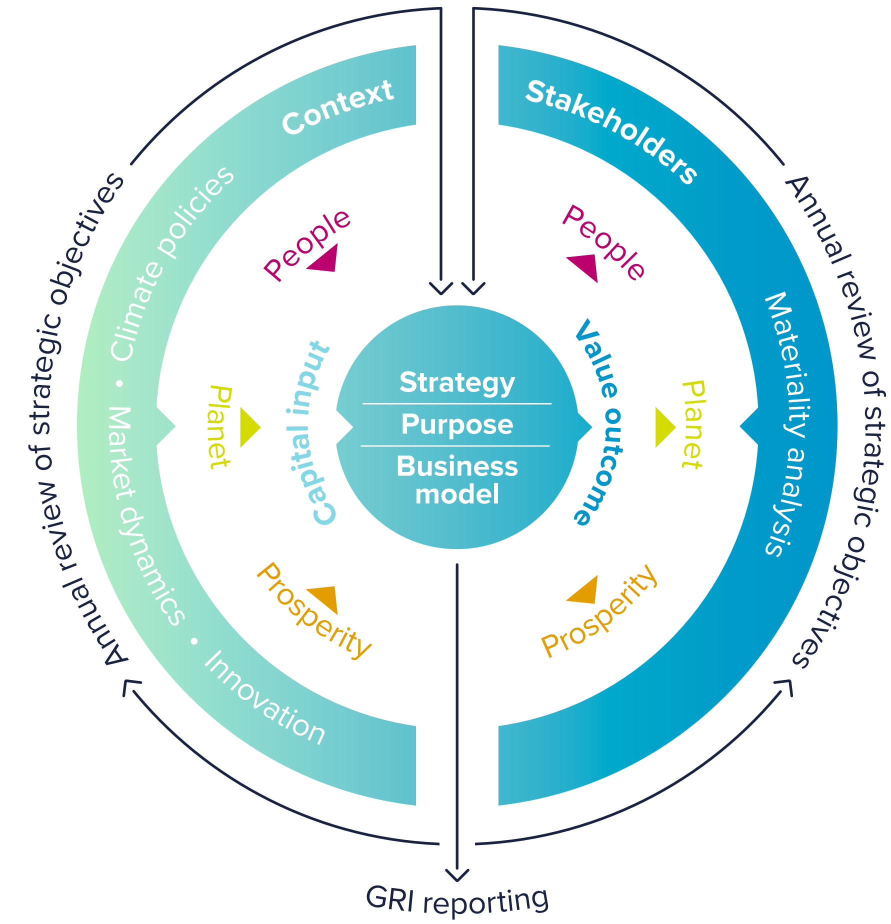
Annual Financial Report 2020

Fluxys Belgium

shaping together a bright energy future

We are committed to continue building 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 carbon dioxide and to accommodate the capture, usage and storage of the latter.

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.

€ 3.05 bn
Extended regulated asset base

€ 42.3 m
Investments in infrastructure

161 - 748
Women and men

3.42 ☑
Average number of training days per full-time equivalent (number of training days in 2020 was affected by COVID-19 restrictions)

281,109 MWh
Energy consumed Transmission and storage

426,640 MWh
Energy consumed LNG terminalling

€ 1.37
Proposed gross dividend per share (subject to the decision of the ordinary annual general meeting)

€ 427.1 m
Contribution to prosperity

69
Employees taking on a new role within the company

0
Interruptions or reductions in capacity

- 9%
Greenhouse gas intensity Transmission and storage

+ 0.6%
Greenhouse gas intensity LNG terminalling

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 year we conduct a **materiality analysis** with our stakeholders to identify which topics are of material importance to Fluxys Belgium's activities.

Contents

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 ☑.

Daniël Termont
Chairman of the Board of Directors

Pascal De Buck
Managing Director and CEO

Message from the Chairman and Managing Director

This report demonstrates how our strategy creates value for society (Prosperity), the environment (Planet) and our employees (People). Our purpose - shaping together a bright energy future - is the driving force behind our strategy.

The past year was an unusual one, one in which the pandemic changed the face of society and forced us to rethink the way we work and live. Despite these unprecedented circumstances, Fluxys Belgium ended 2020 on a high note.

Society was able to rely on our essential services as a gas infrastructure company at all times throughout the year: we kept energy flowing. At the same time, we reached a new milestone in the development of the LNG terminal in Zeebrugge and made major progress in our efforts to turn our infrastructure into a key tool of the energy transition.

2020 was a strong year for Fluxys Belgium, and this is all down to our employees. Their drive, ingenuity and commitment were crucial in allowing us to continue providing society and our customers with the best possible service while also enabling us to look ahead to the future of our company despite these hard times. We are truly proud of the resilience of our employees and the way they gave their all in this difficult year.

In line with the European Commission's strategy and taking into account the necessary legal and regulatory evolutions, we can gradually transform and develop our infrastructure into complementary networks in which we also transport hydrogen and CO_2, for example.

Prosperity: contributing to society by transporting energy

Together with our customers and the distribution system operators, we provide almost a third of the energy consumed by households and businesses in Belgium. By moving quickly and thanks to the resilience and total commitment of our employees, we ensured that our essential services remained operational in complete safety during the pandemic.

In 2020, Fluxys Belgium made considerable efforts to help alleviate pandemic-related needs in a broad social context, too. During lockdown, many employees throughout the company were personally involved in Fluxys Belgium and other initiatives to provide social and health assistance.

With the support of its shareholders, Fluxys Belgium and parent group Fluxys also freed up approximately €1 million for various organisations and institutions engaged with vulnerable groups, frontline workers and scientific research into COVID-19 in Belgium.

At operational level, record traffic flows at the LNG terminal in Zeebrugge posed a particular challenge. 2020 marked the first full year of transshipment services at the terminal, and March was the busiest ever month for employees, with 30 vessels docking in full COVID pandemic.

The sales teams successfully sold a substantial amount of additional regasification capacity for the LNG terminal in Zeebrugge. This marks a new milestone in the development of the terminal.

Transshipment services made a substantial contribution to the positive development of the company's profits. We are offering our shareholders an increased gross dividend, as in previous years.

Our infrastructure work also remained on schedule, despite the COVID-related measures implemented on our work sites. Together with the distribution system operators, we were able to convert 120,000 connections to H-gas as planned. Thanks to our active cooperation with the distribution system operators, we were also able to shorten the rest of the schedule, with the conversion now expected to be completed in 2024 rather than in 2029.

The sales teams made a concerted effort to sell additional capacity to our border-to-border transmission and storage customers in a challenging market context. They also successfully sold a substantial amount of additional regasification capacity for the LNG terminal in Zeebrugge, marking a new milestone in the development of the terminal.

Planet: our commitment to the climate targets

Fluxys Belgium fully supports the climate targets set out in the Paris Agreement and the European Green Deal. The Green Deal and the European recovery plan that took shape in 2020 in the wake of the pandemic created a momentum for us to proactively accelerate our energy transition strategy.

As such, in 2020 we devised a plan to use our infrastructure sustainably as a tool of the energy transition. In line with the European Commission's strategy and taking into account the necessary legal and regulatory evolutions, we can gradually transform and develop our infrastructure into complementary networks in which we also transport hydrogen and CO_2, for example. The plan will be further developed in collaboration with our

Working safely in a meaningful job took on an extra dimension during the pandemic in 2020. Fluxys Belgium therefore rolled out numerous initiatives to ensure the safety and well-being of our employees and keep them connected.

customers, the distribution system operators, the government and other stakeholders. The intention is to build step by step, taking into account evolutions in the market. At the same time, we are laying the foundations for Belgium's lasting role as an energy hub in North-West Europe for the molecules of the future.

In 2020, we also continued to support the development of the biomethane market in Belgium by actively contributing to the certification systems for carbon-neutral gases. Furthermore, we devised procedures for connecting biomethane producers to our network. In another major development, the Zeebrugge LNG Terminal obtained official certification as an EU-approved process plant for bio LNG.

At the same time, Fluxys Belgium continued to roll out its action plan to halve its own greenhouse gas emissions on 2017 levels by 2025 and we are on track to meet this target. In an addition to the action plan, three additional open-rack vaporisers will be built at the Zeebrugge LNG terminal. Using the heat from seawater to regasify LNG will significantly reduce the terminal's energy consumption and thus its emissions.

We are on track to halve our own greenhouse gas emissions on 2017 levels by 2025.

People: working safely in a meaningful job

Working safely in a meaningful job took on an extra dimension during the pandemic in 2020. Fluxys Belgium therefore rolled out numerous initiatives to ensure the safety and well-being of our employees and keep them connected.

At the same time, the company placed considerable emphasis on establishing transversal teams with a view to enhancing employee diversity and employability. We encourage diversity in the way we think and work in order to develop a creative approach to the energy transition and turn Fluxys Belgium into a gas infrastructure company that transports the molecules for a carbon-neutral future.

To ensure sustained growth, we have also further developed our Employee Value Proposition (i.e. what Fluxys Belgium has to offer as an employer). By switching to digital channels to attract new talent, we were able to maintain our levels of recruitment and kept internal job mobility running smoothly.

Spurred on by the pandemic, Fluxys Belgium quickly shifted to deeper digitalisation and adapted ways of working throughout the company, also laying the foundations for projects that will provide the leverage needed to transform our future challenges into new opportunities for our employees and our organisation.

In the challenging year that was 2020, Fluxys Belgium continued to aim high and achieved strong results. We are keeping our eyes firmly fixed on sustainability and will continue to do everything in our power to provide our essential services to society safely and reliably.
We are committed to a carbon-neutral future now more than ever.

By moving quickly and thanks to the resilience and total commitment of our employees, we ensured that our essential services remained operational in complete safety during the pandemic.

Pascal De Buck
Managing Director
and CEO

Daniël Termont
Chairman of the
Board of Directors

Fluxys Belgium: our profile

Fluxys Belgium is pressing ahead with the energy transition to a carbon-neutral Belgium. We provide a reliable supply of natural gas which, as a low-emission fossil energy source, offers security of supply in the transition to a carbon-neutral society.

At the same time, our infrastructure is building a bridge to a hybrid energy future in which carbon-neutral electrons and molecules complement one another in the energy system. In light of this, we are making every effort, in line with the market and together with our stakeholders, to transform our infrastructure into a system to transport the molecules for a carbon-neutral future.

Ingenuity, entrepreneurship and teamwork are the keys to successfully achieving carbon neutrality. These qualities underpin our success today and give us confidence in the future.

Who we are and what we do

Independent gas infrastructure company

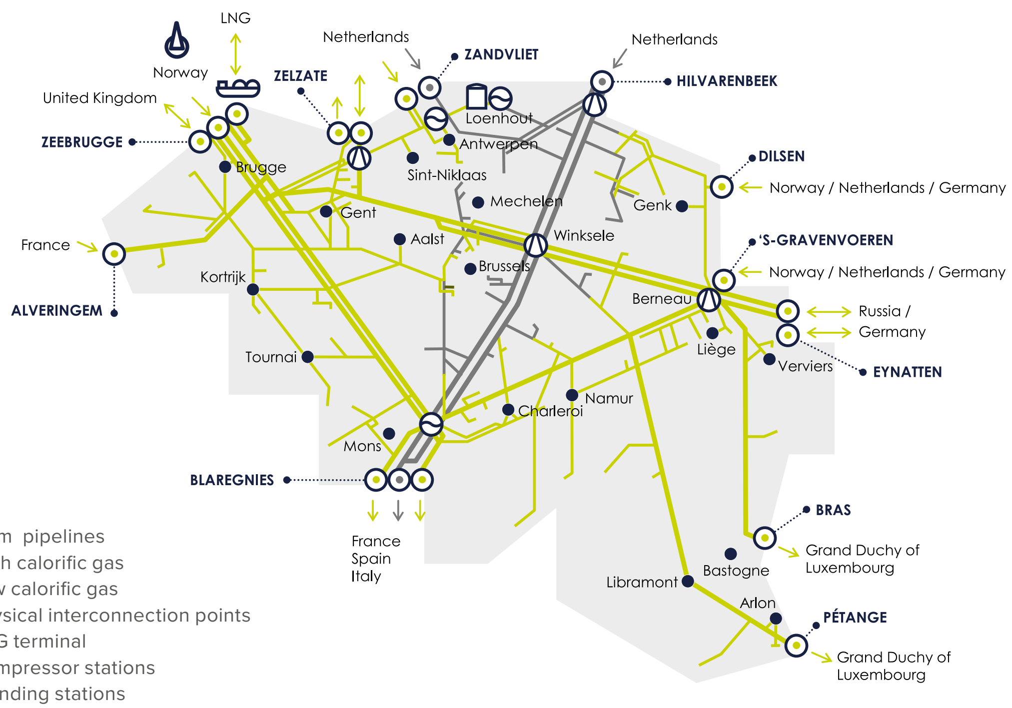
Fluxys Belgium is an independent gas infrastructure company with no interests in the generation or sale of energy. In this regard, the Belgian federal energy regulator has certified Fluxys Belgium as a transmission system operator operating in accordance with the full ownership unbundling model as per the European third package of legislative measures for the gas market. We have 90 years' experience in the development, financing, construction, operation and maintenance of gas infrastructure.

Active in the midstream segment

Fluxys Belgium is active in the so-called midstream segment of the natural gas chain: the transmission of natural gas via high-pressure pipeline, the storage of natural gas and the terminalling of liquefied natural gas (LNG). We provide the link between:

- natural gas producers around the world active in the exploration and extraction of natural gas and the production of LNG, biomethane producers, wholesalers and traders of natural gas; and
- suppliers who sell natural gas to end users and distribution system operators who supply natural gas at low pressure to households and SMEs.

Key asset: transmission infrastructure



4,000 km pipelines
- High calorific gas
- Low calorific gas
- Physical interconnection points
- LNG terminal
- Compressor stations
- Blending stations
- Storage

Our infrastructure and services

In Belgium, we own and operate 4,000 km of natural gas transmission pipelines, the associated infrastructure as well as the underground natural gas storage facility in Loenhout. Fluxys LNG (a subsidiary in which Fluxys Belgium holds a 99.99 stake) owns and operates the LNG terminal in Zeebrugge.

Transmission services

Fluxys Belgium sells capacity in its pipeline infrastructure to its customers to transport natural gas to distribution system operators, power plants and major industrial end users in Belgium or to send natural gas to border points for transmission to other end-user markets in Europe. Fluxys Belgium also offers gas trading services, allowing customers to buy and sell gas on Belgium's ZTP gas trading platform.

Storage

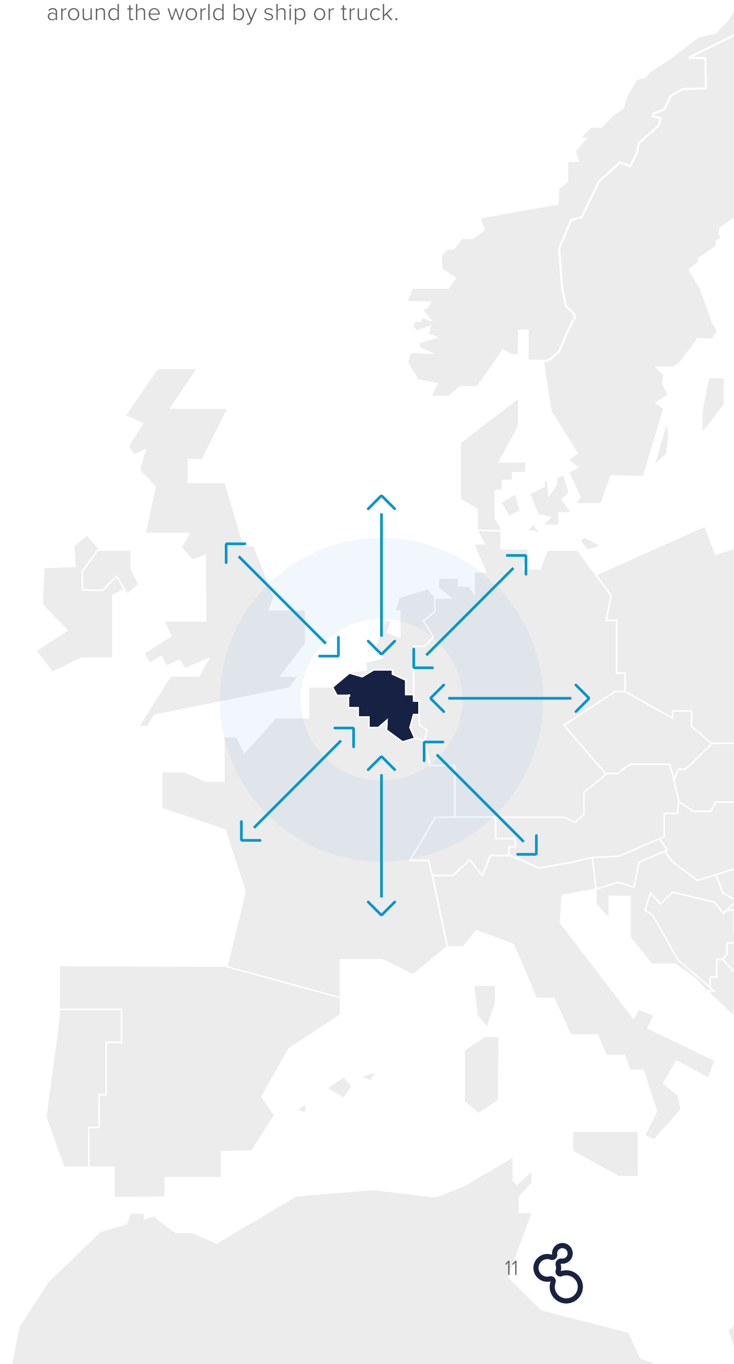
Fluxys Belgium offers storage services enabling customers to use buffer capacity flexibly according to their needs to ensure the continuity of supplies to end users or for their activities on gas trading platforms.

LNG terminalling

At the Zeebrugge terminal, Fluxys Belgium sells capacity for loading and unloading LNG vessels, storing LNG or regasifying it for further transmission on the network. Customers can also transfer LNG between two vessels. Another service is the loading of LNG trailers or containers to supply local networks or industrial sites in Europe where pipeline supplies are unavailable, to supply filling stations for LNG-fuelled trucks, or to supply LNG-powered vessels.

Our network: an energy hub

The Belgian network has excellent connections to all natural gas sources available to the European market, enabling customers to move the LNG they import by ship or the natural gas they supply by pipeline in any direction: France, the United Kingdom, the Netherlands, Germany and Luxembourg. LNG can also be transported from Zeebrugge to other destinations in Europe or around the world by ship or truck.



Ready to transport the molecules for a carbon-neutral future

Thanks to our infrastructure, we are building a bridge to the future. The energy mix of tomorrow will comprise wind and solar power as well as carbon-neutral molecules. CO_2 capture, reuse and storage will also be needed in the transition to a carbon-neutral society.

Fluxys Belgium is working hard to help make this future a reality. We devised a plan to use our natural gas infrastructure sustainably as a tool of the energy transition. In line with the strategy of the European Commission and taking into account the necessary evolutions in the legal and regulatory framework, we can gradually transform and develop our infrastructure into complementary networks in which we also transport hydrogen and CO_2, for example.

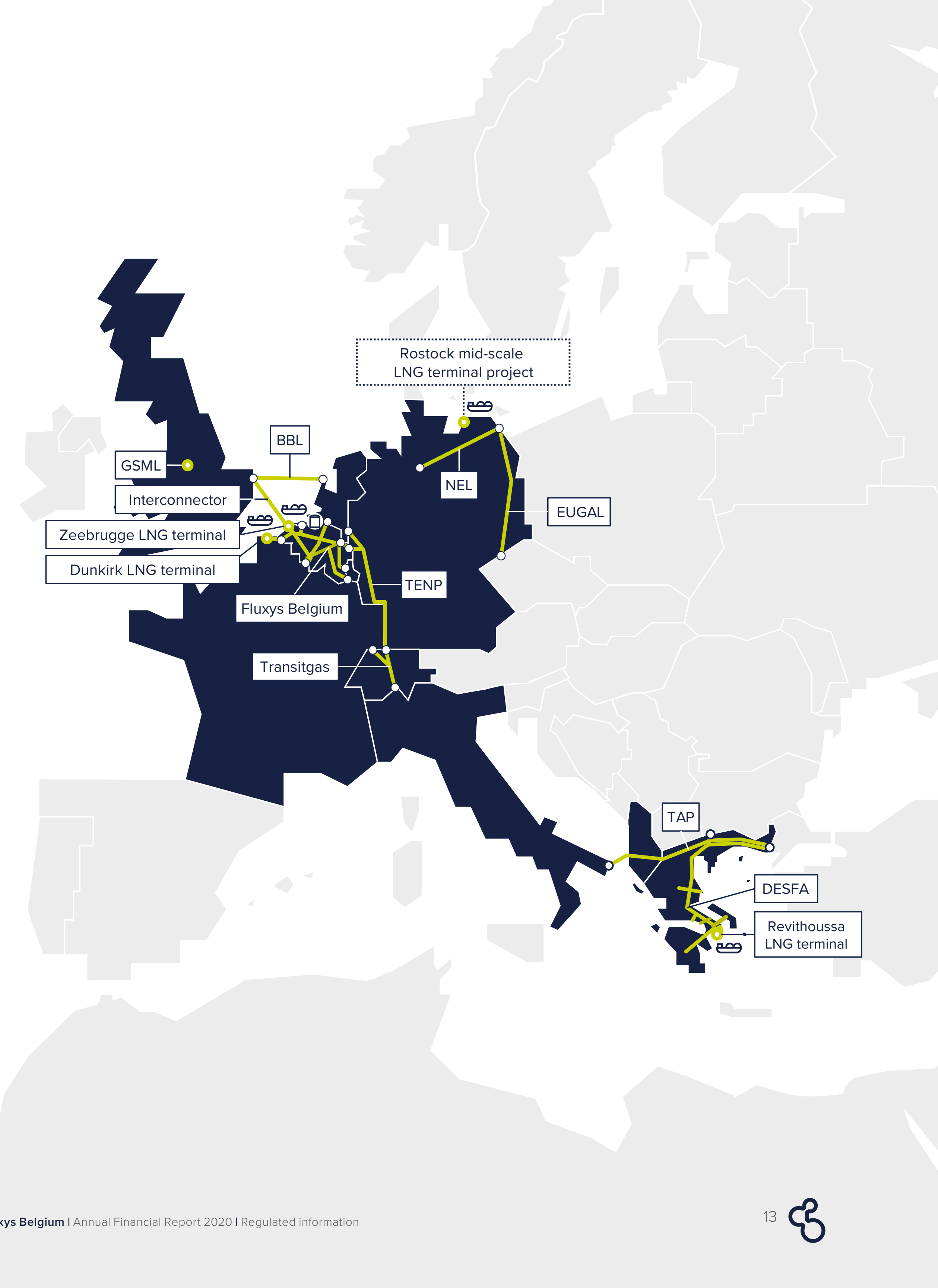
The plan will be further developed in collaboration with our customers, the distribution system operators, the government and other stakeholders. The intention is to build step by step, taking into account evolutions in the market. This will allow us to unlock new solutions for Belgian consumers in their efforts to achieve sustainable recovery and growth. At the same time, we are laying the foundations for Belgium's lasting role as an energy hub in North-West Europe for the molecules of the future.

The power of the molecule

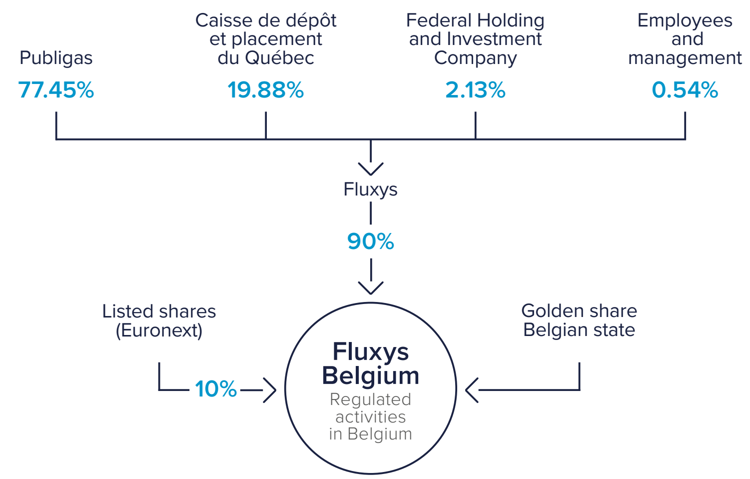
To decarbonise the energy system, we need all hands on deck. The European Commission's projections for 2050 show that a net-zero emissions energy system is likely to be based on a roughly 50/50 split between carbon-neutral electricity and carbon-neutral gases such as hydrogen (H_2), biomethane, synthetic methane and biofuels, which is why gas and electricity networks must be able to work in tandem.

This means electrification with green power where possible and clean gases where this is more appropriate.

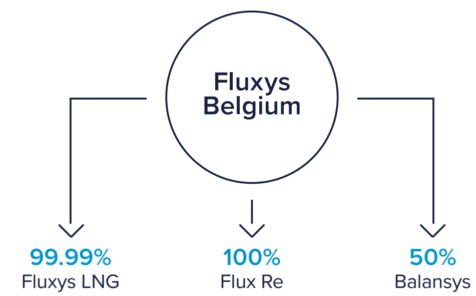
Part of the Fluxys group



Our shareholders as at 31 March 2021



Our subsidiaries



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

- The public limited liability company under Belgian law Fluxys has 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: class B, D and the 'golden share'.

- The shares of class B are and will remain registered shares.
- The shares of class D are registered or dematerialised at the discretion of the shareholder who shall bear any conversion charges.
- The 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 on the rights attached to the special share of the Belgian State, please refer to the Corporate Governance Declaration, 'Voting rights and special powers'.

The shareholder structure of **parent company Fluxys** is as follows:

- **Publigaz** 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.

Fluxys LNG (consolidated subsidiary – Fluxys Belgium holds a 99.99% 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. In 2020, Balansys became the operator responsible for balancing activities for the integrated Belgian-Luxembourg gas market.

Our business model

Regulated sale of capacity

Fluxys Belgium derives approximately 97% of its operating income from the sale of capacity and related services in its infrastructure for the transmission and storage of natural gas and LNG terminalling, which are regulated activities monitored by CREG, the Belgian federal energy regulator. This means that, among other things, tariffs, standard contracts and the range of services are established by means of a formal approval process with CREG.

Belgium's regulatory framework provides for a system of turnover regulation. This means that allowed operating revenue is capped at a level at which the company can cover its costs – the operating costs that are controlled by CREG, depreciations, financial costs and return on invested capital. Profit is determined based on various regulatory parameters, including equity invested and a risk-free interest rate.

Infrastructure in a competitive market

Capacity sold for border-to-border transmission accounts for approximately half of revenue from transmission activities. Fluxys Belgium competes with transmission system operators in other North-West European countries that offer border-to-border capacity. The remaining revenue from transmission activities comes from the sale of capacity for the supply of natural gas on the Belgian market. The company has a natural monopoly here.

Natural gas storage and LNG terminalling are competitive markets as well, meaning that the Loenhout storage site is in competition with other storage sites and gas trading platforms in North-West Europe. The Zeebrugge LNG terminal, in turn, competes with other terminals.

Our purpose and strategy

Shaping together a bright energy future

We are committed to continue building 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 carbon dioxide and to accommodate the capture, usage and storage of the latter.

together

The energy eco-system is complex and the demand for more energy in service of human progress combined with a global need to make energy more sustainable is a challenge that asks for collaboration. 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, our shareholders, our industrial partners, our customers, citizens and all actors in the energy system. At Fluxys, we actively believe in this collaboration

bright

There is a good deal of discussion around the role of natural gas and its place in the future energy landscape. ‘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 all.

future

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

En route for a green tomorrow with investments in Belgium

be fit and and grow

We optimise our gas operations while making well-considered growth choices

be the transporter of the future energy carriers

We support biomethane initiatives, invest in hydrogen and CO_2 transport projects and explore new technologies

Our context

Market dynamics

In 2020, it was once again made clear that, rather than being an island, 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 demand for LNG outside Europe.

The first months of 2020 saw a large influx of LNG into Europe as the European market acts as a buffer when there is a global oversupply of LNG. Combined with low demand in Europe during the first lockdown, this led to rock-bottom prices for natural gas on the wholesale market. Prices recovered during the summer as the global market achieved a better balance with lower levels of LNG production. The autumn and winter months were characterised by lower LNG supplies to Europe and higher natural gas demand during the various cold spells both within and outside Europe, which pushed up wholesale prices during that period.

Given the Belgian network's vital role as a gas crossroads and transit infrastructure, it is of key importance for Fluxys Belgium to be able to properly respond in capacity sales to the opportunities that arise for customers through the dynamics between pipeline gas and LNG supplies combined with price movements at gas trading places.

Climate policy and energy transition

In 2020, the European Green Deal became a comprehensive framework comprising strategies and roadmaps clearly focused on cutting greenhouse gases by 55% by 2030. As such, the EU's Hydrogen Strategy and Strategy for Energy System Integration, among others, recognise the role that carbon-neutral gases like hydrogen, biomethane and synthetic methane can play alongside renewable electricity in the energy system of the future. The capture and reuse or storage of CO_2 is also acknowledged as one of the various complementary solutions needed to achieve climate neutrality.

In the wake of the pandemic that shook the world, the European recovery plan also took shape and was grafted onto the Green Deal. With regard to energy specifically, the plan aims to support projects that contribute directly to achieving the climate targets and are therefore future-proof in the long term.

Belgium's federal government agreement clearly endorses the European climate targets and recognises the need for a future-oriented regulatory and market framework regarding the development of the necessary supporting infrastructure.

Innovation

In order to shape the energy transition, innovative technologies will have to be developed or scaled up as quickly as possible along various lines, both in terms of the production of the energy carriers themselves and in terms of how carbon-neutral energy will be transported and stored.

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

The molecules for a carbon-neutral future will of course have to be transported and stored, so Fluxys Belgium is working hard to make this possible thanks to an innovative plan for repurposing existing infrastructure and constructing new infrastructure as tools for the energy transition.

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 main risks are monitored on a quarterly basis.

Internal control process

The *3 lines of defence model* is the internal control model used to manage our risks and carry out controls.

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

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

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

Research and development

Applied research

Fluxys Belgium handles applied-research projects on its own or in collaboration with the higher-education sector or with other companies in 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.

The energy transition

Fluxys Belgium and its parent company Fluxys aim to play a leading role in the transmission of the gases needed in a carbon-neutral future and roll out a range of research initiatives to this end. More about these initiatives is provided in the 'Planet' section as from p. 39.

Gas for Climate

Fluxys Belgium is a member of the Gas for Climate initiative launched to research and document the role of renewable and emission-neutral gas in the energy system of the future and quantify its contribution to achieving our climate targets.

The initiative consists of 11 European gas transmission companies (DESFA, Enagás, Energinet, Fluxys Belgium, Gasunie, GRTgaz, ONTRAS, OGE, Snam, Swedegas and Teréga) and two renewable gas industry associations (European Biogas Association and Consorzio Italiano Biogas).

In 2020, Gas for Climate carried out the *Gas Decarbonisation Pathways 2020-2050* study, which describes ways to decarbonise gas between 2020 and 2050 and identifies the investments needed to scale up hydrogen and biomethane. Later in the year, Gas for Climate also published a report on key market trends involving renewable and low-carbon gases and a list of examples of leading projects.

Power-to-gas

Fluxys Belgium has teamed up with Vlerick Business School on a power-to-gas research project examining the economic interactions between power-to-gas and the electricity market.

Interaction between energy networks

In 2020, Fluxys and the University of Liège launched INTEGRATION *(INTeraction Electricité, Gaz et autres Réseaux énergétiques : modélisAtion, opTi-misation, Investissements et régulatiON)*, a four-year project investigating interactions between different energy networks (electricity, gas and others) and the associated modelling, optimisation, investment and regulation. A methodology to determine how best to invest across different energy carriers is being developed as part of this project.

Optimising network operation

Integration of innovative gas technology

Fluxys Belgium is looking into the possibility of integrating efficient gas technologies, such as combined heat and power (CHP) and fuel cells, into its buildings and facilities. In 2020, a study was carried out to determine the extent to which a CHP unit could be installed at the Winksele compressor station.

Research into network integrity

Fluxys Belgium runs various projects to improve knowledge of pipeline integrity and the methods used to safeguard it. Together with universities and industrial partners, various studies are being conducted into mechanisms that affect the integrity of pipelines and into alternative inspection technologies.

Use of drones

Fluxys Belgium intends to gradually increase the use of drones in its range of means of operating the transmission system. Among other things, drones can be used to check the condition of surface pipelines that are difficult to access. Studies are also under way into the use of drones to detect natural gas leaks in the future.

Our governance

Fluxys Belgium's commitment to sustainability is an integral part of its business strategy. This strategy guides 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 his specific powers to a Management Team BE.

Fluxys Belgium gives tangible form to its strategy and commitment to sustainability throughout the company 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 staff. Collective bargaining agreement CAO 90, which applies to employees, also includes incentives aimed at reducing Fluxys Belgium's greenhouse gas emissions.

→ More information about corporate governance at Fluxys Belgium can be found the 'Corporate Governance Declaration' section.

Our corporate bodies as at 31 March 2021

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
- **Jos Ansoms**
- **Laurence Bovy***
- **Sabine Colson***, Chairman of the Corporate Governance Committee
- **Patrick Côté**
- **Valentine Delwart***
- **Sandra Gobert***
- **Andries Gryffroy**
- **Luc Hujoel**, Chairman of the Appointment and Remuneration Committee
- **Ludo Kelchtermans**, Chairman of the Audit and Risk Committee
- **Roberte Kesteman***
- **Anne Leclercq***
- **Renaud Moens**
- **Walter Nonneman***
- **Josly Piette**
- **Koen Van den Heuvel**
- **Geert Versnick**
- **Sandra Wauters***
- **Luc Zabeau**
- **Tom Vanden Borre**, federal government representative acting in an advisory capacity
- **Maxime Saliez**, federal government representative acting in an advisory capacity

Nicolas Daubies, Company Secretary and General Counsel, acts as secretary to the Board of Directors.

Strategic Advice Committee

- **Claude Grégoire**, Chairman
- **Daniël Termont**, Vice-Chairman
- **Jos Ansoms**
- **Patrick Côté**
- **Valentine Delwart**
- **Luc Hujoel**
- **Walter Nonneman**
- **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, Company Secretary and General Counsel, acts as secretary to the Strategic Advice Committee.

* Independent director under the provisions of the Gas Act and the Belgian Code on Corporate Governance.

Audit and Risk Committee

- **Ludo Kelchtermans**, Chairman
- **Laurence Bovy**
- **Sabine Colson**
- **Patrick Côté**
- **Anne Leclercq**
- **Renaud Moens**
- **Sandra Wauters**

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

Appointment and Remuneration Committee

- **Luc Hujoel**, Chairman
- **Laurence Bovy**
- **Valentine Delwart**
- **Roberte Kesteman**
- **Walter Nonneman**
- **Koen Van den Heuvel**
- **Geert Versnick**

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

Corporate Governance Committee

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

Nicolas Daubies, Company Secretary and General Counsel, acts as secretary to the Corporate Governance 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, Company Secretary and General Counsel, acts as secretary.

Pascal De Buck

Peter Verhaeghe

Arno Büx

Christian Leclercq

What is most important to our stakeholders

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

Our stakeholders

As in 2019, Fluxys Belgium once again did a mapping of its stakeholders in 2020 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 have been included as stakeholders.

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 natural gas supply are now partners in projects to transport carbon-neutral energy carriers and CO_2 in Belgium.

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

Stakeholder	Interaction	Expectations
Employees		
	• Constant provision of information via the intranet and a wide range of training courses and opportunities for development • Continuous contact through daily management • Regular consultation on platforms such as the works council or Committee for Prevention and Protection at Work • (In)formal chats about psychosocial risks	• Good employer • Safe, healthy working environment • Fluxys Belgium's active role in the energy transition
Local residents		
• Residents owning or using land where our infrastructure is located or in the vicinity thereof • Agricultural, forestry and hunting organisations • Permit authorities, local authorities and emergency services of the towns, cities and municipalities where our infrastructure is located or where we carry out work	• Contact in the framework of daily operations and the construction of infrastructure • Information campaigns • Awareness-raising campaigns • Drills with emergency services	• Information • Safety • Limitation of disruption
Shareholders		
	• Regular consultation in the company's various bodies with shareholders' representatives on matters including strategy, financial performance, risk management, and the safety and reliability of natural gas transmission	• Fluxys Belgium plays an active, positive role in the energy transition thanks to its sound financial situation and reliable infrastructure
Customers		
• The users of the transmission system, the Loenhout storage facility and the Zeebrugge LNG terminal: gas producers, wholesalers, traders and suppliers who buy capacity in the company's infrastructure to get their gas to its intended destination • Distribution system operators connected to Fluxys Belgium's grid to deliver gas to homes and SMEs • Consumers directly connected to the transmission system, such as industrial companies and natural-gas-fired power plants. They mostly do not purchase capacity from Fluxys Belgium but there is an operational link due to their physical connection to the transmission system.	• Permanent contact through a team of key account managers • 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 • 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	• Optimum availability of infrastructure capacity • Competitive tariffs • Customers, who take account of total emissions generated by their supply chain, have high expectations with regard to their suppliers' climate impact.

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

Materiality analysis

As in 2019, Fluxys Belgium consulted in 2020 its stakeholders to gather their views on the significance of Fluxys Belgium's role and impact in the 17 relevant sustainability areas.

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

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

Building and operating safe infrastructure safety of infrastructure over its entire life cycle, from design to decommissioning	**Safety of employees** employee safety, including occupational accidents
Transporting the molecules for a carbon-neutral energy system transporting hydrogen, synthetic methane, biomethane, other carbon-neutral energy carriers and CO_2	**Financial resilience** the economic performance and development of business activities that create value for all stakeholders
Operational reliability operational excellence, security of supply, including security of information and communication systems	**Climate change** 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 **and anti-corruption activities** in line with GRI Standards (Core), while touching more succinctly on the other areas in the materiality matrix.

Materiality matrix

Memberships

	Energy	Climate - Environment	Research - Technology
Antwerp@C (via parent company 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
Carbon Connect Delta (via parent company Fluxys)	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		
COGEN Vlaanderen	x	x	
EASEE-gas	x		
European Pipeline Research Group			x
Federatie van transporteurs per pipeline (Fetrapi)	x		
gas.be	x	x	x
Gas for Climate	x	x	
European Gas Research Group (GERG)			x
H2GridLab (via parent company Fluxys)	x	x	x
Hydrogen Europe	x	x	
International Group of Liquefied Natural Gas Importers (GIIGNL)	x	x	
International Gas Union (IGU)	x	x	
International Organization for Standardization (ISO)			x
MARCOGAZ	x	x	x
NGVA Europe	x	x	
North-C Methanol (via parent company Fluxys)	x	x	x
Pipeline Operators Forum			x
Power-to-Methanol Antwerp (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	
The Shift		x	
Valorisation de la Biomasse (ValBiom)	x	x	
H2 Import Coalition (via parent company Fluxys)	x	x	x
WaterstofNet	x	x	

Planet

Fluxys Belgium fully supports the climate targets set out in the Paris Agreement and the European Green Deal. This is why we are working hard to help shape the transition to a wholly 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**

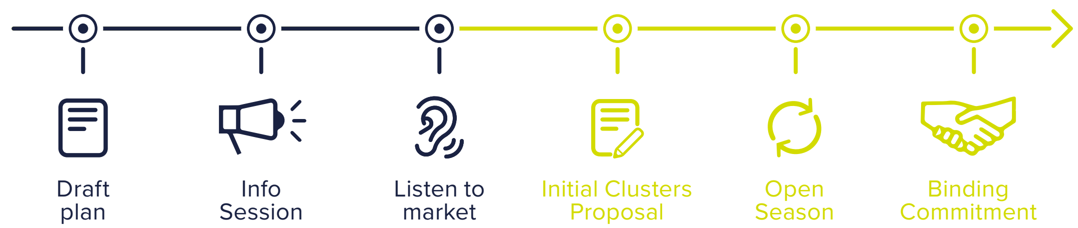
-9%

Carbon intensity Transmission and storage
(compared to 2019)
See page 57.

+0.6%

Carbon intensity LNG terminalling
(compared to 2019)
See page 57.

Transporting the molecules for a carbon-neutral future: progress of preparations



In 2020, we specifically focused on:

Our plan to join forces with industry, distribution system operators and other stakeholders to develop our infrastructure in line with the market into a system in which we transport carbon-neutral energy carriers and CO_2

BIOCH4

Initiatives to develop the biomethane market

Initiatives to promote the use of natural gas as an alternative fuel for transport and shipping

Our Go for Net 0 project to halve our greenhouse gas emissions on 2017 levels by 2025

Transporting the molecules for a carbon-neutral future

Policy approach

We are preparing to convert our network in line with the marktet into a complementary system able to transport hydrogen and CO_2 in addition to natural gas and biomethane. At the same time, we are supporting the development of the biomethane market and promoting the market for natural gas in transport and shipping in order to help achieve immediate climate results.

Related risks

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 and investment is needed to make it future-proof (transport of molecules for a carbon-neutral future)

Measures

- Investment plan with projects to gradually reconfigure infrastructure as part of a carbon-neutral energy system (see also 'Opportunity' in this table)
- Support for the development of the biomethane market and the injection of biomethane into the existing network
- Support for the use of natural gas, 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_2 infrastructure for Belgium

Fluxys Belgium is ready to build the gas network of the future. In 2020, we devised a plan to transform our natural gas infrastructure with a view to helping achieve climate neutrality by 2050.

With our experience in natural gas, we are joining forces with industry, distribution system operators and our other stakeholders to turn our infrastructure into three complementary networks through which various molecules key to the success of the energy transition can flow:

- A system for transporting methane (in which carbon-neutral biomethane and synthetic methane will gradually replace natural gas)
- A system for transporting hydrogen (H_2)
- A system for transporting CO_2
- Possibly also infrastructure for other molecules needed for the energy transition

In other words: we intend to make the gas network increasingly available, in line with the market, for the transmission of carbon-neutral energy carriers and the transmission of CO_2 for the circular reuse or storage thereof. This will allow us to unlock new solutions for Belgian consumers in their efforts to achieve sustainable recovery and growth.

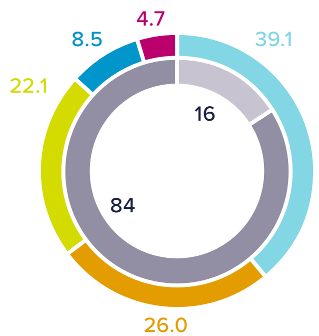
As repurposing existing infrastructure costs less and takes less time than building from scratch, we will reuse the natural gas network as much as possible when developing hydrogen and CO_2 infrastructure. In a densely populated country like Belgium, such an approach also means saving a lot of space.

Dual solution to drastically reduce CO_2 emissions

Almost 40% of Belgium's CO_2 emissions are generated by energy consumption or process emissions in industry. As large industrial companies are directly connected to the Fluxys network, reconfiguring our infrastructure offers a cost-efficient solution to cutting industrial CO_2 emissions, consequently making a major contribution to climate targets.

Belgium: breakdown of CO_2 emissions in 2018

(in million tonnes, source: klimaat.be)



- Industry
- Transport
- Residential heating
- Power generation
- Other
- Process emissions
- Energy use

Industrial processes for which electricity is not an option

A range of industrial processes require high temperatures where (carbon-neutral) electricity is not an option. Connecting these industries to 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_2

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

HyFit: cooperation with Ugent

In the framework of the reconfiguration of part of the existing natural gas network for the transport of hydrogen, Fluxys Belgium has also launched a research programme with Ugent (Ghent university). The programme develops a methodology for screening the existing network to determine the modalities for injecting hydrogen into the infrastructure.

Step-wise approach keeping pace with the market

During a webinar held in early 2021, Fluxys Belgium presented its plan to the market: a step-by-step approach, taking into account evolutions in the market, to ensure that the required capacities are made available as and when needed and with sufficient economies of scale.

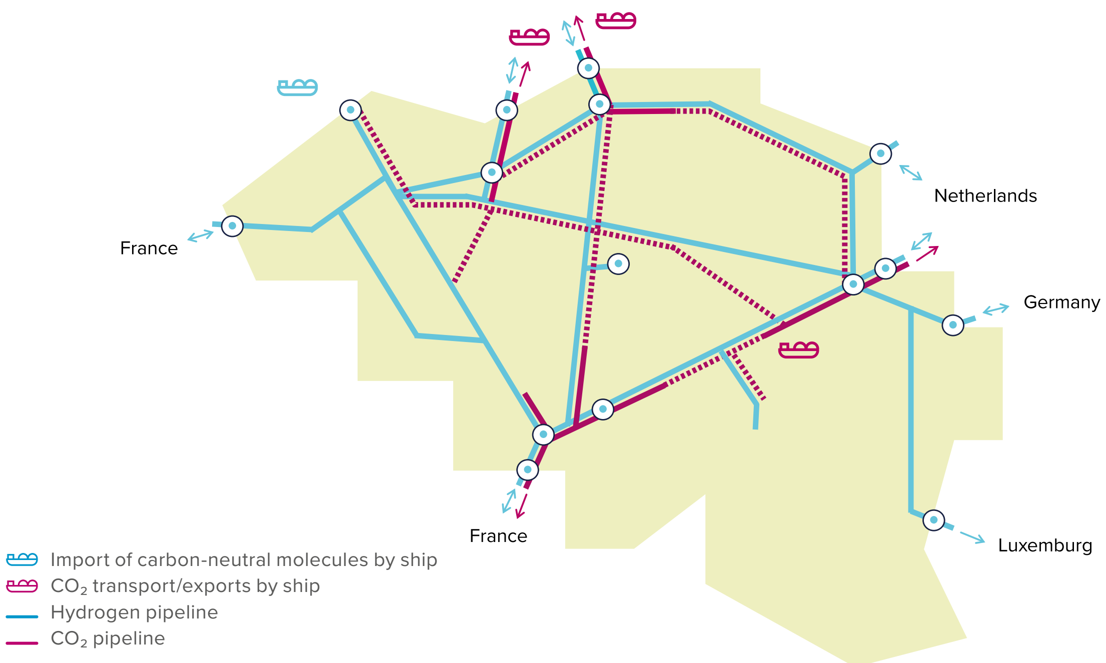
We will subsequently collect data from potential users of the hydrogen and CO_2 infrastructure to develop a clear overview of how market needs evolve geographically and over time. We will use this as a basis for presenting to the market a design proposal for specific infrastructure needed initially and that may evolve at a later stage in line with changes in demand.

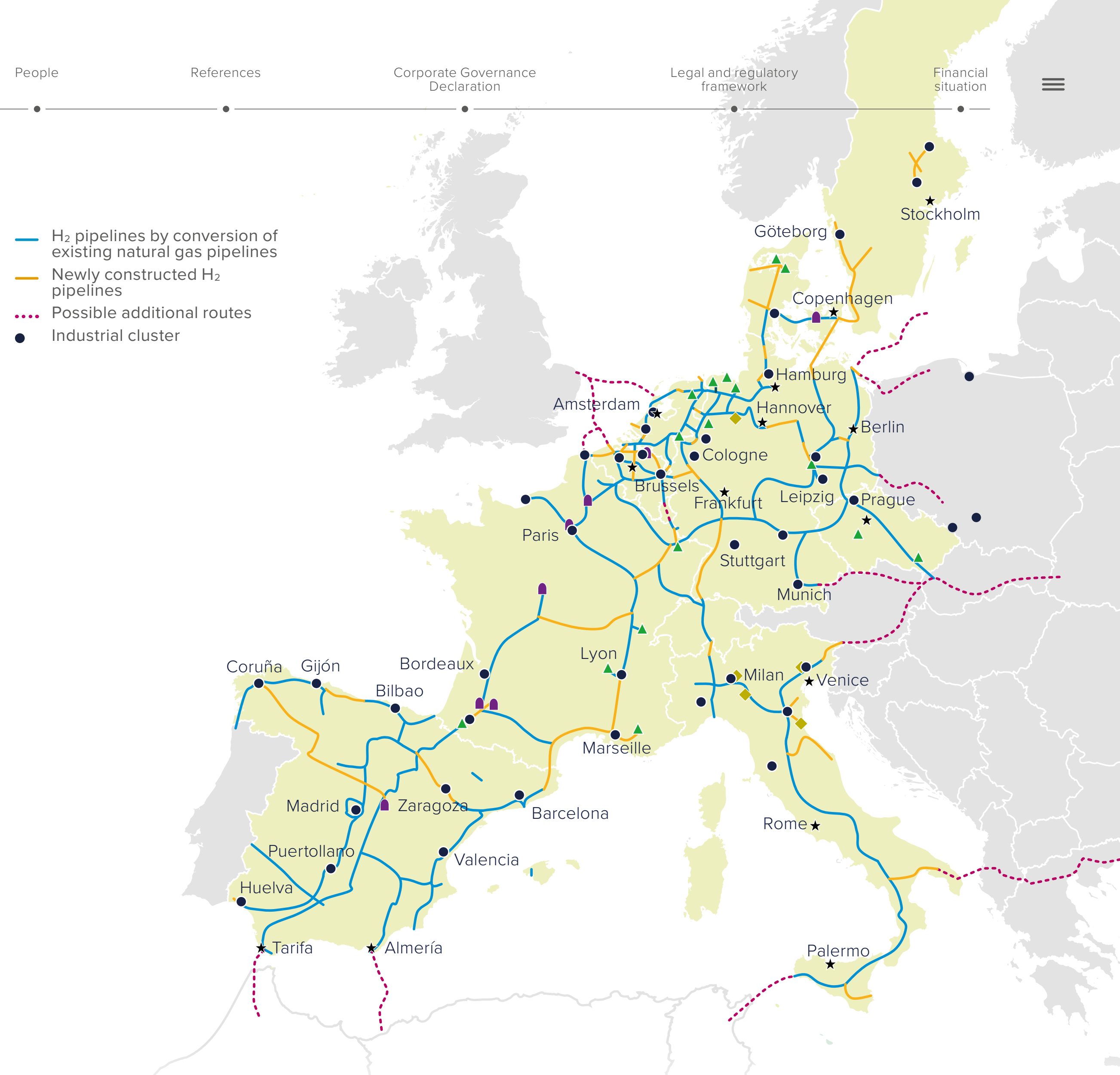
As per the approach set out in the European Commission's Hydrogen Strategy, we intend to work based on clusters and to establish connections with neighbouring countries from 2030 onwards in order to create a fully interconnected European infrastructure.

Lion's share of the investment plan

Fluxys Belgium's 2021-2030 investment plan encompasses investments totalling over €2 billion, with investments for the development of hydrogen and CO_2 infrastructure estimated to account for around 70% of that total.

Hydrogen and CO_2 infrastructure for Belgium: vision 2050





European Hydrogen Backbone initiative 2020, supported by Guidehouse

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 system and 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.

With this in mind, in 2020 Fluxys Belgium and 10 other gas transmission system operators drafted a plan for a Europe-wide hydrogen transmission network. This plan aligns with the Hydrogen Strategy launched by the European Commission last year as part of the Green Deal.

Other projects to develop the hydrogen market and chains for the capture and reuse/storage of CO_2

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_2 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. As such, further technological developments will be needed in other ways to produce carbon-neutral hydrogen, and the import of carbon-neutral hydrogen is an important option to keep in mind if the hydrogen sector continues to grow.

In 2020, the Hydrogen Import Coalition (a collaboration between DEME, ENGIE, EXMAR, Fluxys, Port of Antwerp, Port of Zeebrugge and WaterstofNet) completed a large-scale industrial study mapping out the financial, technical and regulatory aspects of the entire hydrogen import chain, from production abroad to delivery via ships and pipelines to Belgium and internal distribution. The study concluded that the solution is both technically and economically feasible. This forms the basis of subsequent action, including pilot projects to supply green gases 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.

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 and injection into networks. Sibelga, technology experts John Cockerill and Fluxys are partners in this project. H2GridLab is supported by Belgium's federal Energy Transition Fund.

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.

This test facility is an important addition to our own research into the reliability, safety and integrity of existing gas infrastructure when it comes to the transmission of hydrogen.

We plan to start tests in 2022. Expert group DNV GL and the universities of Durham and Edinburgh are also involved in the test facility.

Hydrogen panels

Researchers from KU Leuven (Leuven university) have developed game-changing hydrogen panels that are a highly efficient means of producing green hydrogen from sunlight and water vapour in the air. Fluxys installed several of these panels on the green roof of its Anderlecht lab in early 2021 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.

Antwerp@C

The Antwerp@C project is an initiative intended to halve CO_2 emissions in the port of Antwerp by 2030 by capturing and reusing/storing CO_2. Partners in the initiative are Air Liquide, BASF, Borealis, ExxonMobil, INEOS, Fluxys, Port of Antwerp and Total. In 2020, Antwerp@C was awarded a European subsidy from the Connecting Europe Facility. This will be used to conduct studies for an export terminal for liquid CO_2, a CO_2 pipeline in the port of Antwerp and a CO_2 pipeline to the Netherlands.

Co-financed by the Connecting Europe Facility of the European Union

Carbon Connect Delta

Capturing and reusing or storing CO_2 may make it possible to cut CO_2 emissions at North Sea Port (comprising the ports of Ghent in Belgium and Terneuzen and Vlissingen in the Netherlands) by 30%. With this in mind, Fluxys and the other members of a Belgian-Dutch consortium have launched the Carbon Connect Delta project, which will initially set out to examine the feasibility of CCUS. The results of the feasibility study are expected in mid-2021.

Helping to develop the biomethane market

Nascent market

Compared with neighbouring countries, biomethane production in Belgium is still at an early stage. Two biomethane facilities are currently operational (one in the Kempen region and one in Fleurus, which was commissioned in 2020).

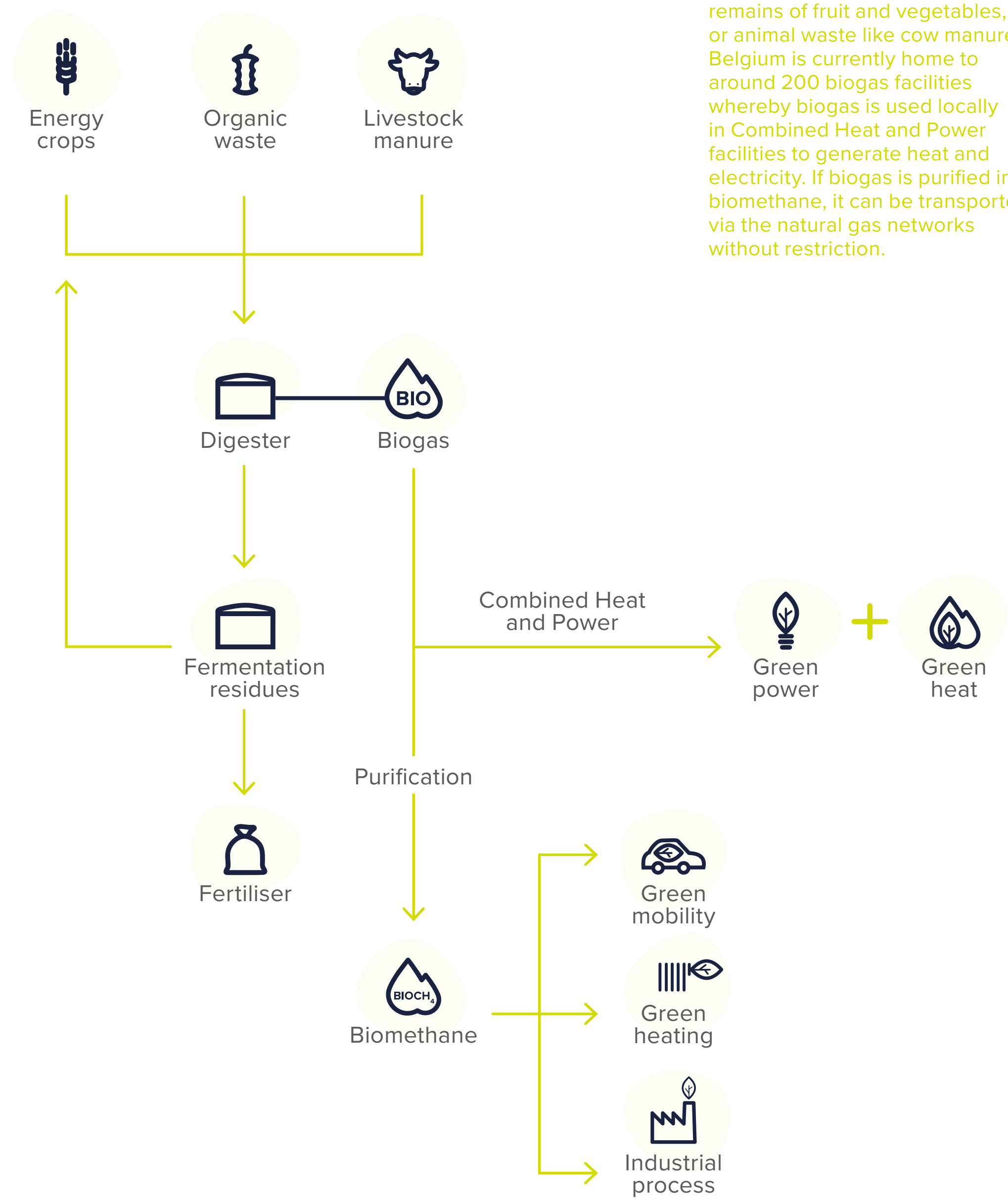
Significant potential

At the request of Belgian gas federation gas.be, ValBiom carried out a study into the potential contribution of locally produced biogas in Belgium, concluding that biogas could make a contribution equal to 6% to 8% of current natural gas consumption.

Biomethane can also be imported on a large scale, as the Fluxys Belgium gas network is optimally interconnected with all neighbouring countries. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin.

Producers: connect to our network

To support the development of the biomethane market in Belgium, in 2020 we developed, in consultation with the various stakeholders, an adapted standard contract for connecting biomethane producers to our network.



Biogas

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 whereby biogas is used locally in Combined Heat and Power facilities to generate heat and electricity. If biogas is purified into biomethane, it can be transported via the natural gas networks without restriction.

Working on certification systems

We are supporting the development of the biomethane chain in Belgium by actively contributing to the appropriate certification systems. These are key to enabling consumers to purchase green gas such as biomethane. Developing the demand market will in turn stimulate production-based initiatives.

Fluxys Belgium teamed up with the gas federation gas.be and Belgium's distribution system operators to set up a system of green gas certificates, called greengasregister.be, that would allow consumers to buy green gas just as they buy green electricity. In Wallonia, a separate system applies to the use of biomethane in CHP facilities.

Fluxys Belgium appointed production registrar in Flanders

In Flanders, at the government's initiative, a separate system of guarantees of origin has been in place for green gas since early 2020. Fluxys Belgium has been appointed production registrar in that respect. Green-gas producers in Flanders must demonstrate to Fluxys Belgium the green nature of their production, and we also register the quantities produced for the Flemish energy regulator, VREG. VREG uses this information to award guarantees of origin, which are then used as a basis for green-gas trading.

Zeebrugge LNG Terminal: bio LNG

The Zeebrugge LNG terminal has become even more versatile. In 2020, the terminal was awarded official certification as an EU-approved process plant for bio LNG.

Supporting the market for natural gas in transport and shipping

In a number of segments, switching to natural gas is an opportunity to reduce greenhouse gas emissions and curb air pollution immediately. That is why Fluxys Belgium and parent company Fluxys are investing in infrastructure and services to open up LNG for shipping and heavy goods vehicles, amongst others. 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.

Loading trailers at the Zeebrugge LNG terminal

At the Zeebrugge LNG terminal, trailers are loaded with LNG to supply LNG-powered ships and filling stations for trucks running on LNG. In 2020, we improved our online system, giving our customers greater flexibility when booking loading slots, and we are also looking into the possibility of building additional loading bays to be able to respond quickly to rising demand.

No ships but still LNG

In 2020, we launched a service to enable those not mooring LNG ships at the Zeebrugge LNG terminal to nevertheless sell LNG to small-scale LNG customers. This will make LNG available to a wider group of market players and new initiatives will be launched in 2021.

Intermodal LNG

At the LNG terminal in Zeebrugge, we joined forces with various partners to combine the services available at the port into an intermodal logistics chain. For example, 2020 saw the first customer to load an LNG container at the terminal for rail transport from the port to a foreign country. The intermodal approach means that small-scale LNG gives customers even greater flexibility in terms of where they can send their gas from the terminal while reducing emissions in the supply chain.

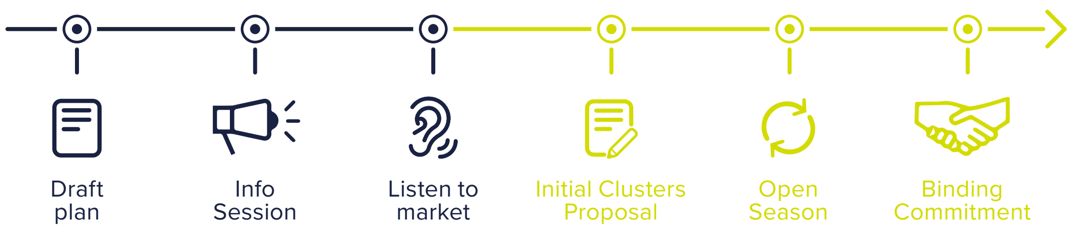
LNG for the port of Antwerp

Parent company Fluxys is working with partners to open up access to LNG as a fuel in the port of Antwerp. For example, ship bunkering with LNG trucks is facilitated at quay 526/528, and a permanent LNG bunkering point where ships can refuel was opened in 2020. Furthermore, the group teamed up with Titan LNG to build the LNG bunkering barge Flexfueler 002. Since late March 2021, it has been making LNG more widely available as an alternative marine fuel from its home location at quay 526/528. The advantage of the bunkering barge is that ships can be bunkered with LNG wherever they load or unload.

CNG continues to grow

Compressed natural gas (CNG) is an excellent alternative for cars, buses and commercial vehicles. In 2020, the CNG fleet in Belgium rose by more than 20% to over 23,000 vehicles. Around 15 CNG filling stations were opened, bringing the total number in Belgium to 150. Another 15 or so are at the planning stage and should be ready in 2021. 2020 also saw another four LNG filling stations, bringing their total to 18, and another four stations are planned to open in 2021.

Indicator - Transporting the molecules for a carbon-neutral future: progress of preparations



Systematically reducing our own climate impact

Policy approach

Fluxys Belgium is aiming for net zero greenhouse gas emissions and the first objective of our Go for Net 0 project is to halve these emissions on 2017 levels by 2025. The project's emission reduction targets were submitted to the Science Based Target initiative in 2020 for validation to open up this approach to greater external verification[2].

Related risks

Risk

Greenhouse gas emissions from Fluxys Belgium's activities do not decrease in line with climate targets

Measures

- Go for Net 0 project to halve Fluxys Belgium's greenhouse gas emissions by 2025
- Project to further cut CO_2 emissions by building additional open rack vaporisers at the Zeebrugge LNG Terminal

Opportunity

Improve the energy efficiency of our activities

Actions

Renewable energy technology improves both energy efficiency and greenhouse gas emissions

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.

2. The Science Based Targets initiative (SBTi) promotes ambitious climate initiatives among private companies by enabling them to set science-based emission reduction targets. The SBTi is a joint venture between the Carbon Disclosure Project, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Approach

Methane emissions

Total methane losses on the Fluxys Belgium network amount to around 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 Go for Net 0 project encompasses four ways to address the sources of methane emissions.

Cut pneumatic emissions
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 capturing it and re-injecting it elsewhere in the network.

Other ways
Various studies are currently exploring other ways to reduce methane emissions.

CO_2 emissions

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

Open rack vaporiser
The Zeebrugge LNG terminal has been using an open rack vaporiser (ORV) to regasify LNG using heat from seawater since 2013. This avoids the use of conventional heating systems and consequently reduces energy consumption and CO_2 and NO_x emissions.

Green gas
Fluxys Belgium buys green gas certificates from biomethane producer IOK Beerse to heat its head office and Anderlecht buildings. In 2020, the certificates covered 77% of the total energy consumption for heating at both locations.

Results

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

- Direct emissions of carbon dioxide (CO_2) and methane (CH_4) from the operation of gas infrastructure, including employee use of motorised vehicles
- The company's electricity consumption is a source of indirect emissions

Greenhouse gases: transmission and storage

The Go for Net 0 project initiatives and investments significantly reduced methane emissions in 2020 compared to the previous year. The greenhouse gas intensity of transmission and storage activities fell by 9%. Compared to the reference year 2017, nominal greenhouse gas emissions were 49 kilotonnes lower.

Greenhouse gases: LNG terminalling

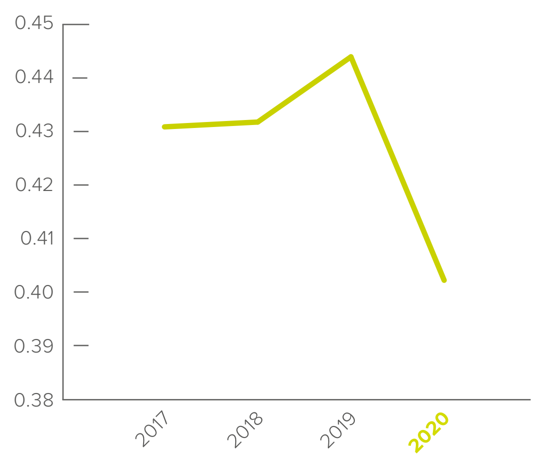
The greenhouse gas intensity of the LNG terminal in 2020 remained stable compared to 2019 (+ 0.6%).

Over 45,000 tonnes of CO_2 emissions were avoided by making as much use as possible of the open rack vaporiser (ORV), which utilises heat from seawater to regasify LNG. However, the capacity of the ORV cannot meet all heating needs if there is a high level of demand for regasification. In periods of high demand for regasification, conventional regasification facilities have to be used, increasing CO_2 emissions. This was especially true in the first half of the year.

Although the greenhouse gas intensity of the LNG terminal in 2020 remained at roughly the same level as in 2019, the facility's nominal CO_2 emissions were much higher than those of reference year 2017. Regasification activity was relatively low that year and the open rack vaporiser was able to cover all heating needs.

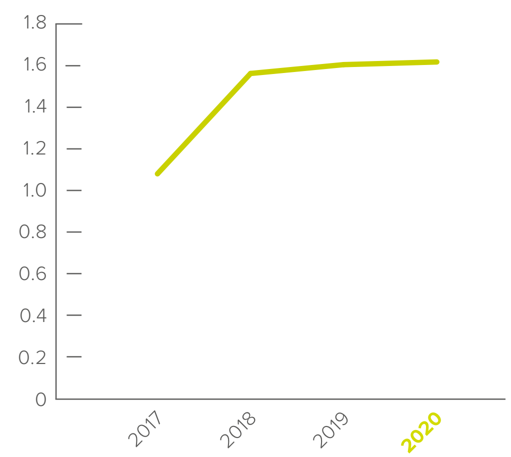
To reduce the greenhouse gas intensity of the LNG terminal in the future, the final investment decision to build a further three open rack vaporisers was made in early 2021 (see page 56).

Change in greenhouse gas intensity



Kilotonne of CO_2 equivalent per TWh of natural gas transported

Change in greenhouse gas intensity



Kilotonne of CO_2 equivalent per TWh of LNG regasified

Energy efficiency

The two main solutions for reducing greenhouse gas emissions (namely limiting use of compressor stations and maximising the use of the open rack vaporiser 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 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.

External verification

The quality and accuracy of the figures used for CO_2 equivalent emissions in this report have been 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 ☑.

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

Additional open rack vaporisers at the Zeebrugge LNG terminal

In 2020, Fluxys Belgium looked into the possibility of constructing three additional open rack vaporisers at the LNG terminal in Zeebrugge. The investment decision was taken in early 2021 and commissioning is currently scheduled for 2024 and 2026. Based on the expected use of the terminal, the additional facilities will reduce energy consumption by 70-80% and thus substantially cut emissions.

Indicators

Systematically reducing our own climate impact	2020	2019	2018	2017
Greenhouse gas emissions: transmission and storage				
Greenhouse gas emissions in kilotonne of CO_2 equivalent	160 ☑	195.82	197.06	209.29
Methane (CH_4)	103	127	126	142
CO_2	52.76	64.39	66.3	59.83
Electricity	4.40	4.44	4.52	7.47
Volume of gas transported (TWh)	398.52	441.00	456.37	485.70
Greenhouse gas intensity (kilotonne of CO_2 equivalent/TWh of natural gas transported)	0.40	0.44	0.43	0.43
Greenhouse gas emissions: LNG terminalling				
Greenhouse gas emissions in kilotonne of CO_2 equivalent	83.35 ☑	119.22	42.74	13.86
Methane (CH_4)	0.03	0.05	0.02	0.01
CO_2	71.63	107.43	35.07	5.17
Electricity	11.69	11.74	7.65	8.68
Volume of regasified LNG (TWh)	50.87	73.27	26.89	11.95
Greenhouse gas intensity (kilotonne of CO_2 equivalent/TWh of regasified LNG)	1.64	1.63	1.59	1.16
Total greenhouse gas emissions	**243.14 ☑**	**315.04**	**239.8**	**223.15**
Energy efficiency: transmission and storage				
Energy consumed (MWh)	281.109	311.549	329.431	305.121
Diesel and petrol	8.921	9.991	11.013	11.386
Electricity*	25.968	26.146	26.262	33.086
Natural gas	248.149	275.412	292.156	260.649
Volume of gas transported (TWh)	398.52	441.00	456.37	485.70
Energy intensity (MWh of energy consumed/MWh of natural gas transported)	0.00070	0.00071	0.00072	0.00063
Energy efficiency: LNG terminalling				
Energy consumed (MWh)	426.640	622.491	242.007	85.867
Diesel and petrol	374	383	398	558
Electricity*	69.052	69.040	44.471	38.458
Natural gas	357.214	553.068	197.138	46.851
Volume of regasified LNG (TWh)	50.87	73.27	26.89	11.95
Energy intensity (MWh of energy consumed/MWh of regasified LNG)	0.00837	0.00853	0.00896	0.00716

* 2.5 MWh of primary energy is needed for every 1 MWh of electricity.
More about the methodology for calculating greenhouse gas emissions: see p. 110

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 2020, Fluxys Belgium conducted 16 environmental studies for 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
Three external environmental complaints were made to the environmental coordinator in 2020. These complaints related to noise nuisance and/or the smell of gas.

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

Prosperity

Together with our customers and the distribution system operators, we are a lifeline for society. We ensure the safe and continuous flow of almost a third of the energy needed by households and businesses in Belgium. As a crossroads on the North-West European natural gas market, we are also a crucial link for end consumers in neighbouring countries.

We aim to be a good neighbour to everyone in the vicinity of our infrastructure, and our activities contribute hugely to the prosperity of society, the economy, our employees and our shareholders.

0

Interruptions or reductions in capacity
(2019: 0)

0

Damage to infrastructure caused by third parties, resulting in a gas leak
(2019: 0)

0

Complaints of fraud, unethical behaviour or violations of human rights
(2019: 0)

€ 427.1 m

Contribution to prosperity
(2019: € 423.2 m)

€ 1.37

Proposed gross dividend per share*
(2019: € 1.30)

0

Number of legal proceedings concerning anti-competitive behaviour or failure to comply with competition law
(2019: 0)

* Subject to the resolution of the ordinary general meeting convened to decide on the appropriation of the profit for the year.

In 2020, we specifically focused on:

Keeping our essential services and works operational in complete safety during the pandemic

Maintaining our commitment in a broader social context to help alleviate coronavirus-related needs

Commercial efforts to sell additional capacity and develop new services to make a future-proof contribution to prosperity

Entrenching our business integrity in a streamlined Code of Ethics

Rolling out our initiatives to transport the molecules for a carbon-neutral future and thus helping entrench economic activity and employment at local level in the long term (for more information, see the 'Planet' section on page 39)

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 the distribution system operators and the users of our infrastructure, we ensure 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 towards our stakeholders
- We actively manage risk through a Quality & Safety Management System
- We report incidents and learn from experience

Related risks

Risk

Industrial 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, also encompassing cyber security and terrorism
- Detection measures included in monitoring and inspection programmes for infrastructure and construction sites
- Reactive measures in connection with emergency planning

Pandemic: moving fast

The pandemic in 2020 was a difficult crisis period for everyone in society, a time during which the supply of energy to hospitals, public services, households and many industries was more crucial than ever. Despite the widespread impact of the pandemic, all of Fluxys Belgium's essential services remained operational and the company focused fully on playing its vital role in society and for its customers, namely ensuring safety and the continuity of gas supply.

During the COVID-19 outbreak, we quickly took the necessary steps to ensure the continuity of our activities while carefully complying with government recommendations to limit the spread of the virus.

During lockdown and semi-lockdown periods, 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.

L/H conversion on schedule

Working to ensure the continuity of natural gas 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 Germany (between 2020 and 2030) and to Belgium and France (between 2024 and 2030). Furthermore, production at this field has repeatedly been further capped since 2014 for safety reasons.

Belgium currently imports around 42 TWh of L-gas per year for domestic consumption. The Belgian network also serves as a corridor for conveying L-gas to France. Gas from Groningen accounts for almost a quarter of the supply in Belgium as a whole and approximately half 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 natural gas supply.

Infrastructure work also on time

Following on from multiple small-scale conversion projects implemented over the 2016-2017 period, larger-scale conversions took place in 2018 and 2019. In 2020, Fluxys Belgium's teams, working with distribution system operators Sibelga, Fluvius and Ores, carried out another large-scale conversion whereby 120,000 connections were switched over. Despite the limitations imposed by COVID-related measures, the conversion was completed on time.

Conversion programme accelerated

At the request of the Belgian government, Synergrid (the federation of electricity and natural gas transmission and distribution system operators in Belgium) has drawn up an initial indicative conversion schedule to complete the conversion by 2029. Thanks to the active cooperation between Fluxys Belgium and distribution system operators Sibelga, Fluvius and Ores, the conversion programme can be accelerated. Under the current schedule, the entire Belgian L-gas market will be converted by the end of 2024. From then on, L-gas from the Netherlands will only flow southwards through our grid towards France, where conversion actions will probably continue until 2029.

Other infrastructure projects also on schedule during the COVID pandemic

Maarkedal-Ronse pipeline

In summer 2020, we commissioned the new 7-km natural gas pipeline between Maarkedal and Ronse as well as a new pressure-reducing station in Ronse. These were built as part of our restructuring and upgrading programme allowing to maintain efficient supply of natural gas for the Flobecq and Ronse areas.

Leuze-Belœil pipeline

Also as part of our restructuring and upgrading programme, we commissioned a new natural gas pipeline between Leuze-en-Hainaut and Belœil (12 km) in the autumn of 2020.

Comprehensive safety management system

Fluxys Belgium watches over 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 (Quality & 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 system is constantly being adjusted in light of the latest developments and improvements. The management system for storage and LNG activities is covered by 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.

The safety management system is the subject of extensive communication within the company and regularly undergoes internal and external audits. In 2020, this system once again passed an interim external audit.

Careful construction and dismantling

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

Before any facility is commissioned, a series of tests is carried out under the supervision of an authorised inspection agency, including a leak test and a mechanical strength test. 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 either through the complete or partial dismantling of the infrastructure or by transferring it to a distribution system operator. In some cases, infrastructure is kept partly or fully underground, with the necessary technical precautions to prevent any impact on the environment or on people.

Careful control of gas flows 24/7

Fluxys Belgium's central dispatching 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.

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. Drills are also organised in cooperation with the public emergency services to exchange expertise and test emergency plans. Due to COVID-19, no emergency plan drills were organised in 2020.

As part of its emergency planning, Fluxys Belgium makes the data on its pipelines available to, among others, the Home Affairs FPS Crisis Centre, emergency services, and Communication and Information Centres (CICs) or emergency centres that centralise all requests for police intervention.

Special 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, and so Fluxys Belgium has taken technical and organisational measures to gear the availability of its IT systems to its needs.

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.

ICT security also encompasses technical measures to deal with cyber attacks. We therefore roll out campaigns to raise awareness of this issue, and in 2020 we once again organised a series of exercises to teach staff how to deal with phishing emails efficiently and effectively.

Detailed maintenance and inspection

Pipelines are patrolled in different ways (by car, by helicopter and on foot) and at different frequencies. We also monitor whether unannounced works are being carried out in the vicinity of our pipelines. In order to detect such work preventively, our main pipelines are also fitted 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.

Keeping an eye on works in the vicinity of our infrastructure

Closely following up on notifications 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 various **working groups and federations** in which Fluxys Belgium is active, such as the Federation of Belgian Pipeline Companies (Fetrapi), the Flemish Council of Network Operators, the Brussels Council of Network Operators and the Utility Operators' Select Working Group
- Together with the regional employment services VDAB and FOREM: **training for excavator operators** that is accredited by the Fund for Vocational Training in the Construction Sector. Fluxys Belgium has also worked with Air Liquide to develop a training course on the cladding of steel pipelines.

Notifying works easily

Compliance with the statutory notification requirement has been made much easier with the arrival of online portals to report works, with Fluxys Belgium serving as one of the driving forces behind the KLIM platform, the Federal Cable and Pipeline Information notification system (KLIM-CICC).

Indicators

Safe and operationally reliable infrastructure: results	2020	2019	2018	2017
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 so as to maximise income from the sale of our services. The highest possible sales of capacity at the same time support 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

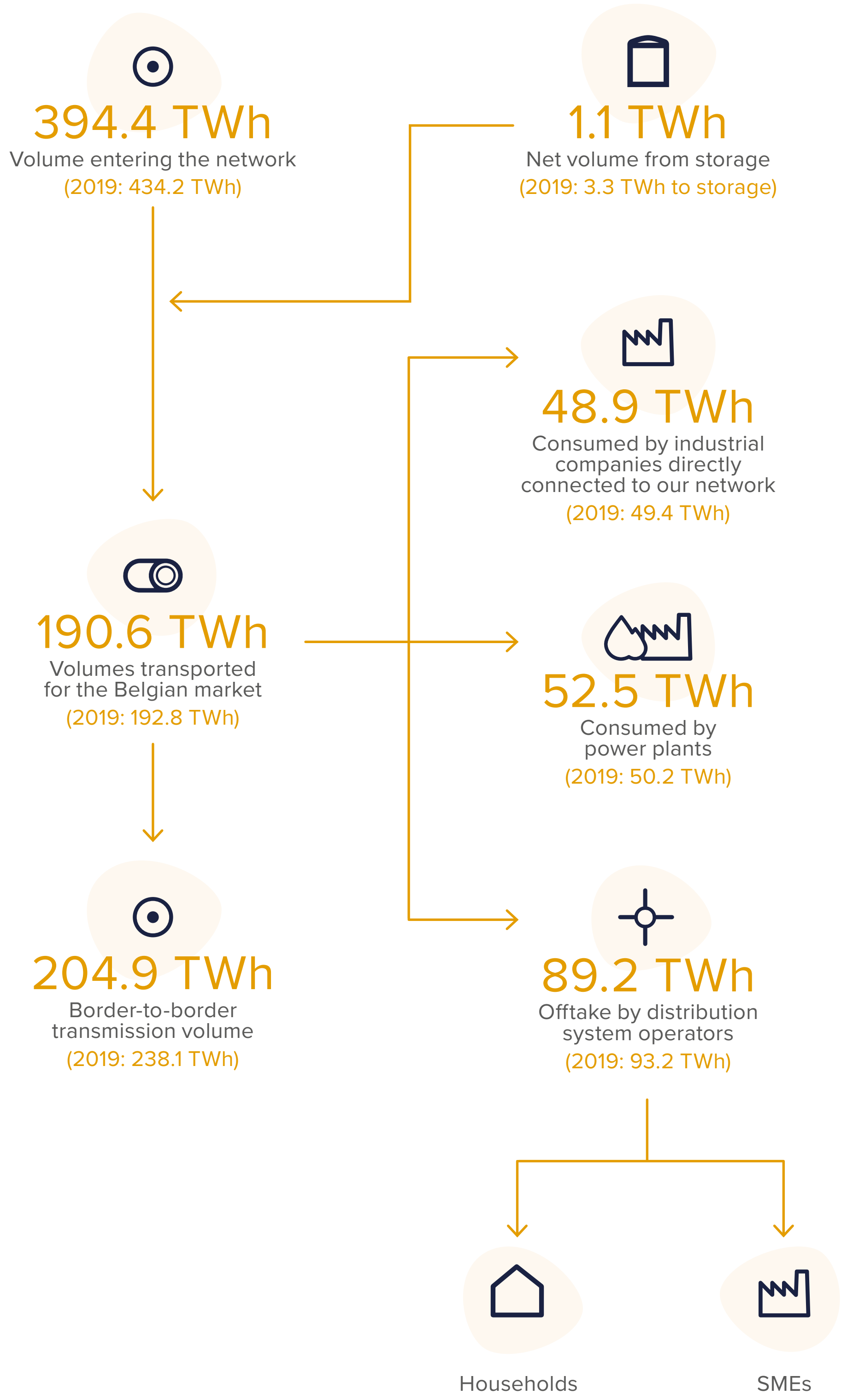
Measures

- 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 and investment

Reduction in transmission tariffs for 2020-2023

In 2019, Belgian federal energy regulator CREG approved Fluxys Belgium's transmission tariff proposals for the regulatory period 2020-2023. In line with the new tariff methodology established in consultation with CREG and the market players, the new 2020-2023 transmission tariffs for an average Belgian consumer are around 5% lower than the indexed tariffs for 2019. The tariff decrease does not affect Fluxys Belgium's net profit and is a result of the company's sustained efficiency drive, lower interest rates and the restitution of past regulatory balances.



Special efforts to sell transmission capacity

The harmonised European rules for the use of gas networks mean that customers active in border-to-border transmission are concluding fewer long-term contracts. When long-term contracts expire, for example, the available capacity must be sold at auction.

The gradual expiry of long-term contracts means that, for transmission system operators, the framework that offers the prospect of stable income over a long period of time, regardless of the level of use of the infrastructure, is disappearing. However, the regulatory framework does provide for a system in which the effect of fluctuating capacity bookings is smoothed out.

As such, the challenge for our sales teams lies in providing customers with the tools allowing them to seize opportunities in a context of short-term contracts that will result in additional capacity sales for us.

Opportunities for customers depend to a large extent on their sourcing strategy and on end use, which is largely subject to temperature variations and in 2020 was also impacted by the pandemic. For example, the North-West European market saw natural gas demand drop by approx. 4% in 2020 compared to the previous year, which had an impact on demand for border-to-border transmission capacity. Nevertheless, periods of particularly low gas prices unexpectedly offered the opportunity to sell volumes of short-term capacity.

Capacity sales for the Belgian market remained stable in comparison with the previous year: volumes transported for consumption in Belgium fell only slightly compared to 2019 (-1%).

- Transmission to distribution system operators was down by 4%, reflecting milder weather.
- Offtake by directly connected industrial companies fell slightly (almost 1%).
- Transmission volumes for gas-fired power plants rose by approximately 5%.

Our teams in Belgium also made a concerted effort on projects for new natural-gas-fired power stations intended to offset the nuclear phase-out. Fluxys Belgium devised a sales proposal for connecting power stations to the network for various project promoters. Which connection projects will be implemented depends on which power stations are built after the allocation procedure, which the federal government has scheduled for late 2021.

Capacity for supply to the German market

Germany needs additional volumes of natural gas besides renewable sources to cope with the withdrawal of nuclear power and the phasing out of coal and lignite electricity generation. The country also needs new inflow to replace the declining volumes of natural gas from the Netherlands. The Belgian grid offers Germany the opportunity to smoothly diversify its supply portfolio with LNG via the interconnection point in Eynatten. In addition, the Zeelink pipeline in Germany, which links into our infrastructure, went into operation in March 2021.

50
LNG carriers unloaded
(71 in 2019)
= 51.3 TWh of LNG

111
LNG carriers for transshipment
(38 in 2019)
= 116.6 TWh of LNG

11
LNG carriers loaded, including 10 small LNG carriers
(21 LNG carriers loaded in 2019)
= 1.3 TWh of LNG

50.9 TWh
regasified and injected into the transmission network
(72.7 TWh in 2019)

3,195
trucks loaded with LNG
(2,620 in 2019)
= 0.9 TWh

LNG

Ships

LNG filling stations

Industrial sites

Making things simple: virtual interconnection points to all neighbouring markets

In 2020, Fluxys Belgium also made preparations on behalf of its customers to integrate the Zebra interconnection point into the existing virtual interconnection point with the Netherlands from 2021 onwards. A virtual interconnection point gives grid users the opportunity to purchase at one single point any available capacity to transport natural gas between two markets. With the integration of the Zebra interconnection point, customers will now be able to buy transmission capacity from and to all neighbouring markets at a virtual interconnection point.

Zeebrugge LNG Terminal achieves all-time record

The start of the long-term transshipment contract in December 2019 pushed traffic at the Zeebrugge LNG terminal to new heights in 2020. A total of 172 vessels docked at the terminal, smashing the previous record of 130 in 2019. March 2020 was the busiest ever month for ship traffic at the terminal, with a total of 30 vessels docking, more than double the previous record in May 2019.

The number of transshipment operations almost tripled while the number of unloading operations decreased, both for large and small LNG carriers. LNG truck traffic increased by over 20% to nearly 3,200 loading operations.

Successful open season for additional regasification capacity

Responding to market signals, the Zeebrugge LNG terminal held an open season for additional regasification capacity. This was a success: the offered capacity of 6 million tonnes per year (or approx. 10.5 GWh/h) was fully subscribed during the open season's binding phase.

In light of this success, the final investment decision was taken to build the necessary additional infrastructure at the terminal. Three additional open rack vaporisers will be built that use the heat from seawater to regasify LNG (see p. 56).

Additional regasification capacity will be offered in two phases:

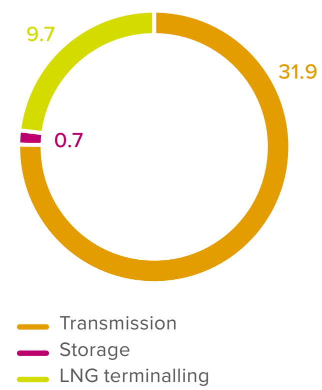
- Phase 1: a total of 4.7 million tonnes per year (or approx. 8.2 GWh/h) of additional regasification capacity from early 2024 onwards;
- Phase 2: the full 6 million tonnes per year (or approx. 10.5 GWh/h) of additional regasification capacity from early 2026 onwards.

Various initiatives in the small-scale LNG market

In 2020, Fluxys Belgium launched various initiatives and new services for customers who are active, or wish to become active, in the small-scale LNG market. This market is burgeoning as LNG provides a solution for making the transition to cleaner fuels in a number of niches. LNG offers an alternative to fossil fuels with high emission levels in shipping, heavy road transport and for remote industry Moreover, consumers' LNG fleets and facilities are future-proof because they are automatically suitable for carbon-neutral bio LNG. More information about our initiativeson small-scale LNG as a part of the energy transition can be found in the 'Planet' section on page 51.

Investments totalling €42.3 million

Investments in property, plant and equipment



Storage: strong sales in a volatile market

In all, 60% of capacity at the Loenhout storage site is booked under long-term contracts until 2022. 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 the gas trading places. In periods of high price differentials, physical storage capacity is an opportunity for customers and Fluxys Belgium is making the most of it. In January, April and October, our sales teams were thus able to sell all remaining capacity for the 2020-2021 storage season and a significant part of the remaining capacity for the 2021-2022 storage season.

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 the gas trading places. 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 is teaming up with CREG and the Federal Public Service Economy to work on a market model enabling to continue using the Loenhout infrastructure in the long term as a key asset for the Belgian energy system after the long-term contracts for the facility expire.

Financial monitoring and guarantees

Fluxys Belgium systematically assesses its 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. The latter assess entities in relation to risk and award them a credit rating. Fluxys Belgium also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers.

Fluxys Belgium 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.

The fact that Flux Re is fully consolidated in the group's accounts means that the cost of accidents 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 an accident 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 (statutory insurance against occupational accidents) and staff healthcare programme;
- protection of the vehicle fleet by means of appropriate insurance.

Financial situation: consolidated key financial data

Income statement (in thousands of €)	31.12.2020	31.12.2019
Operating revenue	560,590	530,995
EBITDA*	313,623	297,337
EBIT*	133,482	134,841
Net profit	73,237	69,498
Balance sheet (in thousands of €)	**31.12.2020**	**31.12.2019**
Investments in property, plant and equipment over the period	42,255	91,282
Total property, plant and equipment	2,011,209	2,129,400
Equity	639,038	662,677
Net financial debt*	873,111	903,339
Total consolidated balance sheet	2,730,039	2,867,575

*See glossary on page 80.

Increase in turnover and net profit

The Fluxys Belgium group generated turnover of €560.6 million in 2020. This represents an increase of €29.6 million compared with 2019, when turnover stood at €531.0 million. Net profit rose from €69.5 million in 2019 to €73.2 million in 2020, an increase of €3.7 million. The increase in regulated turnover and net profit is mainly due to the commissioning of the fifth storage tank for transshipment services in Zeebrugge in late 2019 and is in accordance with the tariff methodology and the associated terms on authorised manageable costs and incentives for the period 2020-2023.

Efficiency efforts in line with regulated tariff model

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

The principle ensuring that tariffs cover all reasonable costs, including interest and fair remuneration, continues to apply. Alongside incentives to control costs, a set of new incentives has been introduced to monitor and manage some aspects of company performance. The company share of realised savings has been adjusted. As a consequence, potential gains of efficiency efforts are limited.

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

Contribution to prosperity increases

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 2020 amounted to €427.1 million, up €3.9 million on 2019.

Outlook for 2021

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.

Based on the information available at the time of this report and based on the essential nature of the company's activities and their regulatory framework, we do not anticipate for 2021 any significant impact due to the COVID-19 pandemic and the resulting market developments on the consolidated result of the Fluxys Belgium Group (see Note 1f in the consolidated financial statements).

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 €156.9 million as at 31 December 2020, compared to €165.8 million the previous year. Net profit for the 2020 financial year totalled €29.1 million (€28.4 million in 2019).

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 equity, before appropriation, rose from €15.2 million as at 31 December 2019 to €15.4 million as at 31 December 2020. Net profit for the 2020 financial year totalled €5.2 million (€6.4 million in 2019).

Balansys

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

Fluxys Belgium SA/NV – 2020 profit (according to Belgian standards): proposed allocation of profit

Fluxys Belgium SA/NV's net profits totalled €70.8 million, compared with €42.5 million in 2019. This increase compared to the previous financial year is due in part to the commissioning of the fifth storage tank at the LNG terminal operated by subsidiary Fluxys LNG.

At the Annual General Meeting on 11 May 2021, Fluxys Belgium will propose a gross dividend of €1.37 per share.

Taking into account a profit of €53.6 million carried over from the previous financial year and a withdrawal of €38.7 million from the reserves, the Board of Directors will propose to the Annual General Meeting that the profits be allocated as follows:

- €96.3 million as a dividend payout;
- €66.8 million as profit to be carried forward.

If that profit allocation proposal is adopted, the total gross dividend for the 2020 financial year will be €1.37 per share. This amount will be payable from 19 May 2021 onwards.

Indicators

Contribution to prosperity (in millions of €)	2020	2019	2018	2017
Added value from continuing operations	427.1	423.2	404.8	411.1
Personnel	110.5	107.5	107.9	107.1
Shareholders (dividend)	91.3	88.5	86.4	84.3
Society (taxes)	37.2	48.2	44.7	48.2
Suppliers	149.3	143.4	124.9	125.7
Financial institutions (interest)	38.8	35.5	40.9	45.8

Financial strength of Fluxys Belgium: financial ratios	2020	2019	2018	2018
Solvency Ratio of (i) net financial debt and (ii) the sum of equity and net financial debt	58%	58%	56%	57%
Interest coverage Ratio of (i) the sum of FFO and interest expenses and (ii) interest expenses	5.58	6.58	7.09	6.37
Net financial debt/extended RAB Ratio of (i) net financial debt and (ii) extended RAB	29%	29%	28%	30%
FFO/net financial debt Ratio of (i) FFO and (ii) net financial debt	20%	22%	28%	27%
RCF/net financial debt Ratio of (i) RCF and (ii) net financial debt	20%	12%	18%	18%

Net financial debt (in millions of €)	2020	2019	2018	2017
Net financial debt	873.1	903.3	881.9	950.5
Breakdown:				
Debt capital market	698.7	698.2	697.8	1,057.1
Bank loans	304.3	327.8	309.8	330.2
Related parties	263.3	263.3	263.3	263.3
75% of cash, cash equivalents and short- and long-term cash investments	-393.1	-386.0	-388.9	-700.1
Weighted average maturity as at 31 December	10.2	11.3	12.4	13.4

RAB and WACC	2020	2019	2018	2017
RAB* (in millions of €)				
Transmission	2,086.9	2,125.3	2,194.2	2,257.9
Storage	235.6	239.7	246.1	253.3
LNG terminalling	302.7	314.4	324.6	328.0
Property, plant and equipment outside RAB (in millions of €)	420.3	413.4	376.6	335.6
Extended RAB*	3,045.4	3,092.8	3,141.5	3,174.8
WACC* before tax (in %)				
Transmission	4.88	3.87	4.04	4.31
Storage	5.04	3.57	3.71	3.99
LNG terminalling	5.14	2.85	3.40	3.65

Glossary

EBIT: Earnings Before Interest and Taxes or operating profit/loss plus the result of investments accounted for using the equity method and the 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 the result of investments accounted for using 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 lease debts), 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 remaining 25% is considered as a buffer for operational purposes (working capital) and is therefore deemed unavailable 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.

Solvency: The ratio between net financial debt and the sum of equity and net financial debt; this indicates the solidity 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 that is financed by external debt.

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.

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.

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.

RAB: Average Regulated 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 RAB and other investments in plant, property and equipment outside RAB.

WACC: Weighted Average Cost of Capital, reflecting the authorised return on RAB under the regulation.

Efforts to combat corruption

Policy approach

Fluxys Belgium's anti-corruption policy is set out in the company's Code of Ethics. A new Code of Ethics came into force in 2021. This Code expands the whistleblower channel, among other things.

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 anti-corruption guidelines for employees were part of the then prevailing Code of Ethics in 2020, which addressed the issue as a way to avoid conflicts of interest. A new Code of Ethics was elaborated over the course of the year. The Code came into force in spring 2021 and includes rules on anti-bribery and anti-corruption, preventing money laundering, dealing with gifts and invitations, and anti-competitive behaviour.

More options for whistleblowers

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

The new Code of Ethics expanded reporting options, including a new electronic whistleblower channel. This channel is available 24/7 to employees, suppliers, customers, partners, etc. to report (possible) violations in strict confidence.

Focus on anti-corruption in the supply chain

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

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

Indicators

Anti-corruption	2020	2019	2018	2017
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

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 affiliation to a trade union

The right to equal opportunities and the prohibition of discrimination fall within the 'Diversity' domain (see page 98)

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, the 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

	2020	2019	2018	2017
Complaints on violations of human rights	0	0	0	0
Training courses on subjects related to human rights				
Number of training hours completed	554	*	*	*
Share in the total number of training hours completed	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.

Active support to help alleviate coronavirus-related needs

In 2020, Fluxys Belgium made considerable efforts to help alleviate coronavirus-related needs in a broad social context. During the first lockdown period, many employees throughout the company were personally involved in Fluxys Belgium and other initiatives to provide social and health assistance.

They produced medical protective equipment and delivered it to healthcare workers and institutions. Others played a logistical role, getting Fluxys company PCs ready to donate to schools and charities, or were involved in local initiatives.

With the support of the shareholders, Fluxys Belgium and parent group Fluxys also freed up approximately €1 million for various organisations and institutions engaged with vulnerable groups, front-line professionals and scientific research into COVID-19 in Belgium.

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 2020, we 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

For a few years now, a number of Fluxys Belgium regional operation centres have been working with sheltered workshops. 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. Due to COVID-19, no team-building events were organised in 2020.

Digitalisation

Internet of Things (IoT)

We develop the potential of IoT technology to optimise the operational management and maintenance of our network. Among other things, IoT paves the way for predictive maintenance of facilities rather than an approach based on fixed maintenance periods.

Artificial Intelligence (AI)

We are researching and testing aerial observation methods combined with AI systems with a view to being able to detect and monitor third-party works and sites in the immediate vicinity of pipelines.

Digital twin

We are using AI to create a digital twin of our transmission system. This twin can be used, for example, to simulate the gas flow of new gases through our network.

Available capacity

New tools are being developed for customers on the Fluxys Belgium website to ensure the best possible visualisation of available capacity at the LNG terminal and to plan loading slots for LNG trucks.

gCompass

Within our parent group Fluxys, we have developed the gCompass platform to further digitalise and simplify a range of processes for our gas activities. The smart digital platform provides Fluxys Belgium with an in-house, near-real-time overview of physical gas flows of Fluxys companies in Europe combined with market information, among other things.

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

Belgian companies account for around 80% of Fluxys Belgium's suppliers. In 2020, Fluxys Belgium signed contracts with 129 new suppliers. 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.

Screening of social and environmental practices

Since 2020, Fluxys Belgium has been collecting information on its suppliers' environmental, health and safety practices, predominantly with regard to those suppliers having the greatest impact in terms of greenhouse gas emissions. Among these suppliers, we select those from whom a substantial order has been placed and send them a questionnaire about the management of their greenhouse gas emissions and their certification regarding environmental impact, health and safety.

In 2021, Fluxys Belgium will use the questionnaire results to develop an approach to ensure that environmental impact, health and safety are taken into account more explicitly when selecting contractors and/or awarding contracts.

People

Our employees remain our most important asset. Our results and success are down to their commitment and talents. In 2020, we continued to invest in supporting safety, health, well-being, development and constructive social dialogue.

Throughout the pandemic in 2020, we rolled out numerous initiatives to ensure the safety and well-being of our employees and keep them connected.

6.4 / 0.15 ☑
Safety
Frequency/Severity
(2019: 11) / (2019: 0.12)

909
Employees
(2019: 897)

18 / 82
Diversity
Female/Male
(2019: 18) / (2019: 82)

59 / 58
Talent
Incoming/Outgoing
(2019: 63) / (2019: 57)

3.42 ☑
Development
Average number of training days per full-time equivalent
(2019: 6)*

69
Development
Number of employees taking on a new role within the company
(2019: 70)

* The number of training days in 2020 was affected by Covid-19 restrictions

In 2020, we specifically focused on:

Staying safe at work together to guarantee our essential services, both at home and in the field

Promoting well-being and health through targeted initiatives stemming from various Feel Good@Fluxys campaigns

Investing in our staff, transversal cooperation between teams and our Employee Value Proposition (i.e. what we offer as an employer) to attract, secure and retain the right talents

Enabling our organisation to move with our growth strategy and prepare for the 'future of work'

Health, safety and well-being at work

Policy approach

Healthy and motivated employees are the driving force behind the company. This approach is a central pillar of our Safety, Health 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 at work and in the prevention of incidents
- 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.

Control 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 prevention and protection service at the workplace (SIPPT/IDPBW)

This service 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 conducts regular inspections of 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 workwear.

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) provides financial incentives for employees to achieve specific collective ghealth and well-being objectives and to cut Fluxys Belgium's greenhouse gas emissions.

Global Prevention Plan and psychosocial risks

The 2017-2021 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 analysed, and measures are taken to prevent accidents recurring.

In 2020, 14 occupational accidents were recorded, including 9 that rendered the person unable to work, resulting in a total of 211 working days lost. The accident frequency rate was 6.4 and the severity rate was 0.15. Never before have so few occupational accidents been recorded, despite the amount of work carried out in the field.

Fluxys also pays attention to risks associated with moving around during working hours.

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

Absenteeism

Fluxys wants to provide a safe and healthy working environment with happy employees

Measuring and following up on absenteeism gives us an objective view of employees' general health. The level of absenteeism is similar to that of 2019 and is still below the market average in Belgium. 50% of employees did not take sick leave in 2020.

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 employees involved, their manager, HR and the internal and external departments for prevention and protection at work.

We take preventive action focused on employee health of through our various Feeling Good@ Fluxys projects.

Health, safety and well-being training

In 2020, Fluxys Belgium developed a new e-learning platform to teach contractor staff about the company's general safety rules. From 2021 onwards, 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 the general safety rules. If they do so, they can carry out work, and will receive an e-certificate valid until the end of the calendar year in question.

Among employees, (gas-related) technical, safety and job-specific training accounted for a significant share (43%) of the total number of training hours completed.

COVID-related measures had a limited impact on the training rate, as traditional courses were converted to digital or hybrid courses. However, the total number of training hours completed (almost 21,500 hours) was far below that of the previous year (38,000 hours).

And what did our employees think?

In the summer, we conducted a survey to gauge employees' experience of COVID-19. 60% of employees took part in the survey, which looked at:

- the feeling of involvement in Fluxys, with colleagues and managers;
- the attention paid to keeping our activities going as an essential service;
- the adjustments made to the working environment;
- the work-life balance;
- the measures taken, the frequency of communications and the safe return to work after lockdown;
- preparedness and readiness for any further lockdowns.

On a scale of one to ten (ten being the highest), Fluxys scored between seven and nine in all areas. The results and recommendations will be taken into account in subsequent campaigns.

In the autumn, we conducted a more limited survey among new hires in order to learn about their integration at Fluxys during the COVID pandemic. The respondents rated connectivity with Fluxys and support from their immediate superiors as very satisfactory.

Special measures and initiatives regarding COVID-19

In 2019, a wide-ranging health and well-being campaign covered various aspects. In 2020, the campaign was modified to support different ways of working during the pandemic: high numbers of staff worked from home, if their jobs allowed them to do so, while operational staff adopted a new working structure to ensure the continuity of service. Thanks to the willingness of numerous employees, the campaign also took on a social dimension.

Connect@Fluxys

Keeping Fluxys, colleagues, teams and managers connected was a top priority. In addition to the support provided by the Digital Coaches on how to stay in touch safely and virtually via digital tools and applications, various campaigns and initiatives encouraged individuals and teams to share their experiences.

- Stronger Together: a campaign rolled out during the first lockdown to get individuals and operational teams to talk about their experiences in their specific work organisation.
- Let's shape our playlist: a campaign launched during the semi-lockdown, calling on employees to submit and share a song that reminds them of our purpose (shaping together a bright energy future).

Safe together@Fluxys

Guidelines on working safely were extensively explained in visual and interactive communications.

Feeling Good@Fluxys

Autumn saw a series of sessions intended to provide employees with inspiration regarding resilience as a means of staying positive. Employees and managers were given tips and tricks to maintain and increase their own and their team's resilience.

Employees who were experiencing difficulties or simply needed a chat could contact an advisory centre for well-being services. The SIPPT/IDPBW also supported staff in this changed situation and launched several communications around working at home and self-care during lockdown.

Fit@Fluxys

Under the professional guidance of a sports coach, online exercise classes were held from April up to and including November 2020. These sessions will remain available through the internal channels.

Healthy@Fluxys

To optimise working from home, Ergo coaches were 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.

Social@Fluxys: social work

During the pandemic, Fluxys Belgium also focused on social work. A total of 86 staff made a personal commitment to provide social and health assistance, amounting to nearly 300 days of social work. Some worked seven days a week producing medical protective equipment and delivering it to around 100 healthcare workers and institutions. Others played a logistical role, getting Fluxys company PCs ready to donate to schools and charities, or were involved in local initiatives, volunteering as chat buddies, doing shopping or helping out with administrative tasks.

Indicators

	2020	2019	2018	2017
Incapacity for work among staff				
Occupational accident involving more than one day's incapacity for work	9 ☑	15	12	13
Frequency (number of occupational accidents divided by the number of hours worked)	6.4 ☑	11	8.9	9.5
Severity (number of days of absence divided by the number of hours worked)	0.15 ☑	0.12	0.26	0.23
Incapacity for work among contractors				
Occupational accident involving third parties and resulting in more than one day's incapacity for work	6 ☑	10	8	4

Diversity

Policy approach

Fluxys Belgium encourages diversity without applying positive discrimination quotas. Our human resources 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

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 communication to target diverse, complementary profiles so that candidates from different backgrounds, views or preferences feel welcome.

As regards diversity in the Board of Directors of Fluxys Belgium, the Gas Act (Article 8/3) stipulates that at least one third of Board of Directors members 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).

In 2020, out of a total intake of 59 new employees, we recruited 15 colleagues with 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 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

	2020	2019	2018	2017
Total	909	897	894	907
Incoming employees				
< 30 yr	49%	40%	60%	57%
30-50 yr	44%	51%	36%	34%
> 50 yr	7%	9%	4%	9%
Men	69%	68%	71%	43%
Women	31%	32%	29%	57%
Outgoing employees				
< 30 yr	28%	28%	33%	30%
30-50 yr	62%	56%	56%	47%
> 50 yr	10%	16%	11%	23%
Men	83%	69%	69%	50%
Women	17%	31%	31%	50%
Executives				
< 30 yr	9%	5%	5%	5%
30-50 yr	57%	63%	62%	66%
> 50 yr	34%	31%	33%	29%
Men	86%	86%	87%	88%
Women	14%	14%	13%	12%
Salaried staff members				
< 30 yr	6%	6%	6%	6%
30-50 yr	47%	51%	55%	58%
> 50 yr	47%	43%	39%	36%
Men	80%	80%	80%	80%
Women	20%	20%	20%	20%
Management				
< 30 yr	0%	0%	0%	0%
30-50 yr	39%	50%	45%	54%
> 50 yr	61%	50%	55%	46%
Men	89%	89%	85%	86%
Women	11%	11%	15%	14%
Board of Directors				
< 30 yr	0%	0%	0%	0%
30-50 yr	18%	18%	20%	32%
> 50 yr	82%	82%	80%	68%
Men	68%	68%	65%	63%
Women	32%	32%	35%	37%
Average basic salary ratio				
Men	100%	100%	100%	100%
Women	93%	91%	89%	89%

Our people and organisation

Policy approach

We further honed our People & Organisation strategy in 2020 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 as an attractive employer

Transforming

Guided by our purpose, we managed to respond quickly as an organisation to the pandemic in 2020. For example, our internal campaign Stronger Together continuously kept our employees up to date and connected.

Spurred on by the pandemic, Fluxys Belgium quickly shifted to greater digitalisation and adapted ways of working. Encouraged by this dynamic, we laid the foundations for major structural and organisational projects that will provide the leverage needed to transform our future challenges into new opportunities for our employees and our organisation.

Our employees are our ambassadors

Our purpose and our employees are central to our Employer Branding campaign. They are the ones who, as true ambassadors, tell us how exciting it is to work on the energy transition and what other benefits we offer as a growth company.

Developing future-proof employees

Fluxys Belgium's competency management and professional development and training programmes are geared towards providing employees with the support they need to achieve both the company's objectives and their own goals.

Competency management is focused on aligning staff competencies with what the company needs to make its strategy a success. Developing employees' individual competencies allows them to make the best possible contribution to the company's goals while remaining employable in the future.

In 2020, various initiatives were further honed and combined to increase the agility and employability of our employees. For example, we continued to put together cross-disciplinary teams to work on energy transition projects in order to stimulate the exchange of knowledge within the company and offer employees the chance to take on different roles with a view to broadening their skills.

In a bid to improve employees' long-term employability within the company, we offer various digital leaning portals with e-learning modules, with each focusing on a specific skill. Digital skills were given a considerable boost in 2020 with the help of Digital Coaches and by all employees working on these skills themselves.

Offering meaningful work as an attractive employer

As an attractive employer, Fluxys Belgium attaches great importance to 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 systematically inform members of staff on 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.

94%

In 2020, thanks to a wide range of e-learning options, 94.29% of all staff members had completed at least one e-learning module. In the wake of the pandemic, many traditional training modules have also been converted to digital or hybrid training courses.

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.

We are no stranger to the ‘war for talent’. In a bid to win, in 2020 we further developed our Employee Value Proposition and started rolling out a new Employer Branding campaign.

In contrast to previous years, the 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 remained stable and internal mobility also continued to run smoothly.

The personnel data in this section are based on the workforce of Fluxys Belgium and Fluxys LNG. Workforce statistics are based on all personnel in the personnel register, including active staff as well as those on long-term sick leave. Unless otherwise specified, the statistics refer to the number of employees and not the number of FTEs.

Indicators

	2020	2019	2018	2017
Members of staff	**909**	897	894	907
Women	**161**	161	157	163
Men	**748**	736	737	744
Ratio of women/men	**18/82**	18/82	18/82	18/82
Full-time	**783**	770	771	787
Part-time	**126**	127	123	120
Ratio of full-/part-time staff members	**86/14**	86/14	8/14	87/13
Open-ended contract	**890**	873	869	883
Fixed-term contract	**19**	24	25	24
Ratio of open-ended/fixed-term contracts	**98/2**	97/3	97/3	97/3
Internal mobility	**69**	70	39	50
Incoming employees	**59**	63	52	35
Outgoing employees (including those leaving due to their contract coming to an end or due to retirement)	**58**	56	61	57
Ratio of outgoing employees	**3.2%**	3.6%	4%	3%
Average number of training days* per full-time equivalent	**3.42*** ☑	6	6.14	6.23

* Number of training days limited by Covid measures in 2020

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.

Digital twice over

Due to COVID-19, Fluxys Belgium organised social dialogue digitally. Alongside the usual meetings, several additional consultations were held to liaise with staff representatives on the measures to be taken in the wake of the pandemic.

The 2020 social elections were also held digitally and with electronic voting. 85% of employees took part.

Actively promoting togetherness and support in social events

Fluxys Belgium actively promotes togetherness and enjoyment at work, key aspects of a meaningful work. Even with the social constraints imposed in 2020, employees got a lot of satisfaction from the social initiatives for hospitals, schools and local initiatives that Fluxys supported in the spring. These were moments to be together, safely, to aid society.

The company is also home to a Circle of Friends where staff organise a wide range of sporting and cultural activities. Due to the COVID-19 pandemic, however, only a few activities could take place in January and February 2020.

References

GRI table of contents

General content	Reference/answer
Organisational profile	
102-1 Name of the organisation	9, 14
102-2 Activities, brands, products and services	10-13, 17, 24-25
102-3 Location of headquarters	171
102-4 Location of operations	10
102-5 Ownership and legal form	14-15
102-6 Markets served	10-13
102-7 Scale of the organisation	10-13, 71-81
102-8 Information on employees and other workers	91-103
102-9 Supply chain	89
102-10 Significant changes in the organisation and its supply chain	89
102-11 Precautionary principle or approach	22
102-12 External initiatives	24-25
102-13 Membership of associations	36
Strategy	
102-14 Statement from senior decision-maker	3-7
102-15 Key impacts, risks and opportunities	20-21
Ethics and integrity	
102-16 Values, principles, standards and norms of behaviour	82-84
Governance	
102-18 Governance structure	26-29
Stakeholder engagement	
102-40 List of stakeholder groups	31-33
102-41 Collective bargaining agreements	93
102-42 Identifying and selecting stakeholders	31
102-43 Approach to stakeholder engagement	32-33
102-44 Key topics and concerns raised	34-35
Reporting practice	
102-45 Entities included in the consolidated financial statements	15, 79
102-46 Defining report content and topic boundaries	Front cover inside, 3-7, 31, 34-35
102-47 List of material topics	34-35
102-48 Restatements of information	-

102-49 Changes in reporting	-
102-50 Reporting period	1 January 2020 to 31 December 2020
102-51 Date of most recent report	10 April 2020
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	312
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	105
102-56 External assurance	108

Planet

Transporting the molecules for a carbon-neutral future	
103-1 Explanation of the material topic and its boundary	39-40
103-2 The management approach and its components	41-52
103-3 Evaluation of the management approach	41-52
Systematically reducing our own climate impact	
103-1 Explanation of the material topic and its boundary	39-40
103-2 The management approach and its components	53-57
103-3 Evaluation of the management approach	53-57
302-1 Energy consumption within the organisation	57
302-4 Reduction of energy consumption	57
305-1 Direct (Scope 1) GHG emissions	57
305-2 Energy indirect (Scope 2) GHG emissions	57
305-4 GHG emissions intensity	57
305-5 Reduction of GHG emissions	57
307-1 Non-compliance with environmental laws and regulations	58

Prosperity

Safe and reliable infrastructure	
103-1 Explanation of the material topic and its boundary	61-62
103-2 The management approach and its components	63-70
103-3 Evaluation of the management approach	63-70
203-1 Infrastructure investments and services supported	44, 56, 75, 85, 97
Financial resilience	
103-1 Explanation of the material topic and its boundary	61-62
103-2 The management approach and its components	71-81
103-3 Evaluation of the management approach	71-81
201-1 Direct economic value generated and distributed	78-81
201-2 Financial implications and other risks and opportunities due to climate change	41-57
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 2020, Fluxys Belgium and Fluxys LNG received a reduction in withholding tax of €962,058.81 and €308,760.68 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 or the share outsourced to non-affiliated companies in the total R&D expenditure relating to this intellectual property.
The deduction for the 2019 financial year (declaration submitted in 2020) totalled €6,409,585.96, i.e. a net tax gain of €1,895,955.53.

Efforts to combat corruption	
103-1 Explanation of the material topic and its boundary	82
103-2 The management approach and its components	82
103-3 Evaluation of the management approach	82
205-1 Operations assessed for risks related to corruption	82
205-2 Communication and training about anti-corruption policies and procedures	82
205-3 Confirmed incidents of corruption and actions taken	82
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	82
Human rights	
103-1 Explanation of the material topic and its boundary	83-84
103-2 The management approach and its components	83-84
103-3 Evaluation of the management approach	83-84
412-2 Employee training on human rights policies or procedures	83-84
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	91-92
103-2 The management approach and its components	93-97
103-3 Evaluation of the management approach	93-97
403-3 Occupational health services	93
403-4 Worker participation, consultation, and communication on occupational health and safety	93-95
403-5 Worker training on occupational health and safety	95-97
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95-97
403-9 Work-related injuries	95, 97
Diversity	
103-1 Explanation of the material topic and its boundary	91-92
103-2 The management approach and its components	98-99
103-3 Evaluation of the management approach	98-99
405-1 Diversity of governance bodies and employees	99
405-2 Ratio of basic salary and remuneration of women to men	99
Our people and organisation	
103-1 Explanation of the material topic and its boundary	91-92
103-2 The management approach and its components	100-103
103-3 Evaluation of the management approach	100-103
401-1 New employee hires and employee turnover	102
404-1 Average hours of training per year per employee	102
404-2 Programmes for upgrading employee skills and transition assistance programmes	101

Independent limited assurance report on selected sustainability indicators

This report has been prepared in accordance with the terms of our contract dated 19/01/2021 (the “Agreement”), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability data, marked with a checkmark ☑, of the Annual Report as of and for the year ended 31 December 2020 (the “Report”).

The Directors’ Responsibility

The Directors of Fluxys Belgium NV (“the Company”) are responsible for the preparation and presentation of the selected sustainability indicators for the year 2020 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.

Our Independence and Quality Control

We have complied 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 the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, 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.

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. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. 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 does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable-assurance engagement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of 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 2020 presented in the Report;
- conducting interviews with responsible officers;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected sustainability indicators for the year 2020 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.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected sustainability indicators for the year 2020 marked with a checkmark ☑ in the Report of Fluxys Belgium NV, do not comply, in all material respects, with the Criteria.

Other matter - Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 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.

Sint-Stevens-Woluwe, 31 March 2021

PwC Bedrijfsrevisoren BV
Réviseurs d'Entreprises SRL represented by

Marc Daelman[1]
Registered auditor

[1] Marc Daelman BV, member of the Board of Directors, represented by its permanent representative Marc Daelman

Methodology for calculating greenhouse gas emissions

Scope and sites

- Emissions from scope 1 and 2
- All the relevant sources from our activities

Definitions

Scope 1

1. CO_2-sources

Gas consumption related CO_2-emissions:

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

Diesel and petrol consumption related CO_2-emissions:

- Fleet
- Emergency generator

2. CH_4-sources

- Pneumatic Emissions: emissions from pneumatic controls
- Fugitive emissions: emissions due to tightness failure on some equipments (flanges, pipe equipment, valves, joints, seals)
- Operational emissions: emissions due to manoeuvres (start-stops of machines) and incomplete combustion
- Interventions: volume vented for interventions
- Incidents: vented volume due to emergency breakdowns/shutdowns or due to pipeline damages by third parties

For the purpose of our calculation, we assume that 1 kg of methane contributes 25 times as much to climate change as 1 kg of CO_2 (GWP_{100} = 25, according to the 4th IPPC report).

Scope 2

The carbon footprint from the consumed electricity according a market-based approach as defined in the GHG-protocol (ghgprotocol.org).

Fluxys Belgium Health, Safety and Environment Policy

Health, Safety and Environment (HSE) is a shared responsibility and a joint commitment of Fluxys Belgium and its employees. Transparency and trust are key to deliver on our HSE Policy.

Well-being at work

- Fluxys is committed to investing in health and safety at work and in the prevention of incidents
- 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 towards 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 emission
- We improve our ecological footprint

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 (in French and Dutch)
- The Directive: 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.

In 2020, Fluxys Belgium made the relevant adjustments to fall into line with the new Code of Companies and Associations and the 2020 Belgian Code on Corporate Governance and revised its Articles of Association and Corporate Governance Charter accordingly.

Changes in the composition of the Board of Directors in 2020

At the Annual General Meeting held on 12 May 2020, the directorships of Ludo Kelchtermans and Josly Piette were renewed for a period of six years, until after the 2026 Annual General Meeting.

The same meeting voted to confirm the permanent appointment of Roberte Kesteman, who had been co-opted by the Board of Directors' meeting held on 26 June 2019 with effect from 1 July 2019, as an independent company director, until after the 2023 Annual General Meeting.

The same meeting also voted to confirm the permanent appointment of Koen Van den Heuvel, who had been co-opted by the Board of Directors' meeting held on 29 January 2020 with effect from 1 December 2019, as a company director, until after the 2026 Annual General Meeting.

In addition, the General Meeting held on 12 May 2020 decided to appoint Pascal De Buck as director for a six-year period, until the 2026 Annual General Meeting.

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, with the exception of the director charged with the daily management of the company, appointed for a maximum term of six years and who 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 remain 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. Where a directorship becomes vacant prior to routine expiry of a directorship, the replacement director appointed shall serve out the rest of the term in question.

Amendments to the Articles of Association

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

Board of Directors

Composition of the Board of Directors

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

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

In order to comply with the provisions of the Gas Act, at least one third of directors must be independent within the meaning of the Gas Act. They are chosen partly on the basis of their financial management skills and partly for their useful technical knowledge and in particular their relevant knowledge of the energy sector. Independent directors within the meaning of the Gas Act must meet, among other things, the independence criteria of the Belgian Corporate Governance Code 2020. 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 a director in May 1998 following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 2021.

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 a 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. He 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.

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 a 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.

Patrick Côté, Director
Patrick Côté graduated from HEC Montréal with a business degree, specialising in professional accounting. He holds CPA (Chartered Professional Accountant) and CMA (Certified Management Accountant) certification. He is currently Senior Director of Infrastructure Investments at Caisse de dépôt et placement du Québec (CDPQ). Since 2008, through his work at CDPQ, he has been involved in

multiple transactions in the energy and transport sectors. Following his nomination by CDPQ, he was co-opted as a director by the Board of Directors with effect from 1 January 2017, and his current term of office will expire at 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 a director in May 2015 following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 2021.

Luc Hujoel, Director
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 a director in May 2009 following his nomination by Publigas, and his current term of office will expire at the Annual General Meeting in May 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 a 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
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 a 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 a 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 1997 he has been the mayor of the merged municipality of Puurs-Sint-Amands. Since 2004, he has been a member of the Flemish Parliament, and led 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 a 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 a 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
Luc Zabeau is a commercial engineer and holds a degree in commercial and financial sciences. He joined Sibelga in 2003, where he headed up the Finance Department until late 2018. He is currently the CFO of Interfin. He was appointed a director in June 2009 following his nomination by Publigas. His current term of office will expire at the Annual General Meeting in May 2023.

Independent directors under the provisions of the Gas Act

Laurence Bovy, Director
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 an independent director in May 2019 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 2025.

Sabine Colson, 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 is currently Investment Manager at GIMW. Following the recommendation of the relevant advisory committees, she was co-opted as an 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, 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 an 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.

Sandra Gobert, Director
Sandra Gobert holds a 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 an 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, 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 and the Remuneration Committee. She was co-opted as an 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, 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 an 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, Director
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 an independent director in May 2009 following his nomination by the Appointment and Remuneration Committee. His current term of office will expire at the Annual General Meeting in May 2021.

Sandra Wauters, Director

Sandra Wauters holds a PhD in chemical engineering from Ghent University. She is currently Energy and Climate Policy Manager at BASF Antwerp, where she is in charge of coordinating energy and climate-related matters. She was appointed as an 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 2020[1].

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.

[1] 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).

Presence of the Chairman of the Executive Board and appointment of the Managing Director

Until 12 May 2020, Pascal De Buck was, as Chairman of the Executive Board, routinely invited to attend meetings of the Board of Directors and the advisory committees in an advisory capacity.

Since his appointment as director at the Annual General Meeting held on 12 May 2020, he has been a full member of the Board of Directors and participates in advisory committees.

Secretariat

Nicolas Daubies, Company Secretary and General Counsel, acts as secretary to the Board of Directors.

Activity report

Issues examined

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

- The strategy of Fluxys Belgium
- The 2020 budget
- The 10-year investment programme (2020-2029)
- 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 2019 and the half-yearly financial report as at 30 June 2020
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
  - market integration projects;
  - projects linked to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO_2, including the framework of the economic recovery plan;

  - L-gas to H-gas conversion;
  - commissioning of the fifth LNG storage tank in Zeebrugge;
  - long-term solutions for storage in Loenhout and the evolution of the regulation of storage activities;
  - geothermal energy;
  - regasification services.
- Changes in the legal and regulatory framework, including tariffs, research into the French support mechanism for storage
- Keeping abreast of developments in disputes and legal action brought in order to safeguard the company's interests
- The energy mix, the European Green Deal and the inter-federal energy pact
- The role of natural gas in Belgium's future energy system and in the energy transition
- The new federal government and government agreement
- The new Code of Companies and Associations and the 2020 Belgian Code on Corporate Governance
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal)
- Convening the Annual General Meeting and the Extraordinary General Meeting
- Changes to the Articles of Association and the Corporate Governance Charter
- Changes in the composition of the Board of Directors and the advisory committees
- The appointment of a managing director
- 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 procedure for evaluating the Board of Directors and the committees
- 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 2020, 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 2020. Director attendance at Board of Directors' meetings in 2020 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	4 out of 6 meetings
Sabine Colson	6 out of 6 meetings
Patrick Côté	6 out of 6 meetings
Valentine Delwart	4 out of 6 meetings
Sandra Gobert	6 out of 6 meetings
Andries Gryffroy	3 out of 6 meetings
Luc Hujoel	6 out of 6 meetings
Ludo Kelchtermans	6 out of 6 meetings
Roberte Kesteman	6 out of 6 meetings
Anne Leclercq	6 out of 6 meetings
Renaud Moens	6 out of 6 meetings
Walter Nonneman	6 out of 6 meetings
Josly Piette	4 out of 6 meetings
Koen Van den Heuvel	6 out of 6 meetings
Geert Versnick	6 out of 6 meetings
Sandra Wauters	6 out of 6 meetings
Luc Zabeau	6 out of 6 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
- Walter Nonneman*
- Koen Van den Heuvel
- Sandra Wauters*

* Independent directors under the provisions of the Gas Act

Federal government representative acting in an advisory capacity
Maxime Saliez and Tom Vanden Borre

Invited in an advisory capacity

- Andries Gryffroy, Director

Secretariat
Nicolas Daubies, Company Secretary and General Counsel, 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, regulatory and statutory provisions. Within this framework, the Strategic Advice Committee also monitors implementation of the Board of Directors' decisions. The members of the Strategic Advice Committee seek to adopt decisions by consensus. In 2020, the Strategic Advice Committee addressed the following issues, among others:

- The strategy of Fluxys Belgium
- The 10-year investment programme (2021-2030)
- The 2021 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;
  - commissioning of the fifth LNG storage tank in Zeebrugge;
  - projects linked to the energy transition, especially those involving biomethane and the transmission of hydrogen and CO_2, including the framework of the economic recovery plan;
  - long-term solutions for storage in Loenhout and the evolution of the regulation of storage activities;
  - geothermal energy;
  - regasification services.
- Changes in the legal and regulatory framework, including tariffs, research into the French support mechanism for storage
- Progress of disputes and legal action brought in order to safeguard the company's interests
- The energy mix, the European Green Deal and the inter-federal energy pact
- The role of natural gas in Belgium's future energy system and in the energy transition
  - The new federal government and government agreement
- Commercial activities and the operation of the network and the LNG terminal (including demand for additional regasification capacity at the LNG terminal)
- 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. In 2020, the Strategic Advice Committee adopted all of its proposed advice by unanimous vote of the members present or represented. 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 2020. Director attendance at Strategic Advice Committee meetings in 2020 was as follows:

	Attendance
Claude Grégoire	9 out of 9 meetings
Daniël Termont	9 out of 9 meetings
Jos Ansoms	9 out of 9 meetings
Patrick Côté	9 out of 9 meetings
Valentine Delwart	8 out of 9 meetings
Andries Gryffroy	7 out of 9 meetings
Luc Hujoel	9 out of 9 meetings
Walter Nonneman	9 out of 9 meetings
Koen Van den Heuvel	8 out of 9 meetings
Sandra Wauters	8 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 Belgian Corporate Governance Code 2020. 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*
- Sabine Colson*
- Patrick Côté
- Anne Leclercq*
- Renaud Moens
- Sandra Wauters*

* Independent directors under the provisions of the Gas Act

Secretariat

Nicolas Daubies, Company Secretary and General Counsel, 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

- 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.

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 2020, the Audit and Risk Committee mainly addressed the following issues:

- The company's accounts as at 31 December 2019 and 30 June 2020 as well as the associated press releases (financial part)
- The annual financial report for the 2019 financial year and the half-yearly report as at 30 June 2020
- 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 2020
- The internal audit schedule for 2021
- Follow-up on the recommendations made in the wake of the internal audit in 2019
- Risk management
- Confirmation to the Audit and Risk Committee of the independence of the internal audit
- The evaluation of the person in charge of the internal audit

Operation

Decisions by the Audit and Risk Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. In 2020, the Audit and Risk Committee took all of its decisions by unanimous vote of the members present or represented. 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 five times in 2020. Director attendance at Audit and Risk Committee meetings in 2020 was as follows:

	Attendance
Ludo Kelchtermans	5 out of 5 meetings
Laurence Bovy	4 out of 5 meetings
Sabine Colson	4 out of 5 meetings
Patrick Côté	5 out of 5 meetings
Anne Leclercq	5 out of 5 meetings
Renaud Moens	4 out of 5 meetings
Sandra Wauters	5 out of 5 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 Belgian Corporate Governance Code 2020. The committee has the required expertise in remuneration policy.

Chairman

Luc Hujoel

Members

- Laurence Bovy*
- Valentine Delwart*
- Roberte Kesteman*
- Walter Nonneman*
- 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 2020, 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 appointment of a managing director
- The preparation of the objectives for the Managing Director and the members of the Management Team BE
- The preparation of the evaluation of the Managing Director and the members of the Management Team BE
- The compilation of recommendations on the remuneration of the Managing Director (fixed and variable remuneration)
- The compilation of recommendations on the remuneration of the members of the Management Team BE (fixed and variable remuneration) following a proposal by the Managing Director
- The state of progress regarding the company targets for 2020
- The methodology and implementation of the corporate governance processes
- 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 2020, the Appointment and Remuneration Committee approved all the decisions submitted to it. For detailed information on how the Appointment and Remuneration Committee functions, 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 four times in 2020 and, on one occasion, took decisions with unanimous written agreement of the directors, in accordance with the internal rules of procedure. Director attendance at Committee meetings in 2020 was as follows:

	Attendance
Luc Hujoel	4 out of 4 meetings
Laurence Bovy	2 out of 4 meetings
Valentine Delwart	3 out of 4 meetings
Roberte Kesteman	4 out of 4 meetings
Walter Nonneman	4 out of 4 meetings
Koen Van den Heuvel	3 out of 4 meetings
Geert Versnick	4 out of 4 meetings

Corporate Governance Committee

Composition of the Corporate Governance Committee

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

Chairman

- Sabine Colson*

Members

- Valentine Delwart*
- Sandra Gobert*
- Roberte Kesteman*
- Anne Leclercq*
- Josly Piette
- Luc Zabeau

* Independent directors under the provisions of the Gas Act

Secretariat

Nicolas Daubies, Company Secretary and General Counsel, 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 2020, the Corporate Governance Committee mainly addressed the following issues:

- Preparation of the 2019 annual report by the Corporate Governance Committee, drafted on the basis of Article 8/3 section 5(3) of the Gas Act
- The opinion on the appointment of a managing director

Operation

Decisions by the Corporate Governance Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. In 2020, the Corporate Governance Committee took all of its decisions by unanimous vote of the members present or represented. 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 2020 and, on one occasion, took a decision with unanimous written agreement of the directors, in accordance with the internal rules of procedure. Director attendance at Corporate Governance Committee meetings in 2020 was as follows:

	Attendance
Sabine Colson	1 out of 1 meeting
Valentine Delwart	1 out of 1 meeting
Sandra Gobert	1 out of 1 meeting
Roberte Kesteman	1 out of 1 meeting
Anne Leclercq	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 2020

Composition

Pascal De Buck became Managing Director of Fluxys Belgium in 2020. He is also the company's Chief Executive Officer.

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

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

Nicolas Daubies, Company Secretary and General Counsel, 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 2020, the Management Team BE – in addition to the matters submitted to the Board of Directors (see page 123) - also focused on the following issues:

- **Strategy:** key role of the transmission of carbon-neutral gases and CO_2 in the energy system of the future, Corporate & Employer Branding, 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, complete transfer of the balancing activity to Balansys, project to increase regasification capacity at the LNG terminal, new services in small-scale LNG, injection of green gas into the network and standard connection contract for local biomethane producers, services as a production registrar in Flanders, market process for the development of hydrogen and CO_2 infrastructure
- **Finance:** annual and half-yearly financial results, efficient cost management, audit policy, monitoring subsidy applications, ensuring sustainable finance and taxonomy regulation, drafting and monitoring the budget
- **Legal and regulatory framework:** tariff closing 2019, tariff proposal and market consultation concerning LNG terminalling, tariff comparison, monitoring of amendments to the financial and company legislation, CSR and the Code of Ethics
- **Infrastructure and operations**: ICT security monitoring, new structure for regional operating centres, L/H conversion schedule, necessary network capacity for new power stations, research projects on hydrogen transmission, monitoring of infrastructure works, network safety, analysis of incidents, near-incidents and occupational accidents, investment projects, orders, obtaining the appropriate permits for investment projects or operating activities, status of the decommissioning of pipelines, transfer of the ownership of land or subsurfaces
- **HR policy:** competency management, tracking progress made with regard to the company's objectives, approach to CSR, organisation of social elections
- **Health, safety and environment:** implementation and monitoring of measures taken concerning the pandemic, project to halve own greenhouse gas emissions
- Monitoring the activities of subsidiaries and related associations
- Preparation of dossiers for the Board of Directors and the various committees

Remuneration report

Introduction

Fluxys Belgium's remuneration policy is submitted to the General Meeting pursuant to the Code of Companies and Associations. It is then published on the company's website at https://www.fluxys.com/en/company/fluxys-belgium/management-governance.

This report provides information on the implementation of this policy over the past financial year.

By way of introduction, the remuneration policy aims to contribute to the company's mission and objective, namely to serve as the designated operator of Belgium's natural gas network, the Loenhout storage facility and the Zeebrugge LNG terminal; to be a key player in a sustainable energy future; and to offer reliable, affordable energy flows on the market.

The remuneration policy applicable to the Managing Director and CEO and the Management Team BE has been devised as per the remuneration policy for the entire company. This policy is based on an objective, transparent classification system intended to:

- ensure that the salary package offered is in line with the market in order to attract and retain staff with the required expertise;
- provide for performance-related remuneration that varies according to each individual's responsibilities and contribution to Fluxys Belgium's objectives, with the amount of this remuneration being based on the extent to which company and individual objectives are achieved;
- encourage professionalism, commitment as well as a coherent and cross-functional approach, while fully respecting and supporting the company's values.

The remuneration of non-executive Board members is based on market practice and takes into account their role, specific tasks, the associated responsibilities and time commitment.

The remuneration awarded in 2020 is in line with the company's remuneration policy, the company's performance (with the company continuing to perform extremely well during this specific year) and its short- and long-term goals. More specifically, the company was able to ensure the continuity of its operations, even in the unprecedented and complex situation brought about by the COVID-19 pandemic.

It should be noted that, by way of derogation from Recommendations 7.6 and 7.9 of the 2020 Belgian Code on Corporate Governance, directors and members of the executive management do not receive any remuneration in the form of Fluxys Belgium shares. This derogation is justified in light of the regulated nature of the company's activities, which are characterised by other mechanisms intended to ensure the creation of value in the long term and a very relative correlation between performance and share price.

Remuneration of non-executive directors

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

Remuneration comprises a fixed total amount, set by the General Meeting, that the Board of Directors distributes between the non-executive directors on the basis of the workload involved in their individual roles within the company (maximum indexed annual amount of €360,000 as at 1 July 2007 or €451,311.26 as at 31 December 2020). Non-executive directors and government representatives also receive an attendance fee of €250 for each Board and committee meeting they attend.

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. Their remuneration solely comprises a fixed amount.

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

Remuneration of non-executive directors

For their work on Fluxys Belgium's Board of Directors and its various committees, the non-executive directors received the following gross remuneration and attendance fees in 2020.

Directors and government representative	Gross total in euro
Daniël Termont	29.525,15
Claude Grégoire	24.370,12
Jos Ansoms	19.215,09
Laurence Bovy (1)	23.120,12
Sabine Colson (2)	23.370,12
Patrick Côté (3)	25.620,12
Valentine Delwart	29.775,15
Sandra Gobert	17.215,09
Andries Gryffroy	17.965,09
Luc Hujoel (4)	25.370,12
Ludo Kelchtermans (5)	18.215,09
Roberte Kesteman (6)	23.370,12
Anne Leclercq	23.620,12
Renaud Moens (7)	17.965,09
Walter Nonneman	25.370,12
Josly Piette (8)	16.715,09
Koen Van den Heuvel	24.870,12
Geert Versnick (9)	17.965,09
Sandra Wauters	25.370,12
Luc Zabeau (4)	17.215,09
François Fontaine	18.465,09
Total	464.687,31

The total amount of €464,687.31 comprises €396,937.31 in emoluments and €67,750.00 in attendance fees.

At their request, notification is hereby given that some directors have transferred their remuneration and attendance fees:
(1) This director transferred their remuneration and attendance fees to VIVAQUA.
(2) This director transferred their remuneration and attendance fees to SRIW Environnement.
(3) This director transferred their 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 their remuneration and attendance fees to Nuhma.
(6) This director transferred their remuneration and attendance fees to Symvouli.
(7) This director transferred their remuneration and attendance fees to IGRETEC.
(8) This director transferred their remuneration and attendance fees to SOCOFE.
(9) This director transferred their remuneration and attendance fees to Flemco.

Fluxys Belgium's non-executive directors do not hold any paid directorships in other in other companies belonging to the consolidation circle of the company.

Mr François Fontaine served as the federal government representative sitting on the Board of Directors and Strategic Advice Committee in an advisory capacity up to 8 February 2021. Messrs Tom Vanden Borre and Maxime Saliez were appointed the Dutch-speaking and French-speaking representatives of the federal government respectively from 8 February 2021 onwards.[2]

[2] Royal Decree of 31 January 2021 on the dismissal and appointment of federal government representatives 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 of the Managing Director and CEO and members of the Management Team BE

Total remuneration

The remuneration paid to the Managing Director and CEO and to the members of the Management Team BE pursuant to the remuneration policy comprises the following components:

- Base salary: fixed amount;
- Performance-related remuneration: based on the degree to which the objectives set each year have been achieved (company and individual objectives);
- A defined-contribution pension plan administered in accordance with the rules applicable to companies in the gas and electricity sectors;
- Other components: expenses to cover insurance, company car and gas and electricity sectors benefits.

Setting remuneration

After consulting the Appointment and Remuneration Committee, the Board of Directors has assessed the Managing Director and CEO in light of the extent to which the stipulated objectives were achieved. The Managing Director and CEO of Fluxys Belgium also gave the Appointment and Remuneration Committee an explanation of the achievement of objectives regarding the evaluation of the members of the Management Team BE in 2020.

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

- approved Fluxys Belgium's performance and activities for 2020;
- determined the amount of Pascal De Buck's variable remuneration for 2020 as Managing Director and CEO of Fluxys Belgium in 2020, as proposed by the Appointment and Remuneration Committee, and determined the total amount of the variable remuneration for 2020 of the members of Fluxys Belgium's Management Team BE, as proposed by Pascal De Buck.

The performance-related remuneration is awarded on the basis of an assessment of the following criteria:

For the Managing Director and CEO

Managing Director and CEO		
Cycle	Per year	
Correlation between performance and payment	**Performance level**	**Payment**
Minimum bonus	80% or less	No minimum %, depending on the circumstances
On-target bonus	100%	40%
Maximum bonus	120% or more	70%
Objectives	**Description**	**Weighting**
Company level	Main company objectives	50%
Personal level	Individual and cross-functional	35%
Style & values	Leadership and link with company values	15%

For members of the Management Team BE

Members of the Management Team BE		
Cycle	Per year	
Correlation between performance and payment	**Performance level**	**Payment**
Minimum bonus	80% or less	No minimum %, depending on the circumstances
On-target bonus	100%	30%
Maximum bonus	120% or more	45%
Objectives	**Description**	**Weighting**
Company level	Main company objectives	40%
Personal level	Individual and cross-functional	30%
Style & values	Leadership and link with company values	30%

The main company objectives for 2020 can be summarised as follows:

- Financial performance: control OPEX and achieve Fluxys Belgium’s financial targets;
- Implementing the investment plan, with specific focus on energy transition;
- Provide for safe and reliable operations, the continuity of gas flows and satisfaction among facility users;
- Energy transition and profitable, sustainable growth: to become the transporter of the energy carriers of the future.

The company objectives were exceeded in 2020.
The Managing Director and CEO exceeded his personal objectives and was also deemed to have done well with regard to the objectives concerning leadership and the promotion of company values. The variable remuneration granted to the Managing Director and CEO is mainly paid in cash, with the rest being paid into the group insurance scheme and the possibility to request payment of part of the bonus in the form of OTC (over-the-counter) options.

The members of the Management Team BE also exceeded their personal objectives and were deemed to have done well with regard to the objectives concerning leadership and the promotion of the company's values. The variable remuneration is paid entirely in cash, though members can request that part of the bonus be paid in the form of OTC options.

Remuneration of the Managing Director and CEO and members of the Management Team BE in 2020

Components	Managing Director and CEO (individual)	Members of the Management Team BE (all together)
Base remuneration	268,098.60	538,217.80
Variable remuneration	171,583.20	208,061.60
Pension	162,790.57*	186,316.55
Other components	16,815.76	44,645.95
Total	619,288.13	977,241.90
Fixed/variable ratio**	61%	79%
	39%	21%

* Including one-off bonus for 25 years' service.
** The one-off bonus for 25 years' service is not included in the calculation of this ratio between fixed and variable remuneration.

As regards the variable remuneration for 2020, Fluxys Belgium is covered by the legal derogation relating to the requirement to spread payment over multiple years, as the on-target variable remuneration of the Managing Director and CEO and the members of the Management Team BE is no more than 25% of the total annual remuneration.

Share-based remuneration

The Managing Director and CEO and the members of the Management Team BE do not receive any shares or stock options in the company as part of their base or performance-related remuneration.

Severance pay

The company did not grant any severance pay during the financial year.

Use of rights of recovery

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

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

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

Derogations from the remuneration policy

There were no derogations from the remuneration policy in 2020.

Change in company remuneration and performance

Annual change	2016	2017	2018	2019	2020
Non-executive directors*					
Total	419,346	415,448	437,103	462,051	464,687
Chairman of the Executive Board/Managing Director and CEO					
Total	423,853	450,921	470,938	516,941	619,288
Members of the Executive Board/Management Team BE*					
Total	821,311	869,451	915,034	893,778	977,242
Performance of the Fluxys Belgium group (consolidated financial statements – in EUR thousand)					
Operating revenue	509,490	510,528	503,246	530,995	560,590
EBITDA	276,705	283,163	278,382	297,337	313,623
EBIT	118,607	129,312	120,601	134,841	134,357
Net profit	48,484	70,321	54,469	69,498	73,894
Average remuneration paid to other employees (in full-time equivalent)					
Total**	83,732	83,417	88,498	88,689	89,292

* The number of members may vary from one year to the next.
** Total in the 'remuneration' segment for all employees, i.e. managerial and salaried staff, including the set group of employees who are still remunerated in accordance with the 'old' working conditions, in line with the provisions of Joint Committee 326.

This 'remuneration' segment encompasses all gross components of remuneration, more specifically fixed annual salaries, as well as variable components, including payment for on-call work, work breaks, overtime, etc.

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

The ratio between the highest remuneration paid to management (the Managing Director and CEO) and the lowest remuneration (expressed in full-time equivalent) paid to employees was 1:15 in 2020.

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.

In the event that, 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 2020 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 2020 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 also decided on the annual fees of EY Bedrijfsrevisoren BV/Réviseurs d'Entreprises SRL.

In 2020, EY received remuneration totalling €147,994 for its work as the Fluxys Belgium group's auditor.

This remuneration is broken down as follows:

- Audit services as auditor for the group: €132,926
- Audit services as auditor for the group's foreign subsidiaries: €15,068

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 2020.

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 the activities of the tanker terminal. 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 (Act of 8 January 2012 amending the Gas Act adopted as of 21 January 2012):

- The legislation provides for a procedure for certifying operators of 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

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 transmission services submitted by Fluxys Belgium on 21 December 2018 based on that method and on the network code relating to the tariffs (TAR-NC)[1], was reviewed. The reviewed version was finally approved by CREG on 7 May 2019. The approved tariffs are valid for four-year periods, unless they are amended following a change in the regulatory assets or liabilities different to that estimated in the tariff proposal.

The 2020-2023 tariff proposal for storage services was approved by CREG on 20 December 2019.

The latest tariff proposal for terminalling services was approved by CREG on 9 July 2020. This tariff proposal has enabled a regulated tariff to be introduced for two new services offered at the terminal: a Stand Alone Send Out Capacity, and LNG unloading as part of a Stand Alone Berthing Right. This tariff proposal also includes the latest information on the costs for construction of the fifth storage tank and compressors for transshipment services.

[1] On 16 March 2017, the 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.

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. Operating costs are divided into:

- manageable costs, for which efficiency gains or losses are distributed proportionately between Fluxys Belgium (rise or fall in authorised profits) and regulatory assets or liabilities (increase or decrease in future tariffs) in 2019, on the basis of a degressive system;
- 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 the pre-tax gross profits. On the other hand, exceeding budgets negatively influences the profit for the period.

The following are not considered manageable costs: depreciation, costs relating to other regulated activities, subsidies, taxes, duties and expenses relating to the purchase of energy 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 income. 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, disposals and 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[2] 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 (OLO)) and a premium for the risk of the shares market, weighted with the applicable beta factor. The ratio of 40% representing the financial structure of reference 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 interest rate applied for the tariff period 2020-2023 based on 10-year Belgian linear bonds.
- ß (network operator risk against global market risk) = 0.65 for transmission; 0.78 for storage and LNG terminalling.
- Risk premium = 3.5%.
- α (illiquidity premium) = 20% for transmission, storage and terminalling.

---

[2] Capped at 40%

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 close to 40%. As a result, the part of the equity that exceeds 40% of the regulatory asset base is remunerated at a lower tariff, i.e. the risk-free interest rate established for the regulatory period 2020-2023 and based on ten-year Belgian linear bonds, plus a premium of 70 basis points.

The methodology also provides for a specific level of fair profit 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 tanker terminal.

The principles of the IRR model for the extension investments by Fluxys LNG were approved by CREG and confirmed in its decisions of 29 November 2012, 2 October 2014, 28 June 2018, 27 June 2019 and 9 July 2020.

Apart from the incentive to control manageable costs, new incentives may be attributed to the combined network operator to encourage:

- Market integration and security of supply;
- Performance improvements;
- Research & development necessary for activities;
- Participation in the energy transition; and
- Improvements in the quality of the service and capacity sales.

Annual settlement

Every year, a settlement is made which compares the estimated amounts with the real amounts. These differences 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 preparing the 2020-2023 tariff proposal, the operator of the natural gas transmission network determined the expected trajectory of changes in the regulatory account during the regulatory period concerned. This trajectory should include a progressive reduction in the regulatory account up to a maximum amount of EUR 100 million at the end of 2023.

If the change identified during this period differs, positively or negatively, from the aforementioned expected change, the difference will lead to an automatic correction of the transmission network tariffs.

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 2011, 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 Executive Board 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: https://www.fluxys.com/en/company/fluxys-belgium/management-governance

Financial situation

Consolidated financial statements under IFRS

General information on the company

Corporate name and registered office

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

Group activities

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

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

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

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

Consolidated financial statements of the Fluxys Belgium group under IFRS

A. Consolidated balance sheet

Consolidated Balance Sheet	Notes	31-12-2020	31-12-2019
In thousands of €			
I. Non-current assets		**2,196,174**	**2,305,518**
Property, plant and equipment	5.1	2,011,209	2,129,400
Intangible assets	5.2	28,207	33,424
Right of use assets	5.3	36,467	39,970
Investments accounted for using the equity method		50	16
Other financial assets	5.4/6	109,506	90,200
Finance lease receivables	6	2,697	3,300
Other receivables	6	4,144	144
Other non-current assets	5.5	3,894	9,064
II. Current assets		**533,865**	**562,057**
Inventories	5.6	26,378	26,488
Finance lease receivables	6	601	601
Current tax receivables		5,108	3,965
Trade and other receivables	5.7/6	71,000	89,421
Cash investments	5.8/6	39,458	58,205
Cash and cash equivalents	5.8/6	377,359	369,005
Other current assets	5.9	13,961	14,372
Total assets		**2,730,039**	**2,867,575**

Consolidated Balance Sheet	Notes	31-12-2020	31-12-2019
In thousands of €			
I. Equity	**5.10**	**639,038**	**662,677**
Equity attributable to the parent company's shareholders		639,038	662,677
Share capital and share premiums		*60,310*	*60,310*
Retained earnings and other reserves		*578,728*	*602,367*
Non-controlling interests		0	0
II. Non-current liabilities		**1,819,250**	**1,957,483**
Interest-bearing liabilities	5.11/6	1,589,554	1,718,972
Provisions	5.12	4,465	4,272
Provisions for employee benefits	5.13	70,631	63,336
Other non-current financial liabilities	6	2,054	2,669
Deferred tax liabilities	5.14	152,546	168,234
III. Current liabilities		**271,751**	**247,415**
Interest-bearing liabilities	5.11/6	184,843	143,577
Provisions	5.12	875	0
Provisions for employee benefits	5.13	5,143	4,134
Current tax payables		4,146	3,844
Trade and other payables	5.15/6	73,950	92,668
Other current liabilities		2,794	3,192
Total liabilities and equity		**2,730,039**	**2,867,575**

B. Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	**31-12-2020**	**31-12-2019**
Operating revenue	4.1	560,590	530,995
Sales of gas related to balancing operations and operational needs		26,887	80,182
Other operating income		12,191	16,038
Consumables, merchandise and supplies used	4.2.1	-2,970	-7,898
Purchase of gas related to balancing of operations and operational needs		-26,886	-80,188
Miscellaneous goods and services	4.2.2	-140,410	-129,583
Employee expenses	4.2.3	-110,544	-107,509
Other operating expenses	4.2.4	-5,235	-4,700
Depreciations	4.2.5	-174,534	-157,955
Provisions	4.2.6	-6,155	-3,995
Impairment losses		548	-546
Operational profit/loss		**133,482**	**134,841**
Change in the fair value of financial instruments		0	-71
Financial income	4.3	924	1,016
Finance costs	4.4	-40,734	-37,630
Profit/loss before taxes		**93,672**	**98,156**
Income tax expenses	4.5	-20,435	-28,658
Net profit/loss for the period	**4.6**	**73,237**	**69,498**
Fluxys Belgium share		73,237	69,498
Non-controlling interests		0	0
Basic earnings per share attributable to the parent company's shareholders in €	4.7	1.0423	0.9891
Diluted earnings per share attributable to the parent company's shareholders in €	4.7	1.0423	0.9891

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	**31-12-2020**	**31-12-2019**
Net profit/loss for the period	4.6	**73,237**	**69,498**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.12	-7,378	-7,731
Income tax expense on these variances		1,845	2,287
Other comprehensive income		**-5,533**	**-5,444**
Comprehensive income for the period		**67,704**	**64,054**
Fluxys Belgium share		67,704	64,054
Non-controlling interests		0	0

D. Consolidated statement of changes in equity

Consolidated statement of changes in equity									In thousands of €
	Share capital	Share premium	Reserves not available for distribution	Retained earnings	Reserves for employee benefits	Other comprehensive income	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
I. BALANCE AS AT 31-12-2018	**60,272**	**38**	**25,920**	**569,773**	**-6,904**	**38,057**	**687,156**	**0**	**687,156**
1. Comprehensive income for the period				69,498	-5,444	0	64,054	0	64,054
2. Dividends paid			-9,905	-78,628			-88,533	0	-88,533
3. Other changes			38,057			-38,057			
II. CLOSING BALANCE AS AT 31-12-2019	**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
III. CLOSING BALANCE AS AT 31-12-2020	**60,272**	**38**	**54,072**	**542,537**	**-17,881**	**0**	**639,038**	**0**	**639,038**

E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)			In thousands of €
	Notes	31-12-2020	31-12-2019
I. Cash and cash equivalents, opening balance	**A.**	**369,005**	**389,587**
II. Net cash flows from operating activities		**280,339**	**279,516**
1. Cash flows from operating activities		**314,368**	**324,052**
1.1. Profit/loss from continuing operations	B.	133,482	134,841
1.2. Non cash adjustments		180,531	162,448
1.2.1. Depreciations	B.	174,534	157,955
1.2.2. Provisions	B.	6,155	3,995
1.2.3. Impairment losses	B.	-548	546
1.2.4. Translation adjustments		0	0
1.2.5. Other non cash adjustments		390	-48
1.3. Changes in working capital		356	26,763
1.3.1. Decrease (increase) of inventories		658	2,069
1.3.2. Decrease (increase) of tax receivables	A.	-1,143	-585
1.3.3. Decrease (increase) of trade and other receivables	A.	18,421	7,796
1.3.4. Decrease (increase) of other current assets		-69	27
1.3.5. Increase (decrease) of tax payables		756	1,129
1.3.6. Increase (decrease) of trade and other payables	A.	-18,718	16,583
1.3.7. Increase (decrease) of other current liabilities	A.	-398	-1,944
1.3.8. Other changes in working capital		849	1,688
2. Cash flows relating to other operating activities		**-34,029**	**-44,535**
2.1. Current tax paid		-34,732	-45,259
2.2. Interests from investments, cash and cash equivalents	4.3	792	836
2.3. Other inflows (outflows) relating to other operating activities	4.3/4.4	-89	-113
III. Net cash flows relating to investment activities		**-51,949**	**-114,358**
1. Acquisitions		**-71,262**	**-109,759**
1.1. Payments to acquire property, plant and equipment, and intangible assets	5.1/5.2	-47,306	-97,959
1.2. Payments to acquire subsidiaries, joint arrangements or associates	A.	-34	0
1.3. Payments to acquire other financial assets		-23,922	-11,800

Consolidated statement of cash flows (indirect method)		In thousands of €	
	Notes	31-12-2020	31-12-2019
2. Disposals		**566**	**327**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets		565	327
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates		0	0
2.3. Proceeds from disposal of other financial assets	5.4	1	0
3. Dividends received classified as investment activities		**0**	**0**
4. Subsidies received	**5.1**	**0**	**0**
5. Increase (-)/ Decrease (+) of cash investments	**A.**	**18,747**	**-4,926**
IV. Net cash flows relating to financing activities		**-220,036**	**-185,741**
1. Proceeds from cash flows from financing		**33,784**	**106,039**
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	691
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	33,181	105,348
2. Repayments relating to cash flows from financing		**-122,858**	**-167,746**
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	-4,602	-4,568
2.4. Redemption of compound financial instruments		0	0
2.5. Repayment of other financial liabilities	5.11	-118,256	-163,178
3. Interests		**-39,619**	**-35,501**
3.1. Interest paid classified as financing		-39,683	-35,570
3.2. Interest received classified as financing		64	69
4. Dividends paid	**D.**	**-91,343**	**-88,533**
V. Net change in cash and cash equivalents		**8,354**	**-20,582**
VI. Cash and cash equivalents, closing balance	**A.**	**377,359**	**369,005**

Notes

Note 1a. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys Belgium group for the financial year ended 31 December 2020 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 5.12 and 7) and in particular the provisions for litigation and pension and related liabilities (see Note 5.13).

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 authorised regulated tariffs. This difference is transferred to the income statement via the operating revenue to the balance sheet in the interest-bearing liabilities (non-current and current - See Note 5.11.4). The regulatory assets are accounted for (in other non-current assets or in the current trade and other receivables in the balance sheet) when the regulated revenue received is lower than the real costs to be covered by the authorised regulated tariffs.

These latter are recognised inasmuch 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 31 March 2021.

Note 1d. Standards, amendments and interpretations applicable on 1 January 2020

The following standards and interpretations are applicable for the annual period starting from 1 January 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

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 2021

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

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
  Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

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. Impact of COVID-19

The COVID-19 pandemic has had a great impact on society since the beginning of 2020. Saving human lives and maintaining the health sector has required lockdowns and several other measures, with the sole aim of tackling this crisis. These measures do, however, have considerable economic consequences.

It is clear that the pandemic also has consequences for our sector. This is why, since the virus first emerged, Fluxys has taken all the necessary measures to combat its spread, to continue to guarantee the supply of gas to customers, adopt a social role in society and pursue the Fluxys Belgium group's business whilst ensuring sound financial management.

Bearing in mind the nature of our activities, the effect of the pandemic on our results is, nonetheless, very limited. We have not observed a significant impact in 2020, and we do not expect considerable effects for 2021.

The impact on our results for the year 2020 was, in fact, very limited:

- The Fluxys Belgium group, with the help of its shareholders, has made donations of a total of € 500k to non-profits such as 'Médecins sans Frontières' and 'fnrs', as well as conducting other social initiatives such as our own production of 3D-printed masks. There has also been volunteer work and in-kind donations.
- The Fluxys Belgium group's sales have not suffered any material effects of the COVID-19 pandemic, although vigilance is still required. The global nature of the pandemic and the increased volatility of energy markets influence flows of natural gas and other molecules, and consequently also our transmission, storage and terminalling business.
- Certain investments (CAPEX) have seen slight delays due to the sanitary measures required, essentially during the lockdown in the first half of the year, which led to a slowdown in supply and in the progress of major works. The bulk of these delays were able to be caught up within the second half of 2020. As a consequence, the RAB is almost unaffected, and given that the profit permitted under the current regulations is not influenced by COVID-19, no impairment is required under IAS 36 as at year-end 2020.
- Given the material impact on the markets and on a number of companies, we have been particularly vigilant to monitor our receivables and the associated credit risk. Here too, we have not observed a material impact, which is explained by the fact that our customers are generally major companies with solid financial reserves. There is therefore no significant change in impairments for expected credit losses under IFRS 9 as compared with the financial situation at year-end 2019.
- A last impact we have monitored and managed concerns the effect on our pension obligations and their hedging by underlying assets. Because of the fierce stock market fluctuations in the first months of 2020, these assets have shown a certain decline, but the stock markets have recovered in the second half of the year (see Note 5.13 on provisions for employee benefits (IAS 19)).

We can therefore conclude that the impact of the COVID-19 pandemic on our profit/loss is very limited, and we do not anticipate any significant effects on our financial situation for 2021.

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 31 March 2021.

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 relates to 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 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 existing and new investments in gas transmission pipelines are fully depreciated by December 2049 at the latest.
  This amendment has a limited impact on the financial statements;
- 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, that are function of 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 (under interest-bearing liabilities, current or non-current receivables), whereas losses are included in operating revenue to offset the accounting of regulatory assets (under other non-current receivables or in current trade and other receivables).

The regulatory framework is explained in further detail in chapter 7 of the annual report.

In note 4 - Segment income statement, the distinction is shown between the revenue invoiced and the revenue recognised. The latter includes the revenue invoiced, but also the movements in regulatory assets and liabilities.

The following table provides more detailed information on the Group's services (performance obligations), types of contract, pricing, and the way in which operating revenue is recognised. Most of this revenue is regulated.

Legal entity	Revenue stream	Performance obligation: nature, customer and timing of satisfaction	Contract type and pricing
Fluxys Belgium	Transmission services	**Nature of performance obligation**: sale of capacity and related services in the pipeline infrastructure to its customers to transmit natural gas to distribution system operators, power stations and major industrial end-users in Belgium or to transport natural gas to a border point for transmission to other end-user markets in Europe. **Customers**: gas shippers reserve capacity slots (short + long term contracts) **Revenue recognition**: the performance obligation consists in making these capacities available for the customers for	**Regulated Standard Transmission Agreement.** Regulated tariffs are expressed in €/kWh/h/year

		use at the customers' discretion (cf. IFRS 15.26 (e)). Basically, the contracts between Fluxys Belgium and their customers determine that the latter reserve a certain capacity that can be used over a certain period, at the choice of the customer. Thus, Fluxys Belgium will transfer to the customer a series of services that are substantially the same and that have the same pattern of transfer to the customer (IFRS 15.22 (b)). Each service in the series provided by Fluxys Belgium is a performance obligation satisfied **over time**, as described by IFRS 15.35a (the customer simultaneously receives and consumes the benefits provided by Fluxys' performance as Fluxys performs). Therefore, the reserved capacities are invoiced and recognised monthly over the period covered by the contract related to the capacities reserved (in accordance with IFRS 15.39 and IFRS 15.B15), i.e. **over time** recognition.	
Fluxys Belgium	**Storage capacity service**	**Nature of performance obligation**: storage services enabling customers to use buffer capacity flexibly according to their needs. The gas is stored in the underground facilities in Loenhout, Belgium. Most of the revenues are generated by the sale of standard bundled packages, composed of injection, storage and withdrawing capacity throughout the storage season in fixed proportion. Such contracts can be both long term and short term. **Customers**: As for transmission, the revenues are based on the reserved capacities. **Revenue recognition**: revenue is recognised **over time** as these services are performed continuously throughout the contractual term.	**Regulated Standard Storage Agreement** (in combination with a regulated Standard Transmission Agreement to enable injecting into and withdrawing from the gas grid – see above). Regulated tariffs for storage capacity are expressed in €/standard bundled unit per year. Tariffs for separately purchased storage capacity are expressed in €/GWh/year. Injection or withdrawal capacity is expressed in €/m³(n)/h/year.
Fluxys LNG	**Terminalling services**	**Nature of performance obligations:** • **Unloading** services (time slots are sold in advance, the so-called 'berthing rights'), possibly combined with related services such as storage, regasification or sending out (i.e. transform the liquid gas into gas that can be injected in the grid). • **Loading** services	**Standard regulated LNG Terminalling Agreement**, mostly combined with a separate standard regulated LNG Service Agreement for ancillary services such as storage and

		• **Transhipment** services, that occur in 2 forms: 1. **Ship-To-Ship**: unloading of LNG from one LNG ship directly to another. 2. **Ship-Storage-Ship**: LNG is unloaded from an LNG ship, then stored in a tank at the terminal. It can be loaded a few days later by another LNG ship. **Customers:** Customers reserve berthing rights in advance, these can be both long term and short term contracts. **Revenue recognition**: revenue of these berthing rights is recognised **over time** based on the reserved capacity, independently of whether the slots are used or not. For some additional services, such as storage, revenue is recognised over time as well, in accordance with IFRS 15.35(a). For other additional services, such as regasification, revenue is recognised at a point in time.	sending out capacity, etc. Tariffs for (un)loading are expressed in €/berthing right for the capacity reservations. For storage and for regasification and sending out services, tariffs are expressed in €/MWh/day. **Regulated standard LNG Transhipment Service Agreement.** Tariffs are expressed in €/berthing right for the transhipment services. For additional storage services, the tariff is expressed in €/MWh/day.

Note 2.13. Income taxes

Current tax is determined in accordance with local tax regulations and calculated on the income of the parent entity, subsidiaries and joint operations.

Deferred tax liabilities and assets reflect the future taxable and deductible temporary differences, respectively, between the book base and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the enacted or substantially enacted new income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability is expected to be settled.

Any later change in rates requires a change to the deferred taxes. This is accounted for via the other items of the global profit/loss for the part concerning operations that are usually accounted for in these items. The balance of the change in deferred taxes is accounted for in the net profit/loss for the period.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

Note 3. Acquisitions, disposals and restructuring

Consolidation scope

The consolidation scope and percentage of interests in consolidated entities remained identical to those of 31 December 2019.

Information on investments

Fully consolidated entities						
Name of the subsidiary	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Currency**	**Balance sheet date**
Fluxys LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	100.00%	LNG terminalling	€	31 December
Flux Re SA	Rue de Merl 74 L - 2146 Luxembourg	-	100.00%	Reinsurance entity	€	31 December

Entities accounted for using the equity method						
Name of the subsidiary	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Currency**	**Balance sheet date**
Balansys SA	Rue de 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 €171.7 million as at 31-12-2020 compared to €169.9 million as at 2019 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	31-12-2020 In thousands of € (*)
Non-current assets	0
Current assets	14,313
Equity	100
Non-current liabilities	8,063
Current liabilities	6,150
Operating revenue	22,517
Operating expenses	-22,384
Net financial result	-127
Income tax expenses	-5
Net profit/loss for the period	0
Entities accounted for by the equity method	50
Result of entities accounted for by the equity method	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 segment 'other activities' comprises other services rendered by Fluxys Belgium group such as the operational support of the IZT and ZPT terminals[2] in Belgium and work for third parties.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

The Chief Operating Decision Maker (CODM) is the CEO.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another. These transactions are charged at the same regulatory tariffs as for external clients.

[2] **Interconnector Zeebrugge Terminal (IZT)**: Fluxys Belgium rents part of its installations to IZT under a finance lease and also provides operational support and maintenance. The cooperation with IZT is based on contracts (no participation by Fluxys Belgium).
Zeepipe Terminal (ZPT): Fluxys Belgium contributes to the operations of ZPT on a contractual basis (no participation).

Information relating to the main customers

The group's main customers are users of transmission and storage services and of the Zeebrugge LNG Terminal.

Segment income statement at 31-12-2020						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other	Elimination between segments	Total
Operating revenue	**369,004**	**34,132**	**148,677**	**25,968**	**-17,191**	**560,590**
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
Sales of gas related to balancing operations and operational needs	**23,158**	**232**	**3,497**	**0**	**0**	**26,887**
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
Profit/loss from continuing operations	**65,826**	**8,814**	**51,757**	**7,085**	**0**	**133,482**
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
Profit/loss before taxes	**40,918**	**6,002**	**40,977**	**5,775**	**0**	**93,672**
Income tax expenses						-20,435
Net profit/loss for the period						**73,237**

Segment income statement at 31-12-2019						In thousands of €
	Trans-mission	Storage	Terminal-ling	Others	Elimination between segments	Total
Operating revenue	**360,445**	**31,826**	**132,954**	**24,167**	**-18,397**	**530,995**
Sales and services to external customers	345,733	38,782	95,917	17,267	0	497,699
Transactions with other segments	886	8,885	1,726	6,900	-18,397	0
Changes in regulatory assets and liabilities	13,826	-15,841	35,311	0	0	33,296
Sales of gas related to balancing operations and operational needs	**70,378**	**682**	**9,122**	**0**	**0**	**80,182**
Sales of gas related to balancing of operations and operational needs	83,081	682	12,391	0	0	96,154
Changes in regulatory liabilities	-12,703	0	-3,269	0	0	-15,972
Other operating income	2,462	101	1,626	11,913	-64	16,038
Consumables, merchandise and supplies used	-1,115	-13	-122	-6,648	0	-7,898
Purchase of gas related to balancing of operations and operational needs	-70,424	-682	-9,082	0	0	-80,188
Miscellaneous goods and services	-99,462	-6,852	-31,185	-10,490	18,406	-129,583
Employee expenses	-77,020	-6,707	-18,704	-5,133	55	-107,509
Other operating expenses	-3,420	-568	-466	-246	0	-4,700
Depreciations	-113,899	-10,607	-33,161	-288	0	-157,955
Provisions for risks and charges	-684	-13	-299	-2,999	0	-3,995
Impairment losses	-423	0	-125	2	0	-546
Profit/loss from continuing operations	**66,838**	**7,167**	**50,558**	**10,278**	**0**	**134,841**
Change in the fair value of financial instruments				-71		-71
Financial income	113	13	4	886		1,016
Finance costs	-25,580	-2,884	-6,025	-3,141		-37,630
Profit/loss before taxes	**41,371**	**4,296**	**44,537**	**7,952**	**0**	**98,156**
Income tax expenses						-28,658
Net profit/loss for the period						**69,498**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue		In thousands of €		
	Notes	31-12-2020	31-12-2019	Change
Transmission in Belgium	4.1.1	368,127	359,559	8,568
Storage in Belgium	4.1.1	25,022	22,941	2,081
Terminalling in Belgium	4.1.1	147,215	131,228	15,987
Other operating income	4.1.2	20,226	17,267	2,959
Total		**560,590**	**530,995**	**29,595**

Operating revenue in the 2020 financial year amounted to €560,590 thousand, which represents an increase of €29,595 thousand as compared with the previous financial year.

4.1.1 Transmission, storage and terminalling services in Belgium are subject to the Gas Act.

Revenue from these services aims to ensure an authorised return on capital invested and to cover the operating expenses related to these services, while integrating the productivity efforts to be accomplished by the network operator, as well as permitted depreciation.

The bulk of the increase in sales and regulated services relates to terminalling activities (€15,987 thousand), which can primarily be explained by the commissioning at the end of 2019 of the fifth tank at the Zeebrugge LNG Terminal, ensuing in a strong increase in ship-to-ship transhipment services.

The revenue from these activities is in line with the tariff proposal of July 2020.

Revenue from transmission and storage services is also on the rise, but to a lesser extent than terminalling services.

4.1.2 Other operating revenue relates mainly to work and services for third parties and the provision of facilities.

Sales of gas related to balancing operations and operational needs

The figures of sales as well as purchases of gas for balancing operations and operational needs have decreased significantly in 2020 compared to the previous year, partly because these activities fluctuate strongly by their nature, and also because these activities have been taken over by Balansys since June, 1st 2020. Balansys is a joint venture and is accounted for by the equity method in the consolidated accounts. As a consequence, the sales and purchases of gas for balancing operations that have been realised since June 2020 are no longer reflected in these line items.

Note 4.2. Operating expenses

Operating expenses excluding depreciations, impairment losses and provisions			In thousands of €	
	Notes	31-12-2020	31-12-2019	Change
Consumables, merchandise and supplies used	4.2.1	-2,970	-7,898	4,928
Miscellaneous goods and services	4.2.2	-140,410	-129,583	-10,827
Employee expenses	4.2.3	-110,544	-107,509	-3,035
Other operating expenses	4.2.4	-5,235	-4,700	-535
Total operating expenses		**-259,159**	**-249,690**	**-9,469**

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:

	31-12-2020	31-12-2019
Purchase of equipment	-8,673	-10,129
Rent and rental charges (1)	-4,835	-4,752
Maintenance and repair expenses	-25,307	-20,482
Goods and services supplied to the group	-9,112	-10,193
Third-party remuneration	-45,018	-39,504
Royalties and contributions	-35,351	-31,319
Non-personnel related insurance costs	-7,039	-7,432
Other miscellaneous goods and services	-5,075	-5,773
Total	**-140,410**	**-129,583**

(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 2020 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.

The increase in maintenance costs is in part due to the costs of studies linked to investments in the ecologisation of the terminal and in part to the inclusion of the costs of the facilities of the Interconnector Zeebrugge Terminal as well as major maintenance works on the gas transmission facilities (replacement and repair of components, pipeline pigging).

Third-party remuneration increased by €5,514 thousand. This evolution is essentially linked to the increase in IT consultancy fees as part of a range of third-party projects, where the costs are covered by revenue. The maintenance of existing IT solutions, with a view to ensuring their continued performance and to keep them as updated as possible from a technological point-of view, has also given rise to additional costs. Third-party remuneration for studies and market analyses to support activities and as part of the energy transition has also increased.

The €4,032 thousand increase in royalties and contributes can be explained in part by the increased royalties of the Zeepipe Terminal (ZPT) and the remainder by costs for external service providers.

4.2.3. Employee expenses

Employee expenses have increased €3,053 thousand as compared with 2019.

The average headcount went slightly up from 897 in 2019 to 899 in 2020. Expressed in FTE (full-time equivalents), these figures convert to 866.2 in 2020 compared to 865.0 in 2019.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**899**	**866.2**	**897**	**865.0**
Fluxys Belgium	**852**	**820.8**	**855**	**824.2**
Executives	281	273.0	268	261.3
Employees	571	547.8	587	562.9
Fluxys LNG	**46**	**44.9**	**41**	**40.3**
Executives	4	3.8	4	4.0
Employees	42	41.1	37	36.3
Flux Re	**1**	**0.5**	**1**	**0.5**
Headcount at balance sheet date	**910**	**879.9**	**898**	**867.0**
Fluxys Belgium	**861**	**832.4**	**852**	**822.3**
Executives	292	284.5	269	262.6
Employees	569	547.9	583	559.7
Fluxys LNG	**48**	**47.0**	**45**	**44.2**
Executives	4	3.8	4	3.8
Employees	44	43.2	41	40.4
Flux Re	**1**	**0.5**	**1**	**0.5**

4.2.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment.

Depreciations, impairment losses and provisions		In thousands of €		
	Notes	31-12-2020	31-12-2019	Change
Depreciations	**4.2.5**	**-174,534**	**-157,955**	**-16,579**
Intangible assets		-10,267	-9,842	-425
Property, plant and equipment		-159,416	-143,316	-16,100
Right of Use Assets		-4,851	-4,797	-54
Provisions for risks and charges	**4.2.6**	**-6,155**	**-3,995**	**-2,160**
Impairment losses		**548**	**-546**	**1,094**
Inventories		547	-548	1,095
Trade receivables		1	2	-1
Total depreciations, impairment losses and provisions		**-180,141**	**-162,496**	**-17,645**

4.2.5. Depreciations

Depreciation charges on property, plant and equipment over the period are up €16,100 thousand.

This increase is essentially due to the fact that the facilities of the fifth tank of the Zeebrugge LNG Terminal, commissioned at the end of 2019, affected depreciation for a full year for the first time in 2020.

4.2.6. Provisions for risks and charges

In 2020, €5,280 thousand was added to the provisions for employee benefits (mainly pension, life and healthcare insurance).

The increase compared to the preceding year can primarily be explained by:

- the agreement entered into in the second half of 2020 between employer/employee representatives as part of the sectoral exercise aimed at aligning certain pension plans and the collective agreement with the new legislation on supplementary pension plans.

The amendments resulting from this agreement come into effect in 2020, but they already have an impact of €1,855 thousand on the figures for the 2020 financial year.

- the reduction in pension contributions (and therefore a decrease in the use of provisions).

A provision has also been established to cover the estimated amount that remains to be paid in a disagreement with third parties (See also Notes 5.12.3 and 7.1).

Note 4.3. Financial income

Financial income		In thousands of €		
	Notes	31-12-2020	31-12-2019	Change
Dividends from unconsolidated entities		0	0	0
Financial income from leasing contracts	4.3.1	64	69	-5
Interest income on investments and cash equivalents	4.3.2	768	769	-1
Other interest income		24	67	-43
Other financial income		68	111	-43
Total		**924**	**1,016**	**-92**

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 2020, from investments recognised at amortised cost in accordance with IFRS 9. The amount of this interest is in line with 2019 as interest rates have remained low.

Note 4.4. Finance costs

Finance costs		In thousands of €		
	Notes	31-12-2020	31-12-2019	Change
Borrowing interest costs	4.4.1	-38,896	-34,589	-4,307
Unwinding of discounts on provisions	4.4.2	-642	-1,691	1,049
Interest charges on leasing contracts		-1,039	-1,126	87
Other finance costs		-157	-224	67
Total		**-40,734**	**-37,630**	**-3,104**

4.4.1. Borrowing interest costs primarily include interest on the loans from the European Investment Bank and Fluxys, on bonds and on regulatory liabilities. The increase in interest charges is essentially linked to the commissioning of the fifth tank at the Zeebrugge Terminal at the end of 2019. From this date, interest on this investment is no longer capitalised.

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 a decrease in the discount rates.

Note 4.5. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses			In thousands of €	
	Notes	31-12-2020	31-12-2019	Change
Current tax	4.5.1	-34,278	-46,772	12,494
Deferred tax	4.5.2	13,843	18,114	-4,271
Total	4.5.3	**-20,435**	**-28,658**	**8,223**

Income tax expenses are down €8,233 thousand as compared with the preceding financial year.

This evolution can essentially be explained by the following factors:

- the reduction in corporate tax rates in Belgium from 29.58% in 2019 to 25% in 2020, which translates into a €4,290 thousand reduction in 2020;
- the reduction in earnings before tax;
- the effect of tax deductibility for revenues from innovation relating to the years 2019 and 2020, which came to a total of €4.3 million (See also 4.5.3).

This positive evolution in 2020 has been to some extent compensated by a one-off item in 2019 relating to the reduction in the nominal tax rate in Luxembourg, which led to a modification of deferred taxes of €1,595 thousand.

Income tax expenses include both current and deferred taxes, which are detailed separately below.

4.5.1. Current tax			In thousands of €
	31-12-2020	31-12-2019	Change
Income taxes on the result of the current period	**-36,199**	**-46,759**	**10,560**
Taxes and withholding taxes due or paid	-37,222	-48,227	11,005
Excess of payment of taxes and withholding taxes (included in assets)	1,902	1,698	204
Estimated additional taxes (included in liabilities)	-879	-230	-649
Adjustments to previous years' current taxes	**1,921**	**-13**	**1,934**
Total	**-34,278**	**-46,772**	**12,494**

Current tax decreased by €12,494 thousand in 2020.

4.5.2 Deferred tax			In thousands of €
	31-12-2020	31-12-2019	Change
Relating to origination or reversal of temporary differences	**13,843**	**16,519**	**-2,676**
Differences arising from the valuation of property, plant and equipment	12,641	15,110	-2,469
Changes in provisions	1,140	1,121	19
Other changes	62	288	-226
Relating to tax rate changes or to new taxes	**0**	**1,595**	**-1,595**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**13,843**	**18,114**	**-4,271**

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 €4,271 thousand compared to 2019, mainly because of the lower tax rate in Belgium in 2020 and the one-time effect of €1,595 thousand of the change in tax rate in 2019 in Luxembourg.

4.5.3. Reconciliation of expected income tax rate and effective average income tax rate	In thousands of €		
	31-12-2020	**31-12-2019**	**Change**
Income tax as per applicable tax rate – Financial year	**-23,418**	**-29,035**	**5,617**
Profit/loss before taxes	93,672	98,156	-4,484
Applicable tax rate	25,00%	29,58%	
Elements that justify transition to the effective average tax rate	**1,062**	**390**	**672**
Income tax rate differences between jurisdictions	-74	333	-407
Changes in tax rates	0	1,595	-1,595
Tax-exempt income	0	0	0
Non-deductible expenses	-1,300	-1,538	238
Taxable dividend income	0	0	0
Deductible notional interest cost	0	0	0
Other (1)	2,436	0	2,436
Income tax as per effective average tax rate – Financial year	**-22,356**	**-28,645**	**6,289**
Profit/loss before taxes	93,672	98,156	-4,484
Average effective tax rate	23.87%	29.18%	-5.31%
Taxation of tax-free reserves	**0**	**0**	**0**
Adjustments to previous years' current taxes (1)	**1,921**	**-13**	**1,934**
Total income tax expense	**-20,435**	**-28,658**	**8,223**

(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 and amounted to €1.9 million for 2019 and € 2.4 million for 2020.

The average effective tax rate for 2020 amounted to 23.87% compared with 29.18% the previous year. This decrease too can mainly be explained by the tax rate decrease in Belgium.

Note 4.6. Net profit/loss for the period

Net profit/loss for the period	In thousands of €		
	31-12-2020	**31-12-2019**	**Change**
Non-controlling interests	0	0	0
Group share	73,237	69,498	3,739
Total profit/loss for the period	**73,237**	**69,498**	**3,739**

The consolidated net profit for the financial year amounted to €73,237 thousand, an increase of €3,739 thousand compared with 2019.

Note 4.7. Earnings per share

In thousands of €	31-12-2020	31-12-2019
Net profit/loss from continuing operations attributable to the parent company's shareholders	**73,237**	**69,498**
Net profit/loss	73,237	69,498
Impact of dilutive instruments	0	0
Diluted net profit/loss from continuing operations attributable to the parent company's shareholders	**73,237**	**69,498**
Net profit/loss from discontinued operations attributable to the parent company's shareholders	**0**	**0**
Net profit/loss	0	0
Impact of dilutive instruments	0	0
Diluted net profit/loss from discontinued operations attributable to the parent company's shareholders	**0**	**0**
Net profit/loss attributable to the parent company's shareholders	**73,237**	**69,498**
Net profit/loss	73,237	69,498
Impact of dilutive instruments	0	0
Diluted net profit/loss attributable to the parent company's shareholders	**73,237**	**69,498**

Denominator (in units)	31-12-2020	31-12-2019
Average number of outstanding shares	70,263,501	70,263,501
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	70,263,501	70,263,501

Earnings per share (in euros)	31-12-2020	31-12-2019
Basic earnings per share from continuing operations attributable to the parent company's shareholders	1.0423	0.9891
Diluted basic earnings per share from continuing operations attributable to the parent company's shareholders	1.0423	0.9891
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	1.0423	0.9891
Diluted basic earnings per share attributable to the parent company's shareholders	1.0423	0.9891

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2020						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
						2,730,039
Interest-bearing liabilities	937,689	105,203	429,163	302,342	0	1,774,397
Other financial liabilities	0	0	11	2,043	0	2,054
Other liabilities					314,550	314,550
						2,091,001
Equity						639,038
						2,730,039
Investments over the period in PP&E	31,924	675	9,642	14	0	42,255
Investments over the period in intangible assets	4,880	0	170	0	0	5,050

Segment balance sheet at 31-12-2019						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other	Unallo-cated	Total
Property, plant and equipment	1,363,214	151,825	613,895	466	0	2,129,400
Intangible assets	31,785	6	1,633	0	0	33,424
Right of use assets	12,923	344	26,703	0	0	39,970
Other financial assets	97	0	0	90,103	0	90,200
Inventories	21,092	3,067	722	1,607	0	26,488
Lease receivables				3,901	0	3,901
Net trade receivables	71,340	3,911	2,323	8,039	0	85,613
Other assets					458,579	458,579
						2,867,575
Interest-bearing liabilities	1,019,208	115,746	439,194	288,401	0	1,862,549
Other financial liabilities	0	0	15	2,654	0	2,669
Other liabilities					339,680	339,680
						2,204,898
Equity						662,677
						2,867,575
Investments over the period in PP&E	14,371	4,482	72,414	15	0	91,282
Investments over the period in intangible assets	2,870	0	547	0	0	3,417

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment — In thousands of €

Gross book value	Land	Buildings	Gas transmission*	Gas storage *	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
At 31-12-2018	**47,581**	**160,965**	**3,435,531**	**381,665**	**1,149,682**	**43,508**	**56,625**	**230,894**	**5,506,451**
Investments	803	288	4,797	4,350	70,369	3	6,739	3,933	91,282
Disposals and retirements	-22	-16	-514	0	0	0	-4,108	0	-4,660
Internal transfers	0	77	798	156	228,741	0	0	-229,772	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
At 31-12-2019	**48,362**	**161,314**	**3,440,612**	**386,171**	**1,448,792**	**43,511**	**59,256**	**5,055**	**5,593,073**
Investments	141	43	20,895	499	8,514	0	6,470	5,694	42,256
Disposals and retirements	-87	-65	-2,700	0	-59	0	-2,949	0	-5,860
Internal transfers	0	-61	4,030	0	61	0	0	-4,030	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
At 31-12-2020	**48,416**	**161,231**	**3,462,837**	**386,670**	**1,457,308**	**43,511**	**62,777**	**6,719**	**5,629,469**

**subject to the Gas Act*

Movements in property, plant and equipment — In thousands of €

Depreciation and impairment losses	Land	Buildings	Gas transmission*	Gas storage*	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
As at 31-12-2018	**0**	**-90,541**	**-2,103,088**	**-230,536**	**-815,769**	**-43,205**	**-41,541**	**0**	**-3,324,680**
Depreciation	0	-4,102	-94,176	-10,396	-29,291	-54	-5,297	0	-143,316
Disposals and retirements	0	16	262	0	0	0	4,045	0	4,323
Internal transfers	0	0	0	0	0	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
As at 31-12-2019	**0**	**-94,627**	**-2,197,002**	**-240,932**	**-845,060**	**-43,259**	**-42,793**	**0**	**-3,463,673**
Depreciation	0	-4,041	-94,939	-10,458	-44,525	0	-5,453	0	-159,416
Disposals and retirements	0	47	2,072	0	18	0	2,692	0	4,829
Internal transfers	0	3	0	0	-3	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0	0	0	0	0	0
Translation adjustments	0	0	0	0	0	0	0	0	0
As at 31-12-2020	**0**	**-98,618**	**-2,289,869**	**-251,390**	**-889,570**	**-43,259**	**-45,554**	**0**	**-3,618,260**
Net book values as at 31-12-2020	**48,416**	**62,613**	**1,172,968**	**135,280**	**567,738**	**252**	**17,223**	**6,719**	**2,011,209**
Net book values as at 31-12-2019	**48,362**	**66,687**	**1,243,610**	**145,239**	**603,732**	**252**	**16,463**	**5,055**	**2,129,400**

**subject to the Gas Act*

Movements in property, plant and equipment — In thousands of €

	Land	Buildings	Gas transmission*	Gas storage*	LNG Terminal*	Other facilities and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
Net book values as at 31-12-2020, of which:	**48,416**	**62,613**	**1,172,968**	**135,280**	**567,738**	**252**	**17,223**	**6,719**	**2,011,209**
At cost	48,416	62,613	1,172,968	135,280	567,738	252	17,223	6,719	2,011,209
At revaluation	0	0	0	0	0	0	0	0	0
Supplementary information									
Net book value of assets temporarily retired from active use	**110**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**110**

**subject to the Gas Act*

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge) facilities.

In 2020, Fluxys Belgium group made investments of €42,256 thousand.

Of this amount, €9,642 thousand was allocated to LNG infrastructure projects (mainly the completion of the fifth tank at the Zeebrugge LNG Terminal) and €31,924 thousand to transmission-related projects.

In 2020 no costs for loans were activated on investments under construction (€3,311 thousand in 2019).

The depreciation charge for the period amounts to €159,416 thousand and reflects the rhythm at which the group expects to consume the economic benefits of the 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 indication or event that would lead any item of property, plant and equipment to be considered impaired.

Note 5.2. Intangible assets

Movements in the book value of intangible assets			In thousands of €	
Gross book value	**Software**	**'Client portfolios' assets**	**CO_2 Emission rights**	**Total**
As at 31-12-2018	**24,014**	**52,800**	**0**	**76,814**
Investments	3,417	0	0	3,417
Disposals and retirements	-8,088	0	0	-8,088
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**19,343**	**52,800**	**0**	**72,143**
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
As at 31-12-2020	**22,457**	**52,800**	**0**	**75,257**

Movements in the book value of intangible assets			In thousands of €	
Depreciation and impairment losses	**Software**	**'Client portfolios' assets**	**CO_2 Emission rights**	**Total**
As at 31-12-2018	**-16,405**	**-20,547**	**0**	**-36,952**
Depreciation and impairment losses	-3,392	-6,450	0	-9,842
Disposals and retirements	8,075	0	0	8,075
Translation adjustments	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**-11,722**	**-26,997**	**0**	**-38,719**
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
As at 31-12-2020	**-13,603**	**-33,447**	**0**	**-47,050**

Movements in the book value of intangible assets				In thousands of €
	Software	'Client portfolios' assets	CO_2 Emission rights	Total
Net book values as at 31-12-2020	**8,854**	**19,353**	**0**	**28,207**
Net book values as at 31-12-2019	**7,621**	**25,803**	**0**	**33,424**

Intangible assets include the net book value of software, the portfolio of 'Hub' clients and 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 2020 amounting to 60,579 tonnes of CO_2 for the compression, storage and terminalling activity sites. In accordance with the accounting policies stated in Note 2, the unused emission rights have been recognised at nil value in intangible assets.

The group emphasises that no indications existed at the balance sheet date that any item of property, plant and equipment may have been impaired.

Note 5.3. Right of use assets

The right of use assets are mainly linked to concession rights for land on which gas transmission and terminalling facilities (Zeebrugge) have been built.

These contracts don't have significant termination or extension options. The rent is not variable, except for some contracts that have a clause for yearly indexation. The impact thereof is not material.

Right of use assets				In thousands of €
	Land & Buildings	Facilities	Cars	Total
As at 01-01-2019	**33,379**	**5,013**	**4,424**	**42,817**
Additional rights	0	0	1,950	1,950
Depreciation and impairment losses	-2,281	-763	-1,753	-4,797
Disposals	0	0	0	0
Other changes	0	0	0	0
As at 31-12-2019	**31,098**	**4,250**	**4,621**	**39,970**
Additional rights	619	0	813	1,432
Depreciation and impairment losses	-2,291	-763	-1,797	-4,851
Disposals	0	0	-84	-84
Other changes	0	0	0	0
As at 31-12-2020	**29,426**	**3,487**	**3,554**	**36,467**

Note 5.4. Other financial assets

Other financial assets			In thousands of €
	Notes	31-12-2020	31-12-2019
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	45,363	23,444
Other investments at cost	5.4.1	61,993	63,990
Financial instruments at fair value through profit or loss		2,054	2,669
Other financial assets at cost		72	73
Total		**109,506**	**90,200**

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 2021 and 2030.

Note 5.5. Other non-current assets

Other non-current assets				In thousands of €
	Notes	31-12-2020	31-12-2019	Change
Plan asset surpluses 'IAS 19 Employee benefits'	5.13	3,894	8,215	-4,321
Prepaid insurance expenses		0	849	-849
Total		**3,894**	**9,064**	**-5,170**

Note 5.6. Inventories

Book value of inventories			In thousands of €
	31-12-2020	31-12-2019	Change
Supplies	**18,965**	**16,925**	**2,040**
Gross book value	25,734	23,694	2,040
Impairment losses	-6,769	-6,769	0
Goods held for resale (gas)	**6,836**	**7,957**	**-1,121**
Gross book value	6,837	8,505	-1,668
Impairment losses	-1	-548	547
Work in progress	**577**	**1,606**	**-1,029**
Gross book value	577	1,606	-1,029
Impairment losses	0	0	0
Total	**26,378**	**26,488**	**-110**

Inventories of materials connected to the transmission network are at their normal levels.

Impact of movements on net profit/loss			In thousands of €
	31-12-2020	31-12-2019	Change
Inventories – purchased or used	-657	-2,066	1,409
Impairment losses	547	-549	1,096
Total	**-110**	**-2,615**	**2,505**

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	31-12-2020	31-12-2019	Change
Gross trade receivables		68,789	87,179	-18,390
Impairment losses		-1,565	-1,566	1
Net trade receivables	5.7.1	**67,224**	**85,613**	**-18,389**
Other receivables		3,776	3,808	-32
Total		**71,000**	**89,421**	**-18,421**

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 €
	31-12-2020	31-12-2019	Change
Receivables not past due	66,674	84,490	-17,816
Receivables < 3 months	502	655	-153
Receivables 3 - 6 months	3	8	-5
Receivables > 6 months	0	0	0
Receivables in litigation or doubtful	45	460	-415
Total	**67,224**	**85,613**	**-18,389**

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

Short-term investments are investments with a maturity of more than three months and maximum one year in bonds, commercial paper and bank deposits.

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 €
	31-12-2020	31-12-2019	Change
Short-term investments	**39,458**	**58,205**	**-18,747**
Cash and cash equivalents	**377,359**	**369,005**	**8,354**
Cash equivalents and cash pooling	353,025	346,585	6,440
Short-term deposits	306	344	-38
Bank balances	24,013	22,060	1,953
Cash in hand	15	16	-1
Total	**416,817**	**427,210**	**-10,393**

In 2020, the average rate of return on short-term investments, cash and cash equivalents was 0.13%, same as in 2019. 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	Notes	31-12-2020	31-12-2019	Change (In thousands of €)
Accrued income		750	537	213
Prepaid expenses		12,779	12,922	-143
Other current assets	5.9.1	432	913	-481
Total		**13,961**	**14,372**	**-411**

Other current assets mainly comprise prepaid expenses amounting to €12,779 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 5.13).

Note 5.10. Equity

On 31-12-2020, equity amounted to €639,038 thousand. The €23,639 thousand decrease since the previous year comes essentially from dividends distributed in 2020 (€91,343 thousand), a decrease partially offset by the comprehensive income for the period (€67,704 thousand).

Note on parent entity shareholding	Ordinary shares	Preference shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	70,263,501	0	70,263,501
2. Number of shares issued			
3. Number of ordinary shares cancelled or reduced (-)			
4. Number of preference shares cancelled or reduced (-)			
5. Other increase (decrease)			
6. Number of shares, closing balance	70,263,501	0	70,263,501
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	0
3. Interim dividends during the financial year			

The share capital of Fluxys Belgium SA is represented by 70,263,501 shares with no face value, divided into two categories, in addition to the specific share.

Shares in category B are and remain registered. They are held by long-term shareholders.

Category D shares are registered or dematerialised and are mainly held by the general public.

The Belgian State owns one specific registered share, namely share no. 1, which does not belong to any of the above categories and shall be referred to hereinafter as the 'specific share'. In accordance with the Fluxys Belgium articles of association, this 'specific share' carries specific rights. These specific rights remain attached to this share in addition to the common rights attached to the ordinary shares of Fluxys Belgium (former "Distrigas"), as long as this share is owned by the Belgian State, as established in Articles 3 to 5 of the Royal Decree of 16 June 1994. These specific rights are exercised by the Federal Minister responsible for energy. In addition to these specific rights this 'specific share' also entitles to receive 100 times the dividend or any other distribution by the entity to its shareholders, than the ones attached to the category B or D shares.

Note 5.11. Interest-bearing liabilities

Non-current interest-bearing liabilities				In thousands of €
	Notes	31-12-2020	31-12-2019	Change
Leases	5.11.5	32,288	35,551	-3,263
Bonds	5.11.1	696,131	695,703	428
Other borrowings	5.11.2	479,636	523,000	-43,364
Other financing	5.11.3	65,557	82,789	-17,232
Other liabilities	5.11.4	315,942	381,929	-65,987
Total		**1,589,554**	**1,718,972**	**-129,418**
Of which debts guaranteed by the public authorities or by sureties		0	0	0

Current interest-bearing liabilities				In thousands of €
	Notes	31-12-2020	31-12-2019	Change
Leases	5.11.5	2,783	2,848	-65
Bonds	5.11.1	2,523	2,516	7
Other borrowings	5.11.2	52,880	29,705	23,175
Other financing	5.11.3	25,775	12,554	13,221
Other liabilities	5.11.4	100,882	95,954	4,928
Total		**184,843**	**143,577**	**41,266**
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 €266,000 million as at 31-12-2020.
- A loan of €257,000 thousand at a fixed rate of 3.20% with Fluxys SA to cover needs relating to investments necessary for the transhipment services at the Zeebrugge LNG Terminal.
- Short-term loans and accrued interest amounting to €9,516 thousand.

5.11.3 Other financing corresponds to the specific allocations of regulatory liabilities that are at the group's disposal to finance specific investments, notably in the second jetty at Zeebrugge, and the cost associated with the conversion of part of the gas transmission network. Part of these amounts bears interest at a 10-year rate and the remainder at the average 1-year Euribor rate.

5.11.4 Regulatory liabilities included in 'other liabilities' represent the positive difference between the invoiced regulated tariffs and the acquired regulated tariffs. The part that is presented in non-current liabilities corresponds to the regulatory liabilities to be redeemed in more than one year's time, while the part to be redeemed within the year is presented in current liabilities. These amounts bear interest at the average Euribor 1-year rate.

The regulatory liabilities in notes 5.11.3 and 5.11.4 can be reconciled as follows with the segment reporting and the statement of cash flows.

Changes in regulatory liabilities			**In millions of €**
Long term + short term	**Other financing (5.11.3)**	**Other liabilities (5.11.4)**	**Total**
Balance as at 01.01.2020	**95**	**478**	**573**
Use	-4	-96	-100
Additions	0	33	33
Interests	0	2	2
Balance as at 31.12.2020	**91**	**417**	**508**

The sum of use and additions amounts to €67 million and corresponds with the sum of the changes in regulatory liabilities in note 4 (segment information).

The additions of €33 million corresponds with the line item "proceeds from issuance of other financial liabilities" in the statement of cash flows (item 1.6). The use of €100 million is part of line item 2.5 "Repayment of other financial liabilities" (the remainder are loans). See also table below. All changes in regulatory liabilities are shown as cash flows relating to financing activities. Since on a net basis, these changes do not reflect any effective flows of cash, the opposite changes are part of the cash flows from operating activities.

The interest cost of €2 million on regulatory liabilities is accounted for as a finance cost (see also note 4.4.1).

5.11.5 The lease liabilities are accounted for in accordance with IFRS 16 and are limited to obligations that are contractually enforceable, even if the Group expects that some of these contracts may be extended in the future, but the extension option is not foreseen in the current contract.

Changes in liabilities based on financing activities							In thousands of €
	31.12.2019	Cash flow	Other movements				31.12.2020
			New lease contracts	Reclassification between non-current and current	Variation in accrued interests payable	Depreciation of issuance costs	Total
Non-current interest-bearing liabilities	**1,718,972**	**31,927**	**1,274**	**-163,047**		**428**	**1,589,554**
Leases	35,551		1,274	-4,537			32,288
Bonds	695,703			0		428	696,131
Other borrowings	523,000			-43,364			479,636
Other financing	82,789			-17,232			65,557
Other liabilities	381,929	31,927		-97,914			315,942
Current interest-bearing liabilities	**143,577**	**-121,604**		**163,047**	**-177**		**184,843**
Leases	2,848	-4,602		4,537			2,783
Bonds	2,516	0		0	7		2,523
Other borrowings	29,705	-20,005		43,364	-184		52,880
Other financing	12,554	-4,011		17,232			25,775
Other liabilities	95,954	-92,986		97,914			100,882
Total	**1,862,549**	**-89,677**	**1,274**	**0**	**-177**	**428**	**1,774,397**

Cash flows relating to interest-bearing liabilities are included in points IV.1, IV.2 and IV.3 of the consolidated statement of cash flows.

The change in accrued interests payable and the depreciation of issuance costs (in total €251 thousands) correspond with the difference between:

- the interests paid, including leases (see note IV.3.1 of the statement of cash flows: € -39,683 thousands) and
- the sum of borrowing interest costs and interests on lease liabilities (see note 4.4: €39,935 thousands).

Maturity of interest-bearing liabilities at 31-12-2020, 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
Other financing	26,324	56,348	13,946	96,618
Other liabilities	100,882	309,500	6,442	416,824
Total	**221,867**	**682,822**	**1,161,069**	**2,065,758**

Maturity of interest-bearing liabilities at 31-12-2019, non-discounted				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Leases	3,920	21,344	20,810	46,074
Bonds	19,355	67,216	786,639	873,210
Other borrowings	49,844	238,618	404,747	693,209
Other financing	13,135	47,702	40,374	101,211
Other liabilities	95,955	381,929	0	477,884
Total	**182,209**	**756,809**	**1,252,570**	**2,191,588**

Note 5.12. Provisions

5.12.1 Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2019	**67,470**
Additions	12,002
Use	-6,744
Release	0
Unwinding of the discount	3,132
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-1,641
Expected return on plan assets	-1,020
Actuarial gains/losses recognised in equity	7,378
Reclassification to the assets	-4,802
Provisions at 31-12-2020, of which:	**75,774**
Non-current provisions	70,631
Current provisions	5,143

The provisions for employee benefits (see Note 5.13) show an increase of €8,304 thousands. This can mainly be explained by a further decrease in the discount rates and the very limited return on plan assets.

5.12.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	**Environment and site restoration**	**Total other provisions**
Provisions at 31-12-2019	**2,515**	**1,757**	**4,272**
Additions	898	0	898
Use	0	-1	-1
Release	0	0	0
Unwinding of the discount	0	171	171
Provisions at 31-12-2020, of which:	**3,413**	**1,927**	**5,340**
Non-current provisions	2,538	1,927	4,465
Current provisions	875	0	875

5.12.3 Movements in the income statement and maturity of provisions

Movements in the income statement are detailed as follows:

Impact 2020			In thousands of €
	Additions	Use and reversals	Total
Operating profit (loss)	12,900	-6,745	6,155
Financial profit (loss)	3,303	-2,661	642
Total	**16,203**	**-9,406**	**6,797**

Maturity of provisions at 31-12-2020				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
Subtotal	**875**	**220**	**4,245**	**5,340**
Employee benefits	5,143	20,572	50,059	75,774
Total	**6,018**	**20,792**	**54,304**	**81,114**

Maturity of provisions at 31-12-2019				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	0	0	2,515	2,515
Environment and site restoration	0	1,539	218	1,757
Subtotal	**0**	**1,539**	**2,733**	**4,272**
Employee benefits	4,134	16,536	46,800	67,470
Total	**4,134**	**18,075**	**49,533**	**71,742**

Provisions for litigation and claims

In 2020 a provision has been established to cover the estimated amount that remains to be paid in a disagreement with third parties (see also notes 4.2.6 and 7.1).

The other provisions have been established to cover likely litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

The estimation for these provisions is based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of safety, clean-up and restoration of sites subject to closure.

These provisions are accrued in accordance with the Belgian regional environmental legislation and the Belgian Gas Act. These works require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 5.13. 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).

The defined benefit pension plans have surplus plan assets of €4,326 thousand compared with the actuarial liability on estimated liabilities of the group as at 31-12-2020. 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.

Defined contribution pension plans with guaranteed minimum return

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees. Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

The assets of the pension funds are allocated among the various categories of the following risks:

- *Low risk:* bonds in the euro zone and/or high-quality bonds.
- *Medium risk:* risk diversification between bonds, convertible bonds, real-estate and equity instruments.
- *High risk:* equity instruments, real estate, etc.
- *Dynamic Asset Allocation:* rapid adjustment of the portfolio structure in case of specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution plans. These minimum returns vary based on the market rates.

For the minimum returns guaranteed by the employer, the following elements apply:

- For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date.
- For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum guaranteed return has been set at 1.75%.
- The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.11).

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 **	
	2020	**2019**	**2020**	**2019**
Present value of funded obligations	-234,450	-221,241	-51,384	-47,054
Fair value of plan assets	214,386	209,953	0	0
Funding status of plans	**-20,064**	**-11,288**	**-51,384**	**-47,054**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**-20,064**	**-11,288**	**-51,384**	**-47,054**
Of which assets	4,326	9,128	0	0
Of which liabilities	-24,390	-20,416	-51,384	-47,054

* 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 **	
	2020	2019	2020	2019
At the start of the period	**-221,241**	**-193,234**	**-47,054**	**-43,083**
Service costs	-8,782	-7,892	-1,704	-1,090
Early retirement costs	57	-884	0	0
Financial loss (-) / profit (+)	-2,739	-2,774	-393	-665
Participant's contributions	-737	-720	0	0
Change in demographic assumptions	-720	485	-232	211
Change in financial assumptions	-8,008	-15,949	-3,456	-5,340
Change from experience adjustments	4,195	-5,709	-1,057	1,218
Past service costs	-1,855	0	0	0
Benefits paid	5,835	5,436	2,057	1,695
Reclassifications	-455	0	455	0
Other	0	0	0	0
At the end of the period	**-234,450**	**-221,241**	**-51,384**	**-47,054**

The past service cost is related to the change in plan as described in note 4.2.6.

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2020	2019	2020	2019
At the start of the period	**209,953**	**191,358**	**0**	**0**
Interest income	1,020	2,608	0	0
Return on plan assets (excluding net interest income)	2,438	18,583	0	0
Employer's contributions	4,609	4,202	2,418	1,695
Participants' contributions	737	720	0	0
Benefits paid	-5,835	-5,437	-2,057	-1,695
Change in financial assumptions	1,103	-2,081	0	0
Other	361	0	-361	0
At the end of the period	**214,386**	**209,953**	**0**	**0**
Actual return on plan assets	**3,458**	**21,191**	**0**	**0**

Despite the COVID-19 stock market crash in spring 2020, the actual return from plan assets over the whole year 2020 was slightly positive.

Costs recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2020	2019	2020	2019
Cost				
Service costs	-8,782	-7,892	-1,704	-1,090
Early retirement costs	57	-884	0	0
Past service costs	-1,855	0	0	0
Actuarial gains/(losses) on other long-term benefits	1,677	0	-36	33
Net interest on net liabilities/(assets)				
Interest expense on obligations	-2,739	-2,774	-393	-665
Interest income on plan assets	1,020	2,608	0	0
Costs recognised in profit or loss	**-10,622**	**-8,942**	**-2,133**	**-1,722**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other**	
	2020	2019	2020	2019
Change in demographic assumptions	-720	485	-232	211
Change in financial assumptions	-8,582	-17,146	-3,420	-5,373
Change from experience adjustments	4,195	-5,709	-1,057	1,218
Effect of the asset ceiling	0	0	0	0
Return on plan assets (excluding net interest income)	2,438	18,583	0	0
Actuarial losses (gains) recognised in other comprehensive income	**-2,669**	**-3,787**	**-4,709**	**-3,944**

Allocation of obligation by type of participant to the plan

In thousands of €	2020	2019
Active plan participants	-231,574	-218,482
Non-active participants with deferred benefits	-22,330	-17,748
Retirees and beneficiaries	-31,930	-32,065
Total	**-285,834**	**-268,295**

Allocation of obligation by type of benefit

In thousands of €	2020	2019
Retirement and death benefits	-234,450	-221,241
Other post-employment benefits (medical expenses and price subsidies)	-40,341	-35,527
Seniority bonuses	-11,043	-11,527
Total	**-285,834**	**-268,295**

Main actuarial assumptions used

	2020	2019
Discount rate between 10 to 12 years	0.09%	0.41%
Discount rate between 13 to 19 years	0.50%	0.93%
Discount rate over 19 years	0.54%	0.98%
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

	2020	2019
Listed investments	**80.05%**	**81.31%**
Shares - eurozone	14.75%	15.72%
Shares - outside eurozone	20.51%	21.24%
Government bonds - eurozone	2.58%	2.95%
Other bonds - eurozone	28.27%	27.36%
Other bonds - outside eurozone	13.95%	14.04%
Non-listed investments	**19.95%**	**18.69%**
Insurance contracts	0.00%	0.00%
Real estate	2.56%	2.58%
Cash and cash equivalents	3.40%	3.86%
Other	13.99%	12.25%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**214,386**	**209,953**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.25%)	6,865
Average salary increase - Excluding inflation (0.1%)	-2,316
Increase in inflation rate (0.25%)	-5,358
Increase in healthcare benefits (0.1%)	-419
Increase in price subsidies (0.5%)	-1,624
Increase in life expectancy of retirees (1 year)	-995

Average weighted duration of obligations

	2020	2019
Average weighted duration of defined benefit obligations	10	10
Average weighted duration of other post-employment obligations	19	18

Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for 2021 (for all pension and other obligations, listed above)	7,397

The contributions to be paid are function of the payroll of the population concerned.

Note 5.14. Deferred tax assets and liabilities

Recognised deferred tax liabilities			In thousands of €
	31-12-2020	31-12-2019	Difference
Valuation of assets	128,699	141,340	-12,641
Accrued income	538	683	-145
Fair value of financial instruments	94	10	84
Provisions for employee benefits or provisions not accepted under IFRS	23,215	26,201	-2,986
Other normative differences	0	0	0
Total	**152,546**	**168,234**	**-15,688**

Deferred tax assets and liabilities are offset within each taxable entity. They are all fully recognised.

The main source of deferred tax is the difference between the book value and the tax base of property, plant and equipment. This difference arises firstly from the recognition in the opening balance sheet of property, plant and equipment at their fair value corresponding to their deemed cost and, secondly, from the recognition at fair value of the assets and liabilities arising from the SEGEO and Distrigas & C° business combinations in 2008.

Provisions accounted for in accordance with IAS 19 (Employee benefits) and provisions recognised under local GAAP but not recognised under IFRS are another major source of deferred tax.

Movement for the period	In thousands of €
	Deferred tax
As at 31-12-2019	**168,234**
Deferred tax expenses – Profit & loss account	-13,843
Deferred tax expenses – other comprehensive income	-1,845
As at 31-12-2020	**152,546**

Note 5.15. Trade and other payables

Trade and other liabilities			In thousands of €
	31-12-2020	31-12-2019	Change
Trade payables	30,299	45,070	-14,771
Payroll and related items	27,884	27,493	391
Other payables	15,767	20,105	-4,338
Total	**73,950**	**92,668**	**-18,718**

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 31-12-2020, current and non-current investments, cash and cash equivalents amounted to €524,173 thousand compared to €514,644 thousand at the end of 2019.

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%, 9% and 8% of the operating revenue. The breakdown per segment of these latter is €124 million in transmission, €21 million in storage and €76 million in terminalling.

Interest rate risk

The group's debt mainly consists of fixed interest rate loans maturing between 2021 and 2034, the balance of which (including lease obligations) as at 31-12-2020 represents €1,266,241 compared to €1,289,323 thousand at the end of 2019.

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 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 5.11.

Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents.

The following table gives an overview of financial instruments at 31 December 2020:

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2020	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
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
Lease receivables	A	2,697	2,697	2
Other receivables	A	4,144	4,144	2
II. Current assets				
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
Total financial instruments – assets		**604,765**	**605,276**	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,589,554	1,642,816	2
Other financial liabilities	B	2,054	2,054	2
II. Current liabilities				
Interest-bearing liabilities	A	184,843	184,843	2
Trade and other payables	A	73,950	73,950	2
Total financial instruments - liabilities		**1,850,401**	**1,903,663**	

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 €
31-12-2019	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets at amortised cost	A	87,531	88,303	1 & 2
Other financial assets at fair value through profit or loss	B	2,669	2,669	2
Other financial assets at fair value Lease receivables	A	3,300	3,300	2
Other receivables	A	144	144	2
II. Current assets				
Lease receivables	A	601	601	2
Trade and other receivables	A	89,421	89,421	2
Cash investments	A	58,205	58,205	2
Cash and cash equivalents	A	369,005	369,005	2
Total financial instruments – assets		**610,876**	**611,648**	
I. Non-current liabilities				
Interest-bearing liabilities	A	1,718,972	1,772,669	**2**
Other financial liabilities	B	2,669	2,669	2
II. Current liabilities				2
Interest-bearing liabilities	A	143,577	143,577	
Trade and other payables	A	92,668	92,668	2
Total financial instruments - liabilities		**1,957,886**	**2,011,583**	

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 2020 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 31-12-2020.

Other proceedings in appeal

Other legal proceedings related to the operation of our facilities are in progress, but their expected impact is immaterial.

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 2020, the guarantees received amounted to €73,860 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 31-12-2020.

Other guarantees amounted to €183 thousand as at 31-12-2020.

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 611 slots to be available from 2021 to 2027.

During the binding window of the Open Season 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, after the expiry of the current long-term slots (partly in 2023, the majority in 2027).

In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium. This contract has entered into effect upon the commissioning of the 5th storage tank in the Zeebrugge LNG terminal at the end of 2019.

Note 7.7. 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 2020. 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 (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) and FluxRe (reinsurance).

Other related parties in the following tables concern other entities of the Fluxys group, in which Fluxys Belgium does not hold a stake.

Related parties					In thousands of €
	31-12-2020				
	Parent company	Asso-ciates	Joint ventures (Balansys)	Other related parties	Total
I. Assets with related parties	**353,025**	**0**	**4,000**	**6,256**	**363,281**
1. Other financial assets	**0**	**0**	**4,000**	**0**	**4,000**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	4,000	0	4,000
2. Other non-current assets	**0**	**0**	**0**	**2,697**	**2,697**
2.1. Finance leases	0	0	0	2,697	2,697
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**0**	**0**	**0**	**3,541**	**3,541**
3.1. Clients	0	0	0	2,940	2,940
3.2. Finance leases	0	0	0	601	601
3.3. Other receivables	0	0	0	0	0
4. Cash and cash equivalents	**353,025**	**0**	**0**	**0**	**353,025**
5. Other current assets	**0**	**0**	**0**	**18**	**18**
II. Liabilities with related parties	**263,593**	**0**	**10**	**327**	**263,930**
1. Interest-bearing liabilities (current and non-current)	**263,330**	**0**	**0**	**0**	**263,330**
1.1. Bank borrowings	0	0	0	0	0
1.2. Finance leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	263,330	0	0	0	263,330
2. Trade and other payables	**64**	**0**	**10**	**0**	**74**
2.1. Trade payables	2	0	10	0	12
2.2. Other payables	62	0	0	0	62
3. Other current liabilities	**199**	**0**	**0**	**327**	**526**

III. Transactions with related parties					
1. Services rendered, and goods delivered	**3,451**	**0**	**1,060**	**19,075**	**23,586**
2. Services received (-)	**-2,502**	**0**	**-454**	**0**	**-2,956**
3. Net financial income	**-8,364**	**0**	**0**	**0**	**-8,364**
4. Directors' and senior executives' remuneration				**2,380**	**2,380**
of which short-term benefits				2,031	2,031
of which post-employment benefits				349	349

Related parties					**In thousands of €**
			31-12-2019		
	Parent company	**Joint arrange-ments**	**Associ-ates**	**Other related parties**	**Total**
I. Assets with related parties	**346,743**	**0**	**420**	**6,327**	**353,490**
1. Other financial assets	**0**	**0**	**0**	**0**	**0**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	0	0	0
2. Other non-current assets	**0**	**0**	**0**	**3,300**	**3,300**
2.1. Finance leases	0	0	0	3,300	3,300
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**159**	**0**	**420**	**3,009**	**3,588**
3.1. Clients	159	0	420	2,408	2,987
3.2. Finance leases	0	0	0	601	601
3.3. Other receivables	0	0	0	0	0
4. Cash and cash equivalents	**346,584**	**0**	**0**	**0**	**346,584**
5. Other current assets	**0**	**0**	**0**	**18**	**18**
II. Liabilities with related parties	**263,536**	**0**	**461**	**455**	**264,452**
1. Interest-bearing liabilities (current and non-current)	**263,284**	**0**	**0**	**0**	**263,284**
1.1. Bank borrowings	0	0	0	0	0
1.2. Finance leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	263,284	0	0	0	263,284
2. Trade and other payables	**54**	**0**	**461**	**0**	**515**
2.1. Trade payables	0	0	461	0	461
2.2. Other payables	54	0	0	0	54
3. Other current liabilities	**198**	**0**	**0**	**455**	**653**
III. Transactions with related parties					
1. Services rendered, and goods delivered	**3,044**	**0**	**183**	**15,098**	**18,325**
2. Services received (-)	**-2,244**	**0**	**-430**	**0**	**-2,674**
3. Net financial income	**-5,030**	**0**	**0**	**0**	**-5,030**
4. Directors' and senior executives' remuneration				**2,162**	**2,162**
of which short-term benefits				1,866	1,866
of which post-employment benefits				296	296

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 the committees.

Pursuant to Article 15.5 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

The only significant event after the balance sheet date, is the final investment decision taken by Fluxys LNG in view of expanding the infrastructure of the Zeebrugge LNG terminal. This way, Fluxys LNG want to reach the necessary additional regasification capacity of 6 millions of tonnes per year, and this on a progressive basis (step 1: 4.7 million tonnes per year as from early 2024; step 2: the full additional capacity of 6 million tonnes per year as from early 2026). This decision does not have an impact on the financial situation of the group per end 2020.

Any other events after the balance sheet date also had no material impact on the financial statements 2020 of the group.

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 105 of the Companies Code, the decision was made to present only an abridged version of the Fluxys Belgium SA statutory annual accounts.

The statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys Belgium SA.

The statutory accounts of Fluxys Belgium SA and the audit opinion have been filed with the National Bank of Belgium. They are available on the Fluxys Belgium website (www.fluxys.com/belgium) and can also be obtained free of charge upon request at the following address:

Fluxys Belgium SA
Communication Department
Avenue des Arts 31, 1040 Brussels

Balance sheet

Assets		**In thousands of €**
	31-12-2020	**31-12-2019**
Formation expenses	**1,581**	**1,740**
Fixed assets	**1,595,725**	**1,689,835**
Intangible assets	26,824	31,791
Property, plant and equipment	1,483,910	1,573,087
Financial fixed assets	84,991	84,957
Current assets	**442,972**	**459,305**
Amounts receivable after more than one year	4,144	144
Stock and contracts in progress	25,563	25,766
Amounts receivable within one year	65,181	84,445
Cash investments	0	0
Cash at bank and in hand	335,396	338,248
Deferred charges and accrued income	12,688	10,702
Total	**2,040,278**	**2,150,880**

Equity and liabilities	In thousands of €	
	31-12-2020	31-12-2019
Equity	**504,577**	**534,367**
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	325,167	364,257
Reserves	11,155	11,269
Accumulated profits (losses)	66,770	53,549
Capital subsidies	41,175	44,982
Provisions and deferred taxes	**19,394**	**19,454**
Provisions for liabilities and charges	4,731	3,484
Deferred tax	14,663	15,970
Amounts payable	**1,516,307**	**1,597,059**
Amounts payable after more than one year	961,837	981,567
Amounts payable within one year	202,503	203,446
Accrued charges and deferred income	351,967	412,046
Total	**2,040,278**	**2,150,880**

Income statement

Income statement	In thousands of €	
	31-12-2020	31-12-2019
Operating income	474,151	508,721
Operating charges	402,165	436,231
Operating profit	**71,986**	**72,490**
Financial income	46,211	26,826
Finance costs	28,939	29,590
Net financial income	**17,272**	**-2,764**
Earnings before taxes	**89,258**	**69,726**
Transfer from deferred taxes	**1,306**	**1,632**
Income tax expenses	**-19,879**	**-28,924**
Net profit/loss for the period	**70,685**	**42,434**
Transfer to untaxed reserves	**114**	**107**
Profit for the period available for appropriation	**70,799**	**42,541**

Profit/loss appropriation

Appropriation account	In thousands of €	
	31-12-2020	**31-12-2019**
Profit to be appropriated	**124,348**	**95,567**
Profit for the period available for appropriation	70,799	42,541
Profit carried forward from the previous period	53,549	53,026
Transfer from equity	**38,683**	**49,325**
From reserves	38,683	49,325
Transfer to equity	**0**	**0**
To the legal reserve	0	0
To the other reserves	0	0
Result to be carried forward	**66,770**	**53,549**
Profit to be carried forward	66,770	53,549
Profit to be distributed	**96,261**	**91,343**
Dividends	96,261	91,343
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, could be set at:	€ 0.959	€ 0.910

In 2020, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2020 is €1.37 per share (€0.959 net). It will be payable from 19 May 2021.

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	62,258,499
Dematerialised shares	8,005,002

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 €
	31-12-2020
Breakdown of heading 670/3	
Income taxes on the result of the current period	**21,719**
Taxes and withholding taxes due or paid	21,200
Excess of income tax prepayments	0
Estimated additional taxes	519
Income taxes on previous periods	**-1,840**
Additional taxes due or paid	0
Additional taxes (estimated or provided for)	-1,840
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**89,258**
Permanent differences:	**-2,383**
Definitively taxed income	-42,300
Non-deductible expenses and hidden reserves	5,000
Notional interest	0
Taxable reserves	43,191
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	114
Transfer from deferred taxes	1,306
Deductible innovation revenue	-9,574
Hidden reserves	-120
Total	**86,875**

Workforce

ONSS N°: 030012851238
Joint Commission N°: 326

Headcount

A. Employees recorded in the personnel register

1a. During the current period			
	Total	**Men**	**Women**
Average number of employees			
Full time	724.1	627.8	96.3
Part-time	128.0	66.8	61.2
Total in full-time equivalents (FTE)	820.8	678.5	142.3
Number of hours actually worked			
Full time	1,108,613	959,115	149,498
Part-time	152,991	80,214	72,777
Total	1,261,604	1,039,329	222,275
Employee expenses			
Full time	90,199,949	80,418,502	9,781,447
Part-time	14,776,697	8,559,703	6,216,994
Total	104,976,646	88,978,205	15,998,441
Advantages in addition to wages	1,716,879	1,455,227	261,652

1b. During the previous period			
	Total	**Men**	**Women**
Average number of employees (FTE)	825.6	682.6	143.0
Number of hours actually worked	1,224,684	1,014,654	210,030
Employee expenses	102,887,199	87,330,655	15,556,544
Advantages in addition to wages	1,779,479	1,510,422	269,057

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	**740**	**121**	**832.4**
b. By nature of the employment contract			
Contract for an indefinite period	721	121	813.4
Contract for a definite period	19	0	19.0
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
c. According to gender and study level			
Men	637	63	685.5
Primary education	0	0	0
Secondary education	265	37	294.3
Higher non-university education	159	10	166.8
University education	213	16	224.4
Women	103	58	146.9
Primary education	0	0	0
Secondary education	21	15	31.6
Higher non-university education	40	30	63.3
University education	42	13	52.0
d. By professional category			
Management	263	29	284.5
Employees	477	92	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	4.0	0
Number of hours actually worked	7,813	0
Costs for the enterprise	361,872	0

Table of movements in personnel during the period

	Full time	Part time	Total FTE*
Entries			
a. Employees recorded in the personnel register	**65**	**2**	**66.3**
b. By nature of the employment contract			
Contract for an indefinite period	50	2	51.3
Contract for a definite period	15	0	15.0
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	**51**	**9**	**57.6**
b. By nature of the employment contract			
Contract for an indefinite period	33	9	39.6
Contract for a definite period	18	0	18.0
Contract for execution of specifically assigned work	0	0	0
Replacement contract	0	0	0
c. By reason of termination of contract			
Retirement	9	4	11.6
Early retirement	0	0	0
Dismissal	4	0	4.0
Other reason	38	5	42.0
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

*full-time equivalent

Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	667	156
Number of actual training hours	10,779	2,402
Net costs for the enterprise	1,922,773	412,359
Of which gross costs directly linked to training	1,922,773	412,359
Of which fees paid and payments to collective funds	0	0
Of which subsidies and other financial advantages received (to deduct)	0	0
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	559	149
Number of actual training hours	6,001	1,634
Net costs for the enterprise	456,493	107,341
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0	0
Number of actual training hours	0	0
Net costs for the enterprise	0	0

Statutory auditor’s report and declaration by responsible persons

Statutory auditor’s report to the General Meeting of Fluxys Belgium NV/SA for the financial year ended 31 December 2020

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 2020, 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 2020 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 2 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 2020, 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 € 2.730,0 million and of which the consolidated income statement shows a profit for the year of € 73,2 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 2020, 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 III '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.

Capitalization and useful life of property, plant and equipment

Description

Property, plant and equipment amounts to 74% of the consolidated balance sheet of the Group, with a total capital expenditure of € 42,3 million in 2020 and a net book value of € 2.011,2 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'
- Financial situation: consolidated key figures

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"). We do not express any form of reasonable assurance regarding the individual elements included in this non-financial information.

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.

No additional services, that are compatible with the audit of the Consolidated Financial Statements as referred to in Article 3:65 of the Code of companies and associations and for which fees are due, have been carried out.

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, 31 March 2021

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Marnix Van Dooren *	Wim Van Gasse *
Partner	Partner

*Acting on behalf of a BV/SRL

21MVD0179

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2020

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, 31 March 2021

Christian Leclercq	Pascal De Buck
Member of the Executive Board	Managing Director
Chief Financial Officer	Chief Executive Officer

Glossary

Pertinence of published financial ratios (see ‘Financial situation: key statistics, p. 78)

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 plus the result of investments accounted for using the equity method and the dividends received from non-consolidated 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, before depreciation, amortisation, impairment and provisions, plus the result of investments accounted for using the equity method and the dividends received from non-consolidated 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, that reflects the authorised return on RAB under the regulation.

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Operating profit/loss	133,482	134,841	4
Depreciations	174,534	157,955	4.2.4
Provisions	6,155	3,995	4.2.4
Impairment losses	-548	546	4.2.4
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	4.3
EBITDA in thousands of €	**313,623**	**297,337**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Operating profit/loss	133,482	134,841	4
Earnings from associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	4.3
EBIT in thousands of €	**133,482**	**134,841**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Financial income from lease contracts	64	69	4.3
Interest income on investments, cash and cash equivalents	768	769	4.3
Other interest income	24	67	4.3
Borrowing interest costs	-38,896	-34,589	4.4
Borrowing interest cost on leasing	-1,039	-1,126	4.4
Interest on regulatory assets and liabilities	1,933	149	
Net financial expenses in thousands of €	**-37,146**	**-34,661**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Borrowing interest costs	-38,896	-34,589	4.4
Borrowing interest costs on leasing	-1,039	-1,126	4.4
Interest on regulatory liabilities	1,933	149	
Interest expenses in thousands of €	**-38,002**	**-35,566**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
Operating profit/loss	133,482	134,841	4
Operating revenue - Movements in regulatory assets and liabilities	-67,003	-17,324	
Depreciations	174,534	157,955	4.2.4
Provisions	6,155	3,995	4.2.4
Impairment losses	-548	546	4.2.4
Inflows related to associates and joint ventures	0	0	
Dividends from unconsolidated entities	0	0	4.3
Net financial expenses	-37,146	-34,661	
Current tax	-34,278	-46,772	4.5
FFO in thousands of €	**175,196**	**198,580**	

Fluxys Belgium consolidated income statement in thousands of €	31.12.2020	31.12.2019	Notes
FFO	175,196	198,580	
Dividends paid	-91,343	-88,533	E – consolidated statement of cash flows
RCF in thousands of	**83,853**	**110,047**	

Fluxys Belgium consolidated balance sheet in thousands of €	31.12.2020	31.12.2019	Notes
Non-current interest-bearing liabilities	1,589,554	1,718,972	5.11
Current interest-bearing liabilities	184,843	143,577	5.11
Other financing (current)	-25,775	-12,554	5.11
Other financing (non-current)	-65,557	-82,789	5.11
Other liabilities (current)	-100,882	-95,954	5.11
Other liabilities (non-current)	-315,942	-381,929	5.11
Cash investments (75%)	-29,594	-43,654	5.8
Cash and cash equivalents (75%)	-283,019	-276,754	5.8
Other financial assets (75%)	-80,517	-65,576	5.4.1(*)
Net financial debt in thousands of €	**873,111**	**903,339**	

(*) Only the investments included in this note 5.4.1 are taken into account, the other items of other financial assets are not considered as investments.

Fluxys Belgium consolidated balance sheet in millions of €	31.12.2020	31.12.2019	Toelichting
Transmission	2,086,9	2,125,3	
Storage	235,6	239,7	
LNG terminalling	302,7	314,4	
RAB in millions of €	**2,625,1**	**2,679,4**	
Other tangible investments outside RAB	420,3	413,4	
Extended RAB in millions of €	**3,045,4**	**3,092,8**	

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 €	31.12.2020	Notes
Dividends paid	91.343	D. Consolidated statement of changes in equity
Financial income	-924	4.3
Financial expenses	39.695	4.4
Goods & consumables	2.970	4.2.1
Services & miscellaneous goods	140.410	4.2.2
Employee benefits	110.544	4.2.3
Taxes and duties paid	37.222	4.5.1
Lease agreements	5.890	4.2.5 & 4.4
Welfare contribution in thousands of €	**427.150**	

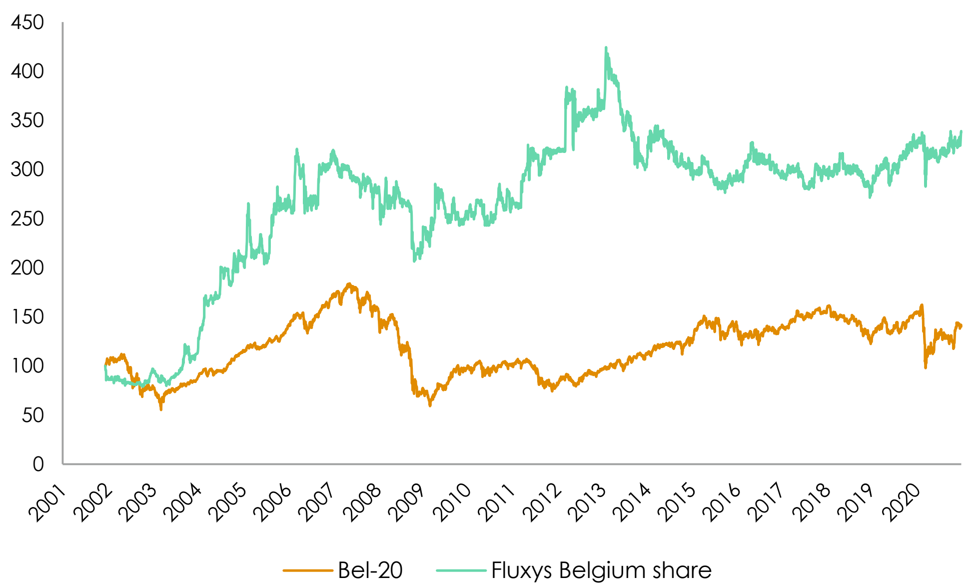
Shareholder's guide

Shareholder's calendar

11.05.2021	**General Meeting**
19.05.2021	Payment of dividend
29.09.2021	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 €1.37 for the 2020 financial year (€0.959 net), compared to €1.30 gross (€0.910 net) for the previous financial year. The recurring dividend is primarily determined on the basis of equity invested, the financial structure, and interest rates (OLO).



Evolution of Fluxys Belgium share price – BEL 20
(Share price 13-12-2001 = base 100%)

Questions about accounting data

Filip De Boeck
+32 2 282 79 89 – filip.deboeck@fluxys.com

Press contacts

Laurent Remy
+32 2 282 74 50 – laurent.remy@fluxys.com

Photography

Franck Duez, Patrick Henderyckx, Hanne Ninclaus, David Samyn, Dries Van den Brande, Johan Van Droogenbroeck, Philip Vanoutrive, Titan LNG

This report is also available in Dutch and French. For a copy in these languages, please contact the Communication Department: communication@fluxys.com

Fluxys Belgium SA

Avenue des Arts 31 – 1040 Brussels
+32 2 282 72 11 – www.fluxys.com/belgium

VAT BE 0402.954.628 – RPM Brussels
D/2021/9484/7

Responsible publisher

Erik Vennekens
Avenue des Arts 31 – 1040 Brussels

RECYCLED
Paper made from recycled material
FSC® C008551
FSC
www.fsc.org