>-43,259</b>	<b>-42,793</b>	<b>0</b>	<b>-3,463,673</b>
-44,525	0	-5,453	0	-159,416
18	0	2,692	0	4,829
-3	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<b>-889,570</b>	<b>-43,259</b>	<b>-45,554</b>	<b>0</b>	<b>-3,618,260</b>
-43,218	-7	-5,657	0	-158,258
2	0	11,377	0	19,787
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<b>-932,786</b>	<b>-43,266</b>	<b>-39,834</b>	<b>0</b>	<b>-3,756,731</b>
<b>527,016</b>	<b>245</b>	<b>18,318</b>	<b>28,795</b>	<b>1,902,037</b>
<b>567,738</b>	<b>252</b>	<b>17,223</b>	<b>6,719</b>	<b>2,011,209</b>

**Movements in property, plant and equipment**

	Land	Buildings	Gas transmission*	Gas storage*
<b>Net book values as at 31-12-2021, of which:</b>	<b>49,401</b>	<b>58,636</b>	<b>1,093,681</b>	<b>125,945</b>
At cost	49,401	58,636	1,093,681	125,945
At revaluation	0	0	0	0
<b>Supplementary information</b>				
<b>Net book value of assets temporarily retired from active use</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*subject to the Gas Act

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge) facilities.

In 2021, Fluxys Belgium group made investments of €50,648 thousand.

Of this amount, €17,440 thousand was allocated to LNG infrastructure projects (mainly the construction of 3 new Open Rack Vaporisers at the Zeebrugge LNG Terminal) and €32,630 thousand to transmission-related projects.

In 2021 no costs for loans were activated on investments under construction.

**In thousands of €**

LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
527,016	245	18,318	28,795	1,902,037
527,016	245	18,318	28,795	1,902,037
0	0	0	0	0
0	0	0	0	110

The depreciation charge for the period amounts to €158,258 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 <sub>2</sub> Emission rights	Total
<b>As at 31-12-2019</b>	<b>19,343</b>	<b>52,800</b>	<b>0</b>	<b>72,143</b>
Investments	5,050	0	0	5,050
Disposals and retirements	-1,936	0	0	-1,936
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
<b>As at 31-12-2020</b>	<b>22,457</b>	<b>52,800</b>	<b>0</b>	<b>75,257</b>
Investments	6,528	0	0	6,528
Disposals and retirements	-6,176	0	-0	-6,176
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
<b>As at 31-12-2021</b>	<b>22,809</b>	<b>52,800</b>	<b>0</b>	<b>75,609</b>

Movements in the book value of intangible assets				In thousands of €
Depreciation and impairment losses	Software	'Client portfolios' assets	CO <sub>2</sub> Emission rights	Total
<b>As at 31-12-2019</b>	<b>-11,722</b>	<b>-26,997</b>	<b>0</b>	<b>-38,719</b>
Depreciation and impairment losses	-3,817	-6,450	0	-10,267
Disposals and retirements	1,936	0	0	1,936
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
<b>As at 31-12-2020</b>	<b>-13,603</b>	<b>-33,447</b>	<b>0</b>	<b>-47,050</b>
Depreciation and impairment losses	-4,394	-6,450	0	-10,844
Disposals and retirements	6,176	0	0	6,176
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
<b>As at 31-12-2021</b>	<b>-11,821</b>	<b>-39,897</b>	<b>0</b>	<b>-51,718</b>

Movements in the book value of intangible assets				In thousands of €
	Software	'Client portfolios' assets	CO <sub>2</sub> Emission rights	Total
Net book values as at 31-12-2021	10,988	12,903	0	23,891
Net book values as at 31-12-2020	8,854	19,353	0	28,207

Intangible assets include the net book value of software, the portfolio of 'Hub' clients and CO<sub>2</sub> emission rights.

The software included in intangible assets is investment software developed or purchased by the group. This software is depreciated over 5 years on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

In 2015, Fluxys Belgium acquired all of Huberator's business activities for €52.8 million. This intangible asset will be fully depreciated in 2023 (on a straight-line basis).

Certain gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Belgium group was given free emission rights for 2021 amounting to 23,362 tonnes of CO<sub>2</sub> for the compression, storage and terminalling activity sites. In accordance with the accounting policies stated in Note 2, the unused emission rights have been recognised at nil value in intangible assets.

The group emphasises that no indications existed at the balance sheet date that any item of property, plant and equipment may have been impaired.

### Note 5.3. Right of use assets

The right of use assets are mainly linked to concession rights for land on which gas transmission and terminalling facilities (Zeebrugge) have been built.

These contracts don't have significant termination or extension options. The rent is not variable, except for some contracts that have a clause for yearly indexation. The impact thereof is not material.

Right of use assets					In thousands of €
	Land & Buildings	Facilities	Cars	Total	
<b>As at 31-12-2019</b>	<b>31,098</b>	<b>4,250</b>	<b>4,622</b>	<b>39,970</b>	
Additional rights	619	0	813	1,433	
Depreciation and impairment losses	-2,291	-763	-1,797	-4,851	
Disposals	0	0	-84	-84	
Other changes	0	0	0	0	
<b>As at 31-12-2020</b>	<b>29,426</b>	<b>3,487</b>	<b>3,554</b>	<b>36,467</b>	
Additional rights	0	0	1,968	1,968	
Depreciation and impairment losses	-2,405	-763	-1,723	-4,891	
Disposals	0	0	-17	-17	
Other changes	0	0	0	0	
<b>As at 31-12-2021</b>	<b>27,021</b>	<b>2,724</b>	<b>3,782</b>	<b>33,527</b>	

**Note 5.4. Other financial assets**

Other financial assets	Notes	In thousands of €	
		31-12-2021	31-12-2020 Revised
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	26,289	45,363
Other investments at cost	5.4.1	59,009	61,993
Financial instruments at fair value through profit or loss		3,254	2,054
Other financial assets at cost		66	72
<b>Total</b>		<b>88,642</b>	<b>109,506</b>

5.4.1. These items include cash investments with a maturity longer than one year. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2022 and 2032.

The assets held by Flux Re are significantly higher than the minimum capital requirements under Solvency II (€22.5 million).

**Note 5.5. Other non-current assets**

Other non-current assets	Notes	In thousands of €		
		31-12-2021	31-12-2020 Revised	Change
Plan asset surpluses 'IAS 19 Employee benefits'	5.14	15,123	3,894	11,229
<b>Total</b>		<b>15,123</b>	<b>3,894</b>	<b>11,229</b>

**Note 5.6. Inventories**

Book value of inventories	In thousands of €		
	31-12-2021	31-12-2020 revised	Change
<b>Supplies</b>	<b>20,250</b>	<b>18,965</b>	<b>1,285</b>
Gross book value	27,019	25,734	1,285
Impairment losses	-6,769	-6,769	0
<b>Goods held for resale (gas)</b>	<b>18,517</b>	<b>6,836</b>	<b>11,681</b>
Gross book value	18,517	6,837	11,680
Impairment losses	0	-1	1
<b>Work in progress</b>	<b>275</b>	<b>577</b>	<b>-302</b>
Gross book value	275	577	-302
Impairment losses	0	0	0
<b>Total</b>	<b>39,042</b>	<b>26,378</b>	<b>12,664</b>

Inventories of materials connected to the transmission network are at their normal levels.

The considerable increase in the gross book value of inventories goods held for resale can primarily be explained by the strong increase in gas prices.

Impact of movements on net profit/loss	In thousands of €		
	31-12-2021	31-12-2020 revised	Change
Inventories – purchased or used	12,663	-657	13,320
Impairment losses	1	547	-546
<b>Total</b>	<b>12,664</b>	<b>-110</b>	<b>12,774</b>

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	31-12-2021	31-12-2020 revised	Change	
	86,974	68,789	18,185	
	-1,587	-1,565	-22	
<b>Net trade receivables</b>	85,387	67,224	18,163	
	5,059	3,776	1,283	
<b>Total</b>	<b>90,446</b>	<b>71,000</b>	<b>19,446</b>	

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 €		
	31-12-2021	31-12-2020 revised	Change	
Receivables not past due	84,891	66,674	18,217	
Receivables < 3 months	405	502	-97	
Receivables 3 - 6 months	0	3	-3	
Receivables > 6 months	0	0	0	
Receivables in litigation or doubtful	91	45	46	
<b>Total</b>	<b>85,387</b>	<b>67,224</b>	<b>-18,163</b>	

Disputed or doubtful receivables mainly concern grid users. Those deemed irrecoverable have been subject to impairment losses of 100%.

**Note 5.8. Short-term investments, cash and cash equivalents**

Investments relate to investments in the form of bonds, commercial paper and bank deposits over more than three months and maximum one year.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, deposits made with Fluxys (cash pooling), term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents		In thousands of €		
	31-12-2021	31-12-2020 revised	Change	
<b>Short-term investments</b>	<b>45,740</b>	<b>39,458</b>	<b>6,282</b>	
<b>Cash and cash equivalents</b>	<b>366,931</b>	<b>377,359</b>	<b>-10,428</b>	
Cash equivalents and cash pooling	320,254	353,025	-32,771	
Short-term deposits	2,849	306	2,543	
Bank balances	43,815	24,013	19,802	
Cash in hand	13	15	-2	
<b>Total</b>	<b>412,671</b>	<b>416,817</b>	<b>-4,146</b>	

In 2021, the average rate of return on short-term investments, cash and cash equivalents was 0.16%. The credit losses expected and accounted for in investments, cash and cash equivalents are not material for the Fluxys Belgium group.



**Note 5.9. Other current assets**

Other current assets		In thousands of €		
	Notes	31-12-2021	31-12-2020 revised	Change
Accrued income		733	750	-17
Prepaid expenses		13,360	12,779	581
Other current assets	5.9.1	1,680	432	1,248
<b>Total</b>		<b>15,773</b>	<b>13,961</b>	<b>1,812</b>

Other current assets mainly comprise prepaid expenses amounting to €13,360 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 31-12-2021, equity amounted to €639,674 thousand. The €636 thousand increase since the previous year comes essentially from the comprehensive income for the period (€96,898 thousand), which is largely offset by the dividends paid in 2021 (€96,262 thousand).

Note on parent entity shareholding			
	Ordinary shares	Preference shares	Total
<b>I. Movements in number of shares</b>			
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
<b>II. Other information</b>			
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	31-12-2021	31-12-2020 revised	Change
Leases	5.11.3	29,260	32,288	-3,028
Bonds	5.11.1	696,558	696,131	427
Other borrowings	5.11.2	436,273	479,636	-43,363
<b>Total</b>		<b>1,162,091</b>	<b>1,208,055</b>	<b>-45,964</b>
Of which debts guaranteed by the public authorities or by sureties		0	0	0

Current interest-bearing liabilities			In thousands of €	
	Notes	31-12-2021	31-12-2020 revised	Change
Leases	5.11.3	2,804	2,783	21
Bonds	5.11.1	2,523	2,523	0
Other borrowings	5.11.2	52,105	52,880	-775
<b>Total</b>		<b>57,432</b>	<b>58,186</b>	<b>-754</b>
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 €246,000 thousand as at 31-12-2021.
- 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 31-12-2021 is €233,636 thousand.
- Short-term loans and accrued interest amounting to €8,742 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							
	31.12.2020 Revised	Cash flow		Other movements		31.12.2021	
			New lease contracts	Reclassification between non-current and current	Variation in accrued interests payable		
<b>Non-current interest-bearing liabilities</b>	<b>1,208,055</b>	<b>0</b>	<b>1,948</b>	<b>-48,339</b>	<b>0</b>	<b>427</b>	<b>1,162,091</b>
Leases	32,288		1,948	-4,976			29,260
Bonds	696,131					427	696,558
Other borrowings	479,636			-43,363			436,273
<b>Current interest-bearing liabilities</b>	<b>58,186</b>	<b>-48,288</b>	<b>0</b>	<b>48,339</b>	<b>-805</b>	<b>0</b>	<b>57,432</b>
Leases	2,783	-4,955		4,976			2,804
Bonds	2,523						2,523
Other borrowings	52,880	-43,333		43,363	-805		52,105
<b>Total</b>	<b>1,266,241</b>	<b>-48,288</b>	<b>1,948</b>	<b>0</b>	<b>-805</b>	<b>427</b>	<b>1,219,523</b>

Cash flows relating to interest-bearing liabilities are included in points IV.1.6, IV.2.3 and IV.2.5 of the consolidated statement of cash flows.

The change in accrued interests payable and the amortisation of issuance costs (in total €378 thousand) relates to the difference between:

- the interests paid, including leases (see point IV.3.1 of the consolidated statement of cash flows: -€36,919 thousand) and
- the sum of borrowing interest costs and interests on lease liabilities (see Note 4.4: €38,321 thousand) minus the interest on regulatory liabilities of €1,780 thousand = €36,541 thousand.

**Maturity of interest-bearing liabilities at 31-12-2021, non-discounted** In thousands of €

	Up to one year	Between one and five years	More than five years	Total
Leases	3,747	17,155	17,829	38,732
Bonds	19,316	67,216	753,909	840,441
Other borrowings	69,183	225,858	295,028	590,069
<b>Total</b>	<b>92,246</b>	<b>310,229</b>	<b>1,066,766</b>	<b>1,469,242</b>

**Maturity of interest-bearing liabilities at 31-12-2020 revised, non-discounted** In thousands of €

	Up to one year	Between one and five years	More than five years	Total
Leases	3,792	17,520	21,317	42,629
Bonds	19,316	67,216	770,275	856,807
Other borrowings	71,553	232,238	349,089	652,880
<b>Total</b>	<b>94,681</b>	<b>316,974</b>	<b>1,140,681</b>	<b>1,552,316</b>

**Note 5.12. Regulatory liabilities**

As explained in Note 1f, regulatory liabilities are from now on presented separately:

Regulatory liabilities	Note	31.12.2021	31.12.2020 revised	Difference	01.01.2020 revised
Other financing – long term		83,505	65,557	19,753	82,789
Other financing – short term		15,425	25,775	-12,356	12,554
<b>Total of other financing (A)</b>	<b>5.12.1</b>	<b>98,930</b>	<b>91,332</b>	<b>7,397</b>	<b>95,343</b>
Other liabilities – long term		314,372	315,942	26,494	381,929
Other liabilities – short term		60,538	100,882	-52,978	95,954
<b>Total of other liabilities (B)</b>	<b>5.12.2</b>	<b>374,910</b>	<b>416,824</b>	<b>-26,484</b>	<b>477,883</b>
<b>Total of regulatory liabilities (A+B = C)</b>		<b>473,840</b>	<b>508,156</b>	<b>-19,087</b>	<b>573,226</b>
Presentation in balance sheet:					
Non-current regulatory liabilities		397,877	381,499	46,247	464,718
Current regulatory liabilities		75,963	126,657	-65,334	108,508
<b>Total of regulatory liabilities (C)</b>		<b>473,840</b>	<b>508,156</b>	<b>-19,087</b>	<b>573,226</b>

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.

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
<b>Balance as at 01.01.2021</b>	<b>91,332</b>	<b>416,824</b>	<b>508,156</b>
Use	-4,011	-87,702	-91,713
Additions	0	55,617	55,617
Interest	1,609	171	1,780
Transfer	10,000	-10,000	0
<b>Balance as at 31.12.2021</b>	<b>98,930</b>	<b>374,910</b>	<b>473,840</b>

The sum of use and additions amounts to -€36,096 thousand and corresponds with the sum of the changes in regulatory liabilities in note 4 (segment information - net change in revenue).

This net decrease in regulatory liabilities also corresponds with the change in regulatory liabilities included in item 1.2.6. of the cash flow table.

The €1,780 thousand interest charge on regulatory liabilities was accounted for in the finance costs.

The €10 million transfer was made for the specific future investments in Zeebrugge.

## Note 5.13. Provisions

### 5.13.1 Provisions for employee benefits

Provisions for employee benefits		In thousands of €
<b>Provisions at 31-12-2020 revised</b>		<b>75,774</b>
Additions		12,776
Use		-7,895
Release		0
Unwinding of the discount		753
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)		-188
Expected return on plan assets		-476
Actuarial gains/losses recognised in equity		-28,503
Reclassification to the assets		12,477
<b>Provisions at 31-12-2021, of which:</b>		<b>64,718</b>
Non-current provisions		60,517
Current provisions		4,201

The provisions for employee benefits (see Note 5.14) show a decrease of €11,056 thousand. This decrease can mainly be explained by a combination of an increase in the discount rates and good returns on plan assets in 2021. In addition to the reduction in provisions, there is also an increase in the surplus from plan assets (see Note 5.14).

## 5.13.2. Other provisions

Provisions for:	In thousands of €		
	Litigation and claims	Environment and site restoration	Total other provisions
<b>Provisions at 31-12-2020 revised</b>	<b>3,413</b>	<b>1,927</b>	<b>5,340</b>
Additions	3,092	0	3,092
Use	-875	-27	-902
Release	0	0	0
Unwinding of the discount	0	-215	-215
<b>Provisions at 31-12-2021, of which:</b>	<b>5,630</b>	<b>1,685</b>	<b>7,315</b>
Non-current provisions	2,561	1,685	4,246
Current provisions	3,069	0	3,069

## 5.13.3 Movements in the income statement and maturity of provisions

Movements in the income statement are detailed as follows:

Impact 2021	In thousands of €		
	Additions	Use and reversals	Total
Operating profit (loss)	15,868	-8,797	7,071
Financial profit (loss)	538	-664	-126
<b>Total</b>	<b>16,406</b>	<b>-9,461</b>	<b>6,945</b>

Maturity of provisions at 31-12-2021	In thousands of €			
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	3,069	2,561	0	5,630
Environment and site restoration	0	1,685	0	1,685
<b>Subtotal</b>	<b>3,069</b>	<b>4,246</b>	<b>0</b>	<b>7,315</b>
Employee benefits	4,201	16,804	43,713	64,718
<b>Total</b>	<b>7,270</b>	<b>21,050</b>	<b>43,713</b>	<b>72,033</b>

Maturity of provisions at 31-12-2020 revised	In thousands of €			
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	875	0	2,538	3,413
Environment and site restoration	0	220	1,707	1,927
<b>Subtotal</b>	<b>875</b>	<b>220</b>	<b>4,245</b>	<b>5,340</b>
Employee benefits	5,143	20,572	50,059	75,774
<b>Total</b>	<b>6,018</b>	<b>20,792</b>	<b>54,304</b>	<b>81,114</b>

### Provisions for litigation and claims

In 2021 a provision has been established to cover the estimated amount that remains to be paid in a litigation with third parties (see also notes 4.2.6 and 7.1).

The other provisions have been established to cover likely litigation payments arising from 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 2021, the defined benefit pension plans have surplus plan assets of €16,803 thousand (2020: €4,326 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:

- o *Low risk*: bonds in the euro zone and/or high-quality bonds.
- o *Medium risk*: risk diversification between bonds, convertible bonds, real-estate and equity instruments.
- o *High risk*: equity instruments, real estate, etc.
- o *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 **	
	2021	2020 revised	2021	2020 revised
Present value of funded obligations	-221,035	-234,450	-47,941	-51,384
Fair value of plan assets	221,062	214,386	0	0
<b>Funding status of plans</b>	<b>27</b>	<b>-20,064</b>	<b>-47,941</b>	<b>-51,384</b>
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
<b>Net employee benefit liability</b>	<b>27</b>	<b>-20,064</b>	<b>-47,941</b>	<b>-51,384</b>
Of which assets	16,803	4,326	0	0
Of which liabilities	-16,777	-24,390	-47,941	-51,384

\* 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 **	
	2021	2020 revised	2021	2020 revised
<b>At the start of the period</b>	<b>-234,450</b>	<b>-221,241</b>	<b>-51,384</b>	<b>-47,054</b>
Service costs	-9,310	-8,782	-1,305	-1,704
Early retirement costs	-362	57	0	0
Financial loss (-) / profit (+)	-529	-2,739	-223	-393
Participant's contributions	-796	-737	0	0
Change in demographic assumptions	-969	-720	-581	-232
Change in financial assumptions	11,942	-8,008	4,922	-3,456
Change from experience adjustments	35	4,195	-1,233	-1,057
Past service costs	-1,671	-1,855	0	0
Benefits paid	15,075	5,835	1,863	2,057
Reclassifications	0	-455	0	455
Other	0	0	0	0
<b>At the end of the period</b>	<b>-221,035</b>	<b>-234,450</b>	<b>-47,941</b>	<b>-51,384</b>

The past service cost is related to the change in plan.

## Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2021	2020 revised	2021	2020 revised
<b>At the start of the period</b>	<b>214,386</b>	<b>209,953</b>	<b>0</b>	<b>0</b>
Interest income	476	1,020	0	0
Return on plan assets (excluding net interest income)	13,141	2,438	0	0
Employer's contributions	5,904	4,609	1,863	2,418
Participants' contributions	796	737	0	0
Benefits paid	-15,075	-5,835	-1,863	-2,057
Change in financial assumptions	1,434	1,103	0	0
Other	0	361	0	-361
<b>At the end of the period</b>	<b>221,062</b>	<b>214,386</b>	<b>0</b>	<b>0</b>
<b>Actual return on plan assets</b>	<b>13,617</b>	<b>3,458</b>	<b>0</b>	<b>0</b>

Thanks to healthy returns on financial markets, returns from pension plan assets are considerably higher than those in 2020.



## Costs recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2021	2020 revised	2021	2020 revised
<b>Cost</b>				
Service costs	-9,310	-8,782	-1,305	-1,704
Early retirement costs	-362	57	0	0
Past service costs	-1,671	-1,855	0	0
Actuarial gains/(losses) on other long-term benefits	188	1,677	0	-36
<b>Net interest on net liabilities/(assets)</b>				
Interest expense on obligations	-529	-2,739	-223	-393
Interest income on plan assets	476	1,020	0	0
<b>Costs recognised in profit or loss</b>	<b>-11,208</b>	<b>-10,622</b>	<b>-1,528</b>	<b>-2,133</b>

## Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other**	
	2021	2020 revised	2021	2020 revised
Change in demographic assumptions	-969	-720	-581	-232
Change in financial assumptions	13,188	-8,582	4,922	-3,420
Change from experience adjustments	35	4,195	-1,233	-1,057
Effect of the asset ceiling	0	0	0	0
Return on plan assets (excluding net interest income)	13,141	2,438	0	0
<b>Actuarial losses (gains) recognised in other comprehensive income</b>	<b>25,395</b>	<b>-2,669</b>	<b>3,108</b>	<b>-4,709</b>

## Allocation of obligation by type of participant to the plan

In thousands of €	2021	2020 revised
Active plan participants	-220,051	-231,574
Non-active participants with deferred benefits	-20,620	-22,330
Retirees and beneficiaries	-28,305	-31,930
<b>Total</b>	<b>-268,976</b>	<b>-285,834</b>

## Allocation of obligation by type of benefit

In thousands of €	2021	2020 revised
Retirement and death benefits	-221,035	-234,450
Other post-employment benefits (medical expenses and price subsidies)	-37,815	-40,341
Seniority bonuses	-10,126	-11,043
<b>Total</b>	<b>-268,976</b>	<b>-285,834</b>

## Main actuarial assumptions used

	2021	2020 revised
Discount rate between 10 to 12 years	0.61%	0.09%
Discount rate between 13 to 19 years	1.07%	0.50%
Discount rate over 19 years	1.07%	0.54%
Expected average salary increase	2.05%	2.05%
Expected inflation	1.75%	1.75%
Expected increase in health expenses	2.75%	2.75%
Expected increase of price subsidies	1.75%	1.75%
Average assumed retirement age	63(BAR) / 65(CAD)	63(BAR) / 65(CAD)
Mortality tables	IABE prospective	IABE prospective
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	20
- Female	24	24
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

The discount rate of the plans depends on their estimated average duration.

The fair value of plan assets is distributed based on the following major categories

	2021	2020 revised
<b>Listed investments</b>	<b>79.76%</b>	<b>80.05%</b>
Shares - eurozone	15.56%	14.75%
Shares - outside eurozone	19.85%	20.51%
Government bonds - eurozone	2.38%	2.58%
Other bonds - eurozone	27.71%	28.27%
Other bonds - outside eurozone	14.25%	13.95%
<b>Non-listed investments</b>	<b>20.24%</b>	<b>19.95%</b>
Insurance contracts	0.00%	0.00%
Real estate	2.80%	2.56%
Cash and cash equivalents	3.18%	3.40%
Other	14.27%	13.99%
<b>Total (in %)</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Total (in thousands of €)</b>	<b>221,062</b>	<b>214,386</b>

## Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.5%)	11,487
Average salary increase - Excluding inflation (0.1%)	-2,161
Increase in inflation rate (0.25%)	-5,252
Increase in healthcare benefits (0.1%)	-48
Increase in price subsidies (0.5%)	-1,638
Increase in life expectancy of retirees (1 year)	-1,088

## Average weighted duration of obligations

	2021	2020 revised
Average weighted duration of defined benefit obligations	9	10
Average weighted duration of other post-employment obligations	20	19

## Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for 2022 (for all pension and other obligations, listed above)	7,383

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 €		
	31-12-2021	31-12-2020 revised	Difference
Valuation of assets	116,605	128,699	-12,094
Accrued income	388	538	-150
Fair value of financial instruments	126	94	32
Provisions for employee benefits or provisions not accepted under IFRS	30,369	23,215	7,154
Other normative differences	0	0	0
<b>Total</b>	<b>147,488</b>	<b>152,546</b>	<b>-5,058</b>

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 €
	<b>Deferred tax</b>
<b>As at 31-12-2020 revised</b>	<b>152,546</b>
Deferred tax expenses – Profit & loss account	-12,184
Deferred tax expenses – other comprehensive income	7,126
<b>As at 31-12-2021</b>	<b>147,488</b>

#### Note 5.16. Trade and other payables

Trade and other liabilities	In thousands of €		
	31-12-2021	31-12-2020 revised	Change
Trade payables	36,095	30,299	5,796
Payroll and related items	32,915	27,884	5,031
Other payables	4,297	15,767	-11,470
<b>Total</b>	<b>73,307</b>	<b>73,950</b>	<b>-643</b>

#### Note 6. Financial instruments

##### Principles for managing financial risks

In the course of conducting its activities, the Fluxys Belgium group is exposed to credit and counterparty risks, liquidity and interest rate risks and market risks, all of which affect its assets and liabilities.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

The group may only use financial instruments for hedging, and not for speculative or trading purposes. All transactions are intended to meet the group's identified financial risks: no transaction may be entered into for the sole purpose of earning a speculative gain.

##### Cash management policy

The Fluxys Belgium group's cash is managed as part of a general policy and cash surpluses are invested with Fluxys SA under cash pooling agreements. By way of reminder, Fluxys SA centralises the management of the Fluxys group's cash funds and financing.

The objective of this policy is to optimise the group's cash positions. These transactions are entered into at market terms and conditions.

The group's financial policy stipulates that cash surpluses be maintained at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

At 31-12-2021, current and non-current investments, cash and cash equivalents amounted to €497,969 thousand compared to €524,173 thousand at the end of 2020.

##### 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 19%, 10% and 8% of the operating revenue. The breakdown per segment of these latter is €115 million in transmission, €15 million in storage and €79 million in terminalling.

## Interest rate risk

The group's debt mainly consists of fixed interest rate loans maturing between 2022 and 2034, the balance of which (including lease obligations) as at 31-12-2021 represents €1,219,523 thousand compared to €1,266,241 thousand at the end of 2020.

In addition, the group's interest-bearing liabilities include other financing and liabilities to be used within the regulatory framework. As explained in Note 5.11, part of these bear interest at a 10-year OLO rate and the remainder at the average Euribor 1-year rate. The group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative for the risk inherent in these financial instruments. Consequently, the Fluxys Belgium group's exposure to interest rate risk is very limited.

## Liquidity Risk

Liquidity risk management is one of Fluxys Belgium group's main objectives. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The Fluxys Belgium group can call upon Fluxys SA in case of liquidity needs, under the cash pooling arrangements. By way of reminder, Fluxys centralises the management of the Fluxys group's cash funds and financing and has credit lines.

The maturity of interest-bearing liabilities is reported in Note 5.12.

## Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents.

The following table gives an overview of financial instruments at 31 December 2021:

Summary of financial instruments at balance sheet date			In thousands of €	
31-12-2021	Category	Book value	Fair value	Level
<b>I. Non-current assets</b>				
Other financial assets at amortised cost	A	85,388	85,242	1 & 2
Other financial assets at fair value through profit or loss	B	3,254	3,254	2
Lease receivables	A	2,094	2,094	2
Other receivables	A	9,144	9,144	2
<b>II. Current assets</b>				
Lease receivables	A	601	601	2
Trade and other receivables	A	90,446	90,446	2
Cash investments	A	45,740	45,740	2
Cash and cash equivalents	A	366,931	366,931	2
<b>Total financial instruments – assets</b>		<b>603,598</b>	<b>603,452</b>	
<b>I. Non-current liabilities</b>				
Interest-bearing liabilities	A	1,162,091	1,221,689	2
Other financial liabilities	B	3,254	3,254	2
<b>II. Current liabilities</b>				
Interest-bearing liabilities	A	57,438	57,438	2
Trade and other payables	A	73,307	73,307	2
<b>Total financial instruments - liabilities</b>		<b>1,296,084</b>	<b>1,355,682</b>	

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 €
31-12-2020 revised	Category	Book value	Fair value	Level	
<b>I. Non-current assets</b>					
Other financial assets at amortised cost	A	107,452	107,963	1 & 2	
Other financial assets at fair value through profit or loss	B	2,054	2,054	2	
Other financial assets at fair value Lease receivables	A	2,697	2,697	2	
Other receivables	A	4,144	4,144	2	
<b>II. Current assets</b>					
Lease receivables	A	601	601	2	
Trade and other receivables	A	71,000	71,000	2	
Cash investments	A	39,458	39,458	2	
Cash and cash equivalents	A	377,359	377,359	2	
<b>Total financial instruments – assets</b>		<b>604,765</b>	<b>605,276</b>		
<b>I. Non-current liabilities</b>					
Interest-bearing liabilities	A	1,208,055	1,261,317	2	
Other financial liabilities	B	2,054	2,054	2	
<b>II. Current liabilities</b>					
Interest-bearing liabilities	A	58,186	58,186	2	
Trade and other payables	A	73,950	73,950	2	
<b>Total financial instruments - liabilities</b>		<b>1,342,245</b>	<b>1,395,507</b>		

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:
  - either because they have a short-term maturity (such as trade receivables and payables), or
  - because they bear interest at the market rate at the closing date of the financial statements.

**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. Although most of the victims were compensated in 2012, some cases are still open. In 2021 the Fluxys Belgium group has set up a provision that covers the estimated remaining payments.

**Compensation claim relating to the 'Open Rack Vaporiser' investment**

A compensation claim for additional works was introduced by a supplier in the scope of the 'Open Rack Vaporiser' investment made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate is available at this stage. No provision has therefore been recognised as at 31-12-2021.

**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 2021, the guarantees received amounted to €78,985 thousand. The expected credit losses on guarantees received are not very material for the Fluxys Belgium group.

**Note 7.4. Guarantees provided by third parties on behalf of the entity**

Rental guarantees in favour of the owners of assets located in Belgium and leased by the group amounted to €10 thousand as at 31-12-2021.

Other guarantees amounted to €183 thousand as at 31-12-2021.

**Note 7.5. Commitments with regard to the Interconnector Zeebrugge Terminal (IZT)**

The IZT lease contract includes a purchase option for the lessee that can be exercised on 1 October 2023 for an amount of €1,643 thousand.

As part of this transaction, surface rights have been attributed.

**Note 7.6. Commitments under terminalling service contracts**

The Capacity Subscription Agreements (CSA) entered into with the users of the Zeebrugge LNG terminal provide for 110 mooring windows (slots) per contract until 2023 and 88 docking windows per contract until 2027.

During the binding window of an Open Season which was held at the end of 2020 for additional regasification capacity at the Zeebrugge LNG terminal, the full 6 million tonnes per year (or c. 10.5 GWh/h) capacity on offer had been subscribed. On this basis, Fluxys LNG has taken the final investment decision to build the additional infrastructure at the Zeebrugge LNG terminal. The additional regasification capacity will be provided in two steps:

- as from early 2024, a total additional capacity of 4.7 million tonnes per year will already be offered,
- as from early 2026, the full additional capacity of 6 million tonnes per year will be offered.

In 2019, in addition to the aforementioned contracts, a new long-term contract was entered into with Qatar Petroleum, subsidiary of Qatar Terminal Limited (QTL), for the remaining unloading slots until 2039 with extension option until 2044.

In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium. This contract has entered into effect upon the commissioning of the 5<sup>th</sup> storage tank in the Zeebrugge LNG terminal at the end of 2019.

**Note 7.7. Commitments in relation to loans and to the European Investment Bank (EIB)**

The Fluxys Belgium group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which are fulfilled by the group at 31 December 2021. Like bonds, these loans also contain a pari passu clause.

**Note 7.8. 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.

<b>Significant transactions with related parties</b>				
<b>as at 31.12.2021</b>				
	<b>Parent company</b>	<b>Joint arrangements</b>	<b>Other related parties</b>	<b>Total</b>
<b>I. Assets with related parties</b>				
<b>1. Other financial assets</b>	<b>0</b>	<b>9.000</b>	<b>0</b>	<b>9.000</b>
Loans	0	9.000	0	9.000
<b>2. Financial lease receivables (current and non-current)</b>	<b>0</b>	<b>0</b>	<b>2.695</b>	<b>2.695</b>
<b>3. Trade and other receivables</b>	<b>0</b>	<b>0</b>	<b>2.602</b>	<b>2.602</b>
Clients	0	0	2.602	2.602
<b>4. Cash and cash equivalents</b>	<b>320.254</b>	<b>0</b>	<b>0</b>	<b>320.254</b>
<b>5. Other current assets</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>
<b>II. Liabilities with related parties</b>				
<b>1. Interest-bearing liabilities (current and non-current)</b>	<b>239.391</b>	<b>0</b>	<b>0</b>	<b>239.391</b>
Other borrowings	239.391	0	0	239.391
<b>2. Trade and other payables</b>	<b>246</b>	<b>0</b>	<b>96</b>	<b>338</b>
Suppliers	193	0	91	284
Other payables	53	0	4	53
<b>3. Other current liabilities</b>	<b>7</b>	<b>0</b>	<b>597</b>	<b>604</b>
<b>III. Transactions with related parties</b>				
<b>1. Services rendered and goods delivered</b>	<b>2.451</b>	<b>1.220</b>	<b>20.057</b>	<b>23.728</b>
<b>2. Services received (-)</b>	<b>-2.172</b>	<b>0</b>	<b>-94</b>	<b>-2.266</b>
<b>3. Net financial income</b>	<b>-7.765</b>	<b>0</b>	<b>0</b>	<b>-7.765</b>
<b>4. Directors' and senior executives' remuneration</b>			<b>2.443</b>	<b>2.443</b>
Of which short-term benefits			2.078	2.078
Of which post-employment benefits			365	365



**Significant transactions with related parties**  
 as at 31.12.2020 (in thousands of €)

	Parent company	Joint arrangements	Other related parties	Total
<b>I. Assets with related parties</b>	<b>353,025</b>	<b>4,000</b>	<b>6,256</b>	<b>363,281</b>
<b>1. Other financial assets</b>	<b>0</b>	<b>4,000</b>	<b>0</b>	<b>4,000</b>
Loans	0	4,000	0	4,000
<b>2. Financial lease receivables (current and non-current)</b>	<b>0</b>	<b>0</b>	<b>3,298</b>	<b>3,298</b>
<b>3. Trade and other receivables</b>	<b>0</b>	<b>0</b>	<b>2,940</b>	<b>2,940</b>
Clients	0	0	2,940	2,940
<b>4. Cash and cash equivalents</b>	<b>353,025</b>	<b>0</b>	<b>0</b>	<b>353,025</b>
<b>5. Other current assets</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>
<b>II. Liabilities with related parties</b>	<b>263,593</b>	<b>10</b>	<b>327</b>	<b>263,930</b>
<b>1. Interest-bearing liabilities (current and non-current)</b>	<b>263,330</b>	<b>0</b>	<b>0</b>	<b>263,330</b>
Other borrowings	263,330	0	0	263,330
<b>2. Trade and other payables</b>	<b>64</b>	<b>10</b>	<b>0</b>	<b>74</b>
Suppliers	2	10	0	12
Other payables	62	0	0	62
<b>3. Other current liabilities</b>	<b>199</b>	<b>0</b>	<b>327</b>	<b>526</b>
<b>III. Transactions with related parties</b>				
<b>1. Services rendered and goods delivered</b>	<b>3,451</b>	<b>1,060</b>	<b>19,075</b>	<b>23,586</b>
<b>2. Services received (-)</b>	<b>-2,502</b>	<b>-454</b>	<b>0</b>	<b>-2,956</b>
<b>3. Net financial income</b>	<b>-8,364</b>	<b>0</b>	<b>0</b>	<b>-8,364</b>
<b>4. Directors's and senior executives' remuneration</b>			<b>2,380</b>	<b>2,380</b>
Of which short-term benefits			2,031	2,031
Of which post-employment benefits			349	349

**Note 9. Directors' and senior executives' remuneration**

Pursuant to Article 10 of the Articles of Association, the Board of Directors of Fluxys Belgium SA comprises at least three and no more than 24 non-executive directors. Furthermore, the 'special share' grants to the Minister the right to appoint two representatives of the federal government in the Board of Directors. Currently, two representatives of the federal government attend the meetings of the Board of Directors and the Strategic Committee.

The ordinary general meeting has decided to set the remuneration of the directors and government representatives to a maximum of €360,000 (value 01-01-2007), to be allocated by the Board of Directors amongst its members, and to grant an attendance fee of €250 per meeting of the Board of Directors and advisory committees.

Pursuant to Article 15 of the Articles of Association of Fluxys Belgium, the Board of Directors is authorised to pay a special remuneration to directors who carry out special duties for the entity. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Belgium group has not granted any loans to directors. In addition, the directors have not entered into unusual or abnormal transactions with the group. No shares or share options have been granted to the directors.

For further information, the reader should refer to the Corporate Governance Declaration in the directors' report and to Note 8 'Related parties' for the breakdown of remuneration by category.

**Note 10. Events after the balance sheet date**

Based on the information available as of today, it is very difficult to estimate the economic impact of the war in Ukraine. Based on the current situation, the essential nature of the company's activities and its regulatory framework, we do not foresee any significant impact on the consolidated results of the Fluxys Belgium group in 2022.

## 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](http://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 €	
	31-12-2021	31-12-2020
<b>Formation expenses</b>	<b>1,423</b>	<b>1,581</b>
<b>Fixed assets</b>	<b>1,502,877</b>	<b>1,595,725</b>
Intangible assets	22,628	26,824
Property, plant and equipment	1,395,264	1,483,910
Financial fixed assets	84,985	84,991
<b>Current assets</b>	<b>443,107</b>	<b>442,972</b>
Amounts receivable after more than one year	9,144	4,144
Stock and contracts in progress	38,453	25,563
Amounts receivable within one year	82,058	65,181
Cash investments	0	0
Cash at bank and in hand	300,265	335,396
Deferred charges and accrued income	13,187	12,688
<b>Total</b>	<b>1,947,407</b>	<b>2,040,278</b>

Equity and liabilities	In thousands of €	
	31-12-2021	31-12-2020
<b>Equity</b>	<b>475,163</b>	<b>504,577</b>
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	287,049	325,167
Reserves	11,041	11,155
Accumulated profits (losses)	79,252	66,770
Capital subsidies	37,511	41,175
<b>Provisions and deferred taxes</b>	<b>16,872</b>	<b>19,394</b>
Provisions for liabilities and charges	3,468	4,731
Deferred tax	13,404	14,663
<b>Amounts payable</b>	<b>1,455,372</b>	<b>1,516,307</b>
Amounts payable after more than one year	942,106	961,837
Amounts payable within one year	203,391	202,503
Accrued charges and deferred income	309,875	351,967
<b>Total</b>	<b>1,947,407</b>	<b>2,040,278</b>

## Income statement

Income statement	In thousands of €	
	31-12-2021	31-12-2020
Operating income	491,057	474,151
Operating charges	415,933	402,165
<b>Operating profit</b>	<b>75,124</b>	<b>71,986</b>
Financial income	46,661	46,211
Finance costs	28,062	28,939
<b>Net financial income</b>	<b>18,599</b>	<b>17,272</b>
<b>Earnings before taxes</b>	<b>93,723</b>	<b>89,258</b>
<b>Transfer from deferred taxes</b>	<b>1,259</b>	<b>1,306</b>
<b>Income tax expenses</b>	<b>-23,417</b>	<b>-19,879</b>
<b>Net profit/loss for the period</b>	<b>71,565</b>	<b>70,685</b>
<b>Transfer to untaxed reserves</b>	<b>114</b>	<b>114</b>
<b>Profit for the period available for appropriation</b>	<b>71,679</b>	<b>70,799</b>

**Profit/loss appropriation**

Appropriation account	In thousands of €	
	31-12-2021	31-12-2020
<b>Profit to be appropriated</b>	<b>138,449</b>	<b>124,348</b>
Profit for the period available for appropriation	71,679	70,799
Profit carried forward from the previous period	66,770	53,549
<b>Transfer from equity</b>	<b>37,767</b>	<b>38,683</b>
From reserves	37,767	38,683
<b>Transfer to equity</b>	<b>0</b>	<b>0</b>
To the legal reserve	0	0
To the other reserves	0	0
<b>Result to be carried forward</b>	<b>79,252</b>	<b>66,770</b>
Profit to be carried forward	79,252	66,770
<b>Profit to be distributed</b>	<b>96,964</b>	<b>96,261</b>
Dividends	96,964	96,261
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, could be set at:	€ 0.966	€ 0.959

In 2021, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2021 is €1.38 per share (€0.966 net). It will be payable from 18 May 2022.

**Capital at the end of the period**

Capital at the end of the period				
31-12-2020				
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 €
	31-12-2021
<b>Breakdown of heading 670/3</b>	
<b>Income taxes on the result of the current period</b>	<b>22,743</b>
Taxes and withholding taxes due or paid	21,900
Excess of income tax prepayments	0
Estimated additional taxes	843
<b>Income taxes on previous periods</b>	<b>674</b>
Additional taxes due or paid	674
Additional taxes (estimated or provided for)	0
<b>Reconciliation between profit before taxes and estimated taxable profit</b>	
<b>Profit before taxes</b>	<b>93,723</b>
<b>Permanent differences:</b>	<b>-2,752</b>
Definitively taxed income	-42,851
Non-deductible expenses and hidden reserves	5,300
Notional interest	0
Taxable reserves	42,274
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	114
Transfer from deferred taxes	1,259
Deductible innovation revenue	-10,000
Provisions non déductibles	-312
Hidden reserves	1,464
<b>Total</b>	<b>90,971</b>

**Workforce**

ONSS N°: 030012851238

Joint Commission N°: 326

**Headcount****A. Employees recorded in the personnel register**

1a. During the current period			
	Total	Men	Women
<b>Average number of employees</b>			
Full time	745.7	638.7	107.0
Part-time	118.5	65.5	53.0
Total in full-time equivalents (FTE)	835.3	688.2	147.1
<b>Number of hours actually worked</b>			
Full time	1,139,321	973,994	165,327
Part-time	135,289	73,613	61,676
Total	1,274,610	1,047,607	227,003
<b>Employee expenses</b>			
Full time	95,161,273	83,968,256	11,193,017
Part-time	14,152,708	8,609,755	5,542,953
Total	109,313,981	92,578,011	16,735,970
<b>Advantages in addition to wages</b>	2,095,665	1,774,819	320,846
1b. During the previous period			
	Total	Men	Women
Average number of employees (FTE)	820.8	678.5	142.3
Number of hours actually worked	1,261,604	1,039,330	222,274
Employee expenses	104,976,647	88,978,206	15,998,441
Advantages in addition to wages	1,716,879	1,455,226	261,652

<b>2. At the closing of the period</b>			
	Full time	Part-time	Total FTE*
<b>a. Employees recorded in the personnel register</b>	<b>748</b>	<b>121</b>	<b>839.2</b>
<b>b. By nature of the employment contract</b>			
Contract for an indefinite period	730	120	820.6
Contract for a definite period	18	1	18.6
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
<b>c. According to gender and study level</b>			
Men	640	67	690.5
Primary education	0	0	0
Secondary education	265	38	294.5
Higher non-university education	162	9	168.9
University education	213	20	227.1
Women	108	54	148.7
Primary education	0	0	0
Secondary education	18	11	26.0
Higher non-university education	45	28	66.3
University education	45	15	56.4
<b>d. By professional category</b>			
Management	268	32	291.3
Employees	480	89	547.9
Workers	0	0	0
Other	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	2.8	0
Number of hours actually worked	5,591	0
Costs for the enterprise	347,798	0

**Table of movements in personnel during the period**

	Full time	Part time	Total FTE*
<b>Entries</b>			
<b>a. Employees recorded in the personnel register</b>	<b>63</b>	<b>7</b>	<b>66.9</b>
<b>b. By nature of the employment contract</b>			
Contract for an indefinite period	52	5	54.7
Contract for a definite period	11	2	12.2
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
<b>Exits</b>			
<b>a. Employees whose contract end-date has been recorded in the personnel register in this financial year</b>	<b>55</b>	<b>7</b>	<b>59.6</b>
<b>b. By nature of the employment contract</b>			
Contract for an indefinite period	44	6	48.0
Contract for a definite period	11	1	11.6
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
<b>c. By reason of termination of contract</b>			
Retirement	21	3	22.8
Early retirement	0	0	0
Dismissal	2	1	2.8
Other reason	32	3	34.0
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

\*full-time equivalent

## Information on training provided to employees during the period

	Men	Women
<b>Initiatives in formal continued professional development at the expense of the employer</b>		
Number of employees involved	683	146
Number of actual training hours	14,165	2,263
Net costs for the enterprise	2,492,336	390,787
Of which gross costs directly linked to training	2,492,336	390,787
Of which fees paid and payments to collective funds	0	0
Of which subsidies and other financial advantages received (to deduct)	0	0
<b>Total of initiatives of less formal or informal professional training at the expense of the employer</b>		
Number of employees involved	485	127
Number of actual training hours	5,353	1,591
Net costs for the enterprise	428,655	112,569
<b>Total of initiatives of initial professional training at the expense of the employer</b>		
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/SA for the financial year ended 31 December 2021

As required by law and the Company's articles of association, we report to you as statutory auditor of Fluxys Belgium NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2021, 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 2021 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 14 May 2019, 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 2021. We performed the audit of the Consolidated Financial Statements of the Group during 3 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 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 2.634,5 million and of which the consolidated income statement shows a profit for the year of € 75,5 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 2021, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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', 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 III, 5.11) in the Consolidated Financial Statements.

### Capitalisation and useful life of property, plant and equipment

#### Description

Property, plant and equipment amounts to 72% of the consolidated balance sheet of the Group, with a total capital expenditure of € 50,6 million in 2020 and a net book value of € 1.902,0 million as at 31 December 2020. Property, plant and equipment form the most important basis for the Regulated Asset Base ("RAB"). Depreciations are classified as non-manageable operating cost and thus have an important impact on the tariffs. The economical useful life, as accepted by the regulator CREG, impacts the depreciations.

As a result of the importance of property, plant and equipment on the total balance sheet and on the regulated result, and given its relevance to the users of the Consolidated Financial Statements, this topic is considered a key audit matter.



### How the matter was addressed in our audit

Amongst others, we have performed the following procedures:

- Assessing the design and the implementation of key internal controls, including management assessment over the appropriate authorization of the investment, the compliance of the investment with the capitalization criteria in the accounting policies, and the correct classification of expenditures either as CAPEX or as operating expenses ('OPEX').
- Performing substantive analytical procedures on CAPEX and OPEX by comparing current year figures with the budgeted figures as approved by the regulator at the level of asset classes and projects;
- Testing a selection of additions to property, plant and equipment, assessing whether the expenditure meets the criteria for capitalization under IFRS as adopted by the European Union and under the Group's accounting policies, recalculation of depreciation charges, analyzing whether the investments are allocated to the correct activity, and reconciling the net book value of property, plant and equipment to the RAB;
- Evaluation, based on communication with the regulator, whether there have been changes in the useful life of assets during the period which should be included in the accounts.
- Assessing the adequacy of the disclosures in notes 2.6 and 5.1 of the Consolidated Financial Statements.

### Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

### Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company

and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

## Report on other legal and regulatory requirements

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

### Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

### Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Chapter 'Legal and regulatory framework' (page 48)
- Financial situation: consolidated key figures (page 99)

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 Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative Standards ("GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative Standards ("GRI").

### 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 2021 included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

## Other communications

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 30 March 2022

EY Bedrijfsrevisoren BV  
Statutory auditor  
Represented by

Marnix Van Dooren \*  
Partner

Wim Van Gasse \*  
Partner

\*Acting on behalf of a BV/SRL

22WVG0083

## Declaration by responsible persons

### Declaration regarding the financial year ended 31 December 2021

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, 30 March 2022

Christian Leclercq  
Member of the Executive Board  
Chief Financial Officer

Pascal De Buck  
Managing Director  
Chief Executive Officer

# Glossary

## Pertinence of published financial ratios (see 'Financial situation: key statistics, p. 99)

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.

**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 €	31.12.2021	31.12.2020	Notes
Operating profit/loss	137,821	133,482	4
Depreciations	173,993	174,534	4.2.4
Provisions	7,070	6,155	4.2.4
Impairment losses	21	-548	4.2.4
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	4.3
<b>EBITDA in thousands of €</b>	<b>318,905</b>	<b>313,623</b>	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2021	31.12.2020	Notes
Operating profit/loss	137,821	133,482	4
Earnings from associates and joint ventures	0	0	4
Dividends from unconsolidated entities	0	0	4.3
<b>EBIT in thousands of €</b>	<b>137,821</b>	<b>133,482</b>	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2021	31.12.2020	Notes
Financial income from lease contracts	60	64	4.3
Interest income on investments, cash and cash equivalents	927	768	4.3
Other interest income	30	24	4.3
Borrowing interest costs	-37,338	-38,896	4.4
Borrowing interest cost on leasing	-983	-1,039	4.4
Interest on regulatory assets and liabilities	1,779	1,933	
<b>Net financial expenses in thousands of €</b>	<b>-35,525</b>	<b>-37,146</b>	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2021	31.12.2020	Notes
Borrowing interest costs	-37,338	-38,896	4.4
Borrowing interest costs on leasing	-983	-1,039	4.4
Interest on regulatory liabilities	1,779	1,933	
<b>Interest expenses in thousands of €</b>	<b>-36,542</b>	<b>-38,002</b>	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2021	31.12.2020	Notes
Operating profit/loss	137,821	133,482	4
Operating revenue - Movements in regulatory assets and liabilities	-36,095	-67,003	
Depreciations	173,993	174,534	4.2.4
Provisions	7,070	6,155	4.2.4
Impairment losses	21	-548	4.2.4
Inflows related to associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	4.3
Net financial expenses	-35,525	-37,146	
Current tax	-37,137	-34,278	4.5
<b>FFO in thousands of €</b>	<b>210,148</b>	<b>175,196</b>	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2021	31.12.2020 revised	Notes
FFO	210,148	175,196	
Dividends paid	-96,262	-91,343	E – consolidated statement of cash flows
<b>RCF in thousands of</b>	<b>113,886</b>	<b>83,853</b>	

Fluxys Belgium consolidated balance sheet in thousands of €	31.12.2021	31.12.2020 revised	31.12.2020 published
Non-current interest-bearing liabilities	1,162,091	1,208,055*	1,589,554
Current interest-bearing liabilities	57,432	58,186*	184,843
Other financing (current)	0*	0*	-25,775
Other financing (non-current)	0*	0*	-65,557
Other liabilities (current)	0*	0*	-100,882
Other liabilities (non-current)	0*	0*	-315,942
Cash investments (75%)	-34,305	-29,594	-29,594
Cash and cash equivalents (75%)	-275,198	-283,019	-283,019
Other financial assets (75%)	-63,974	-80,517	-80,517
<b>Net financial debt in thousands of €</b>	<b>846,046</b>	<b>873,111</b>	<b>873,111</b>

\*From 2021, the regulatory liabilities are presented as a separate line item on the balance sheet (including in the comparative figures). See note 1f of the annual report for further explanations.

Fluxys Belgium consolidated balance sheet in millions of €	31.12.2021	31.12.2020 revised
Transmission	2,047.5	2,086.9
Storage	228.8	235.6
LNG terminalling	303.0	302.7
<b>RAB in millions of €</b>	<b>2,579.4</b>	<b>2,625.1</b>
Other tangible investments outside RAB	410.4	420.3
<b>Extended RAB in millions of €</b>	<b>2,989.7</b>	<b>3,045.4</b>

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 €	31.12.2021	31.12.2020	Notes
Dividends paid	96,262	91,343	D. Consolidated statement of changes in equity
Financial income	-1,142	-924	4.3
Financial expenses	38,375	39,695	4.4
Goods & consumables	3,422	2,970	4.2.1
Services & miscellaneous goods	146,348	140,410	4.2.2
Employee benefits	112,549	110,544	4.2.3
Taxes and duties paid	36,938	37,222	4.5.1
Lease agreements	5,874	5,890	4.2.5 & 4.4
<b>Welfare contribution in thousands of €</b>	<b>438,626</b>	<b>427,150</b>	

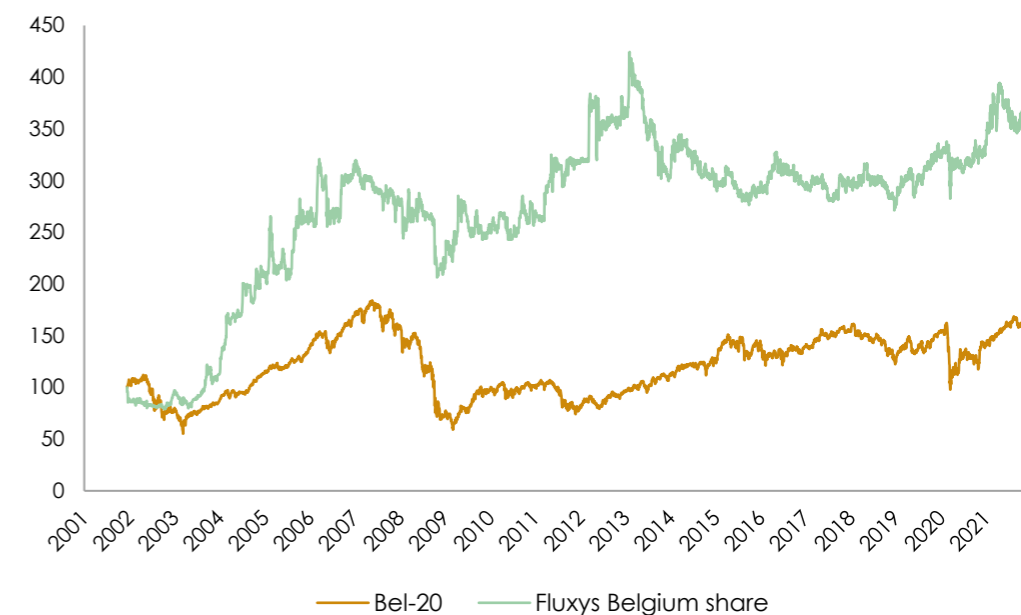
# Shareholder's guide

## Shareholder's calendar

10.05.2022	General Meeting
18.05.2022	Payment of dividend
28.09.2022	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 €1.38 for the 2021 financial year (€0.966 net), compared to €1.37 (€0.959 net) for 2020. 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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#### Creation and realisation

[www.chriscom.eu](http://www.chriscom.eu)

#### Photos

David Samyn, Will Anderson (Badger Productions), Johan Van Droogenbroeck, Wim Robberechts, Dries Van den Brande, Dunkerque LNG – HappyDay, DNV Spadeadam test facility, Titan LNG, Philip Vanoutrive

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shaping together  
a bright energy  
future