



Accelerating to — a net-zero society

Sustainability Report 2020



Elia Group consists, amongst others, of transmission system operators (TSOs) Elia (Belgium), 50Hertz (North & East of Germany) and the joint consultancy company Elia Grid International (worldwide).

Together Elia and 50Hertz operate 19,276 km of high-voltage connections that supply power to 30 million end users 24 hours a day, 365 days a year. Our group is one of Europe's top 5 TSOs.

Any reference to Elia in this report includes the following companies: Elia Asset (EA), Elia Transmission Belgium (ETB, formerly Elia System Operator – ESO) and Elia Engineering (EE).

Any reference to 50Hertz in this report includes the following companies: 50Hertz Transmission and 50Hertz Offshore.

More information on Elia Group can be found in the 2020 Activity Report on pages 6 to 11.

Elia Group's main responsibilities are developing and maintaining the electrical grid, managing balance between the consumption and generation of energy, and facilitating access to the market. Elia Group also develops innovative solutions in order to better integrate renewables into the system, balance the network and truly put the consumer at the centre of the future energy system.

Contents

Introductionx			
Foreword	1		
1. Elia Group	2		
1.1. Elia Group companies	2		
1.1.1. Structure	2		
1.1.2. Business model	4		
1.1.3. Size of the company	7		
1.2. Grid	8		
1.2.1. Length of lines	8		
1.2.2. Substations and switches	8		
1.3. Guiding principles	9		
1.3.1. Memberships	9		
1.3.2. Values, principles, standards and code of conduct	10		
1.3.3. Roles and responsibilities	12		
1.3.4. Legal and regulatory framework	13		
1.3.5. Anti-corruption	14		
1.3.6. Risk management	15		
1.3.7. Political influence	15		
1.3.8. Security and emergency management	16		
1.3.9. Grid reliability	18		
2. Strategy	20		
2.1. Act Now – the Elia Group Sustainability Initiative	21		
2.2. Materiality and objectives	22		
3. Energy – Market and integration of renewables	24		
3.1. Installed capacity	24		
3.2. Evolution	24		
3.3. Energy import and export	26		
3.4. Energy balance	27		
3.5. Grid losses	28		
4. Human resources	29		
4.1. Management approach	29		
4.2. Head count	30		
4.3. Workability	31		
4.4. Employee survey	33		
4.5. Training	33		
4.6. Remuneration policies	34		
4.7. Incentive systems	34		
4.8. Social dialogue and codetermination	34		
5. Safety	35		
5.1. Management approach	35		
5.2. H&S training	36		
5.3. Inspections	36		
5.4. Accidents	37		
6. Suppliers and human rights	38		
6.1. Management approach	38		
6.2. Suppliers and expenditure in the EURO-Zone	38		
6.3. Human rights	40		
7. Stakeholder engagement	41		
7.1. Management approach	41		
7.2. Community Relations and Public acceptance	43		
7.3. Stakeholder dialogues	45		
7.4. Cooperations and Innovation	47		
7.5. Community engagement	48		
8. Environmental aspects	50		
8.1. Management approach	50		
8.2. Emissions	51		
8.2.1. Greenhouse gas emissions	51		
8.2.2. Energy consumption	53		
8.2.3. EMF	54		
8.2.4. Noise	55		
8.3. Biodiversity and landscape integration	56		
8.3.1. Mitigation and compensation measures	58		
8.3.2. Ecological aisles management	59		
8.3.3. Bird protection	60		
8.4. Natural Resources	60		
8.4.1. Water and soil	60		
8.4.2. Waste	61		
9. COVID-19 pandemic management	62		
10. Reference table	63		
10.1 GRI Content Index	63		
10.2 United Nations Global Compact Reference table	67		
Reporting parameters	68		

Foreword

GRI 102-14

This Sustainability Report provides transparency on Elia Group's Sustainability performance in 2020 and describes the integration of sustainability in our Elia Group strategy (see Section 2 on Strategy).

GRI Standards : Core option

This report has been prepared in accordance with GRI Standards, the first global best practice for reporting publicly on a range of economic, environmental and social impacts.

The applicable GRI performance indicators are highlighted in the report wherever Elia Group has reported on economic, environmental or social impacts. Consult the GRI Content Index on page 63 for a full overview.



Our sustainability strategy is built on the United Nations Sustainable Development Goals (SDGs). Over the past year, we have defined 5 areas of action that include fighting climate change, increased biodiversity, diversity and inclusion, the safety of our employees and integrity. Our internal sustainability programme “Act Now” now makes this concrete and has defined measurable objectives. These will be further integrated into our strategy and will help determine what we do and the decisions we take. Because, as a grid operator, we are an important catalyst for the energy transition, we believe it is important to integrate sustainability into everything we do.

Chris Peeters

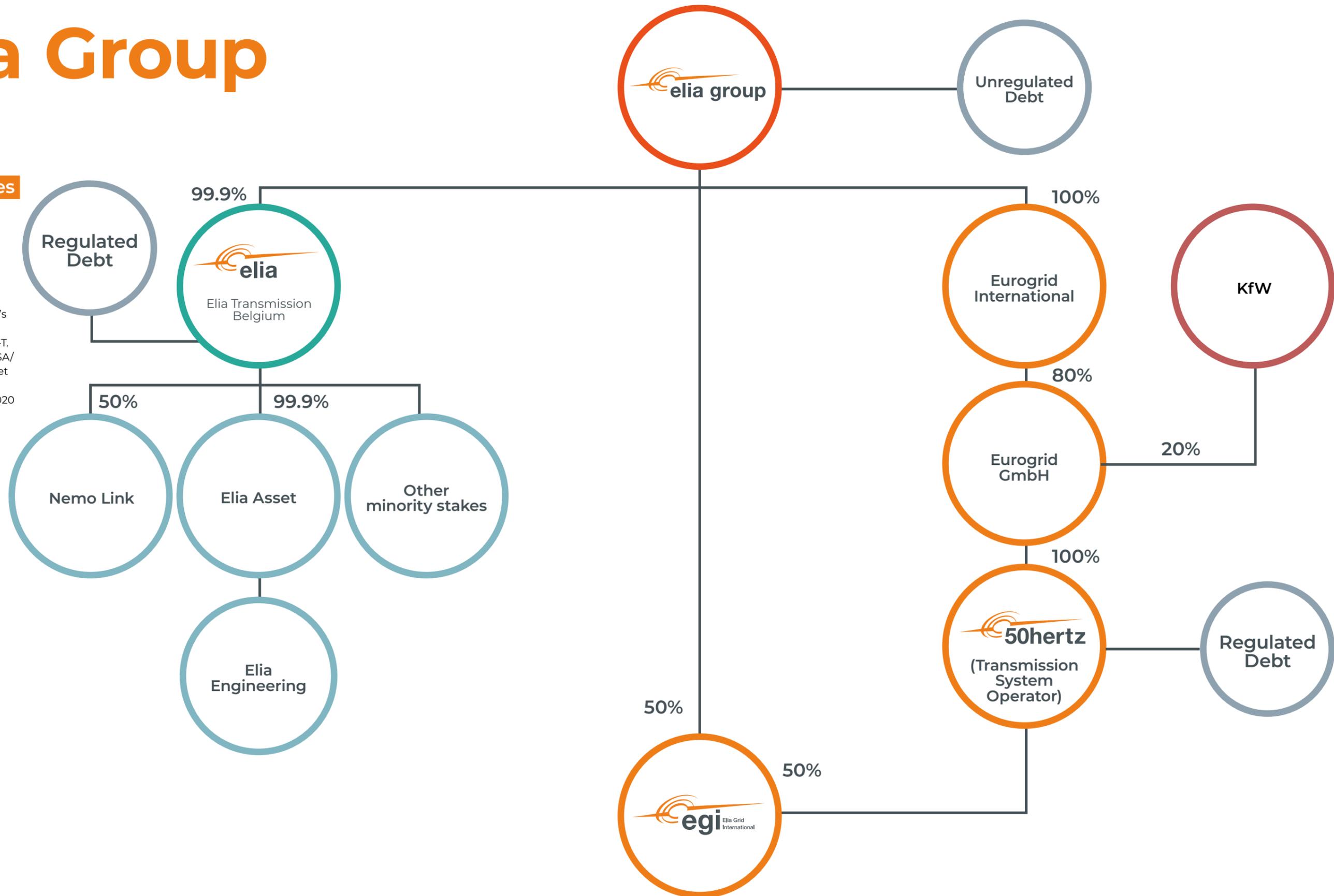
1. Elia Group

1.1. Elia Group Companies

1.1.1. Structure

GRI 102-1, GRI 102-5

Elia Group acts as a holding company that owns Elia Transmission Belgium (Belgian TSO), Eurogrid International (comprising the activities of 50Hertz, the German TSO) and EGI (Elia Grid International – the Group's international consultancy branch). Its main shareholder is the municipal holding Publi-T. Elia Group (formerly Elia System Operator SA/NV) has been listed on the regulated market of Euronext Brussels since June 2005. For more information, see page 6 to 11 of the 2020 Activity Report.

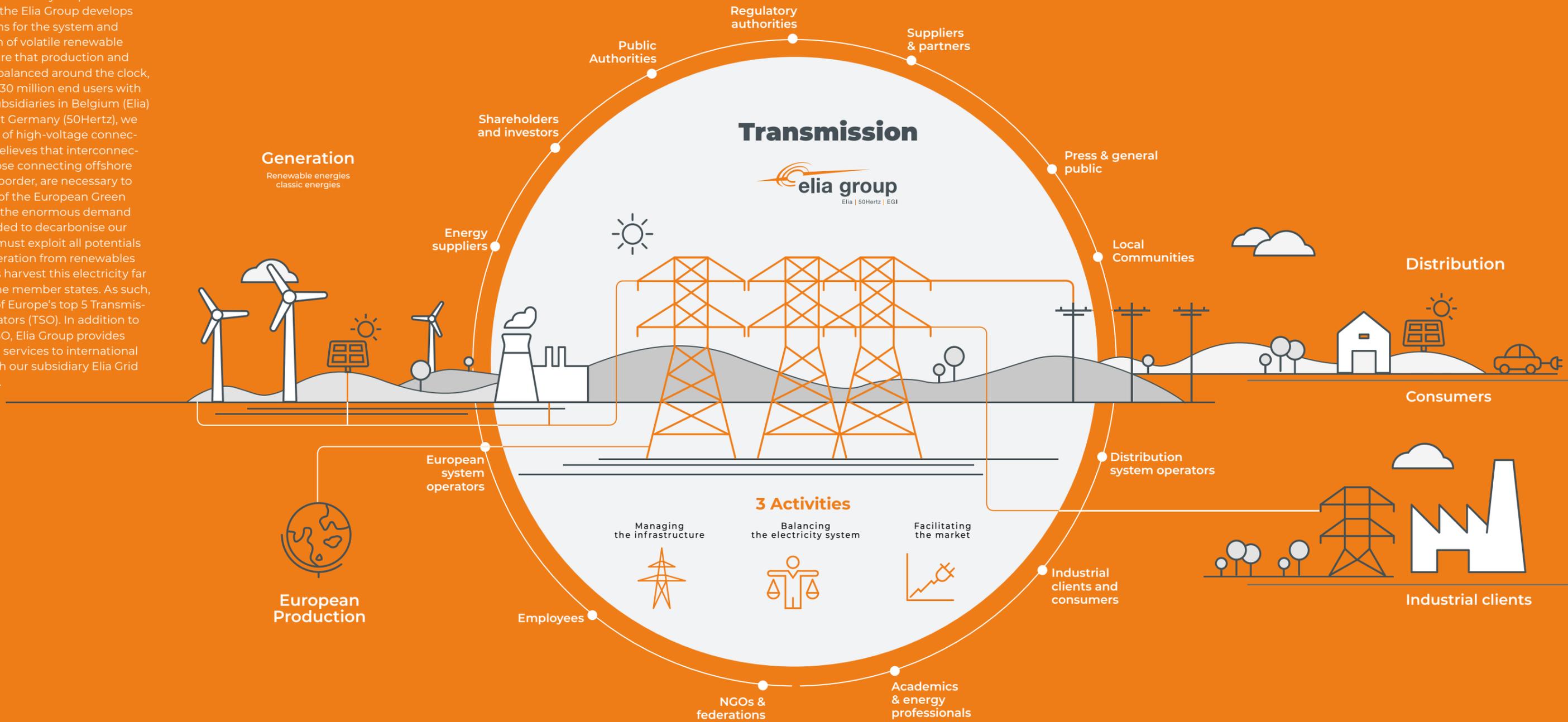


1.1.2. Business model

GRI 102-1, GRI 102-2, GRI 102-7, GRI 102-9, SDG9

Elia Group is active in electricity transmission. In order to successfully shape the energy transition, the Elia Group develops innovative solutions for the system and market integration of volatile renewable energies. We ensure that production and consumption are balanced around the clock, supplying around 30 million end users with electricity. With subsidiaries in Belgium (Elia) and north and east Germany (50Hertz), we operate 19,276 km of high-voltage connections. Elia Group believes that interconnectors, especially those connecting offshore wind farms cross-border, are necessary to achieve the goals of the European Green Deal. Considering the enormous demand for electricity needed to decarbonise our societies, Europe must exploit all potentials for electricity generation from renewables and in some cases harvest this electricity far off the coasts of the member states. As such, Elia Group is one of Europe's top 5 Transmission System Operators (TSO). In addition to our activities as TSO, Elia Group provides various consulting services to international customers through our subsidiary Elia Grid International (EGI).

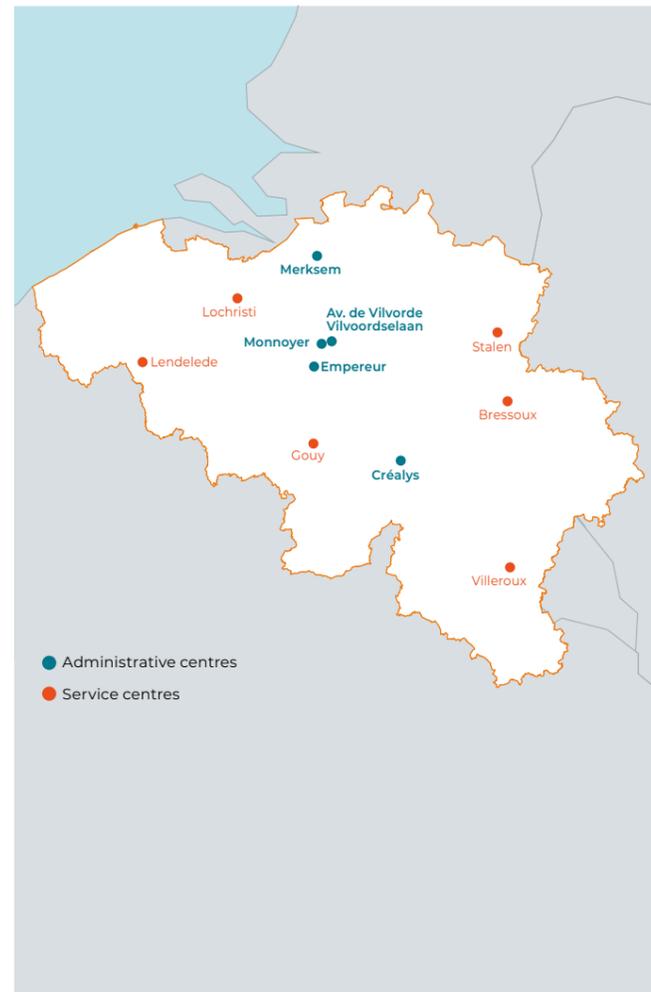
We connect generation & distribution



GRI 102-3, GRI 102-4

ELIA IN BELGIUM

As the sole operator of the Belgian high-voltage grid, Elia has a natural monopoly and is therefore subject to regulatory supervision. Its public mandate and responsibilities are an integral part of the legislation regulating the Belgian electricity market. It is also overseen nationally by the CREG¹, the federal electricity market regulator for the extra-high voltage electricity grid (110 kV-400 kV) and tariffs, and regionally by VREG², CWAPE³ and BRUGEL⁴, the regional electricity market regulators for the high voltage electricity grid (30 kV-70 kV). The regulatory system has a significant impact on the business model. Elia is also part of the Nemo Link consortium which operates the first subsea interconnector between Belgium and the UK. Elia operates a modular offshore grid in the Belgian North Sea, connecting offshore wind production on an offshore platform and transporting it to the mainland.



50HERTZ IN GERMANY

50Hertz operates its natural monopoly with the transmission grid in the north and east of Germany. The company is the exclusive operator of the extra-high voltage electricity grid (150 kV – 525 kV) in its grid area. 50Hertz is therefore subject to regulatory supervision by the national regulatory authority - the Federal Network Agency (BNetzA). The regulatory system decisively shapes the business model. BNetzA also sets 50Hertz's revenue cap when it comes to calculating its network fees. In addition, 50Hertz operates the Kriegers Flak Combined Grid Solution (CGS), the world's first hybrid offshore interconnector. The Combined Grid Solution (CGS) connects two substation platforms in the Baltic Sea, to each other and to the existing land connections of the offshore wind farms. As a result, the CGS can transmit offshore wind power to Denmark or to Germany while also being used for cross-border electricity trading.

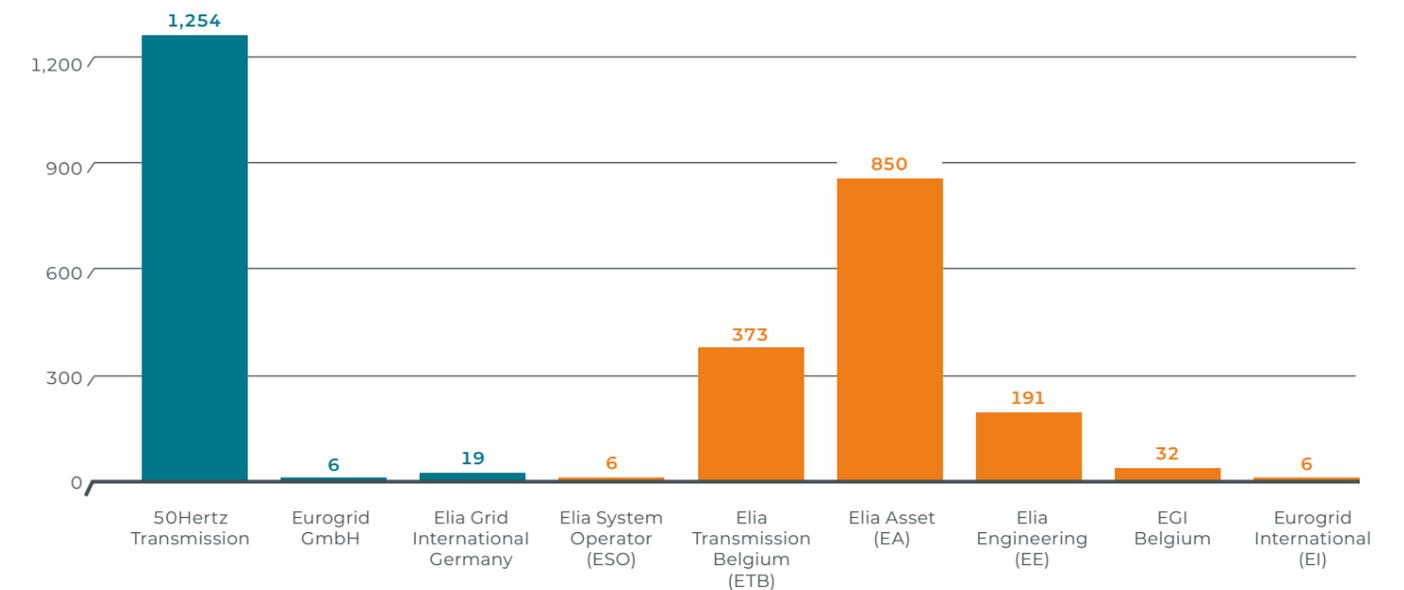


1.1.3. Size of the Company

GRI 102-1

Breakdown by country, company and number of employees

TOTAL HEADCOUNT ELIA GROUP 2020



N.B. Three of Elia's chief officers are included both in Elia System Operator and Elia Transmission Belgium and are thus counted twice in the diagram above.

¹ CREG: Commission for Electricity and Gas Regulation.

² VREG: Vlaamse Regulator van de Elektriciteits- en Gasmarkt.

³ CWAPE: Commission Wallonne pour l'Energie.

⁴ BRUGEL: Régulateur BRUXellois pour les marchés du Gaz et de l'Electricité/BRUsselse Reguleringscommissie voor de Gas- en Electriciteitsmarkt.

1.2. Grid

G4-EUS-EU4

Elia and 50Hertz operate the extra-high voltage transmission grids (110kV - 525 kV) in Belgium and in the north and east of Germany, as well as interconnectors to other extra-high voltage grids. In addition to this grid, Elia operates the high voltage grid (30kV - 70kV) in Belgium. The operation of these grids at different voltage levels differentiates Elia and 50Hertz in the number of assets as well as in the measurement of the grid interruptions (see 1.3.9. Grid Reliability).

1.2.1. Length of lines

ELIA IN BELGIUM

Voltage	2018		2019		2020	
	Underground cabling (km)	Overhead lines (km)	Underground/submarine cabling (km)	Overhead lines (km)	Underground/submarine cabling (km)	Overhead lines (km)
400 kV (DC)	9	-	70*	-	70*	-
380 kV	40	919	40	918	40	923
					49	
220 kV	47	301	135	300	161	301
150 kV	573	1,973	628	1,939	686	1,935
110 kV	-	8	-	8	-	8
70 kV	293	2,290	317	2,404	304	2,399
36 kV	1,938	8	1,917	8	1,915	8
30 kV	84	22	75	22	75	22
Total Lines/Cables	2,984	5,521	3,182	5,599	3,300	5,596
TOTAL	8,505		8,781		8,896	

* The Nemo Link interconnector - total length 140 km - is a joint venture (50/50) between National Grid Interconnector Holdings Limited, a subsidiary company of the UK's National Grid Plc, and Elia.

50HERTZ IN GERMANY

LINE LENGTH (CORRESPONDS TO CIRCUIT LENGTH)	2018	2019	2020
of which 380 kV lines	7,250 km	7,250 km	7,390 km
of which lines 220 kV	2,680 km	2,680 km	2,400 km
of which submarine cables 220 kV	190 km	290 km	290 km
of which submarine cables 150 kV	270 km	270 km	300 km
Circuit length in total	10,390 km	10,490 km	10,380 km

1.2.2. Substations and Switches

ELIA IN BELGIUM

	ELIA IN BELGIUM			50HERTZ IN GERMANY		
	2018	2019	2020	2018	2019	2020
substations >= 150 kV	297	300	299			
substations < 150 kV	516	507	507			
HVDC Converter station	1	1	1	Substations	65	65
				Switching stations	8	8
TOTAL	814	808	807	TOTAL	73	73

1.3. Guiding Principles

1.3.1. Memberships

GRI 102-12, GRI 102-13, SDG17

Elia Group is involved in various societies, associations, and initiatives in the field of renewable energies, climate and environmental protection, human rights and the harmonisation of the European electricity market at global, European and local level.

	Energy	Climate	Environment	Human rights	Elia	50Hertz
World Energy Council	✓				✓	✓
CIGRE - Conseil International des Grands Réseaux Electriques	✓				✓	✓
Go15 - Reliable and Sustainable Power Grids	✓		✓		✓	(✓)
UNGC - United Nations Global Compact		✓	✓	✓	✓	✓
Centre on Regulation in Europe						
ENTSO-E - European Network of Transmission System Operators for Electricity	✓	✓	✓		✓	✓
Coordination of Electrical System Operators	✓				✓	
RGI - Renewables Grid Initiative	✓	✓	✓		✓	✓
Energy Web Foundation	✓	✓			✓	
The Shift	✓	✓	✓	✓	✓	
Synergrid - Fédération des gestionnaires de réseaux électricité et gaz en BelgiqueBelgique	✓				✓	
Osiris	✓				✓	
Conseil des Gestionnaires des Réseaux de Bruxelles	✓				✓	
Vlaamse Raad van Netwerkbeheerders	✓				✓	
Powalco	✓				✓	
BECI - Brussels Enterprises Commerce and Industry	✓				✓	
FEB - Fédération des Entreprises de Belgique	✓				✓	
UWE - Union Wallonne des Entreprises	✓				✓	
VOKA - Vlaams Netwerk van Ondernemingen	✓				✓	
AGORIA	✓				✓	
Communauté Portuaire Bruxelloise	✓				✓	
COGEN Vlaanderen	✓	✓			✓	
AVEU Arbeitgeberverband Energie- und Versorgungswirtschaftlicher Unternehmen e.V. [employers' association of energy and utility companies]	✓			✓		✓
BDEW - Federal Association of the Energy and Water Industry	✓					✓
VDE-Elektrotechnischer Verein e.V. [electrotechnical association]	✓					✓
Diversity Charter				✓		✓

1.3.2. Values, principles, standards and code of conduct

GRI 102-16, GRI 102-17, GRI 102-26,

Elia Group has defined six behaviours that apply to all employees. These behaviours are modified and adapted for Elia and 50Hertz to accommodate local differences. These six core values reflect fundamental principles that are deeply rooted in the Elia Group. They form the basis for our Code of Ethics, the guidelines and principles that drive all Elia Group activities.



ONE VOICE:

we have an open and constructive debate before making a decision. Once the decision is taken, everyone supports this and carries the same message.



IMPACT:

we perform our tasks in the best possible way by focusing on the actions that make a difference and that have an impact (on safety, the system, society, the environment, our performance...).



ONE COMPANY:

our responsibility goes beyond our own job or department. We look at results transversely and support the choices we make as a company.



SIMPLIFICATION:

we look at what could be simplified in our challenging environment and avoid unnecessary complexity.



CO-CREATING THE FUTURE:

we are not only aware of the radical changes in our sector, such as digitalisation and decentralisation, but we shape them.



FEEDBACK:

we give and ask for feedback and this is in multiple directions. Thus, we show appreciation and we strive for continuous improvement.

Code of Ethics

Integrity and ethics are a critical aspect of our interactions internally. The Board and management communicate regularly about these principles to make the mutual rights and responsibilities of the company and its employees transparent and tangible. These rules are communicated to all new employees and their compliance is formally included in employment contracts.

The Code of Ethics, Guidelines and Policies defines what Elia Group considers to be proper ethical behaviour and establishes a set of principles in order to avoid conflicts of interest. These identical elements can be found in the codes of Ethics of both Elia and 50Hertz and we are currently working on a Group Code of ethics. Management consistently ensures that employees comply with internal values and procedures and, where applicable, takes actions deemed necessary as set out in company regulations and employment contracts.

The Code of Ethics, as well as the policies derived from it, also helps to ensure that employees do not violate laws on the use of privileged information or market manipulation and suspicious activities.

Acting honestly and independently towards all stakeholders is an important guiding principle for all our employees. The Code of Ethics explicitly states that Elia Group prohibits bribery in any form, abuse of prior knowledge and market manipulation. Elia Group and its employees do not accept gifts or hospitality to gain competitive advantage. Elia Group does not allow facilitation payments. Disguising gifts or hospitality as charitable donations is also a violation of the Code of Ethics.

In addition, the Code of Ethics ensures that discrimination is not tolerated within the organisation by prohibiting all forms of racism and discrimination and promoting equal opportunities for all employees. This applies regardless of race, colour, gender,

religion, political opinion, ethnic background, social origin, age, sexual orientation or physical ability. It also aims to ensure that all employees are given equal opportunities through fair assessments. Elia's internal policy on discrimination and equal opportunities is based on the International Labour Organisation's Convention C111 on Discrimination. Lastly, the Code of Ethics ensures the protection and confidential use of IT systems.

Supplier Code of Conduct

All parties involved in procurement must comply with Elia Group's Supplier Code of Conduct and all related regulations. Elia Group's Supplier Code of Conduct is published internally and externally and is based on four pillars: confidentiality, non-discriminatory treatment of suppliers, transparency and avoidance of conflicts of interest. The management of employees involved in the procurement and payment processes provides regular opportunities for training and awareness-raising on these topics.

ELIA IN BELGIUM

Elia complies fully with the corporate governance requirements.

In addition, internal management systems based on recognised standards such as environmental management (according to ISO 14001) and early public acceptance are used in sustainability core areas.

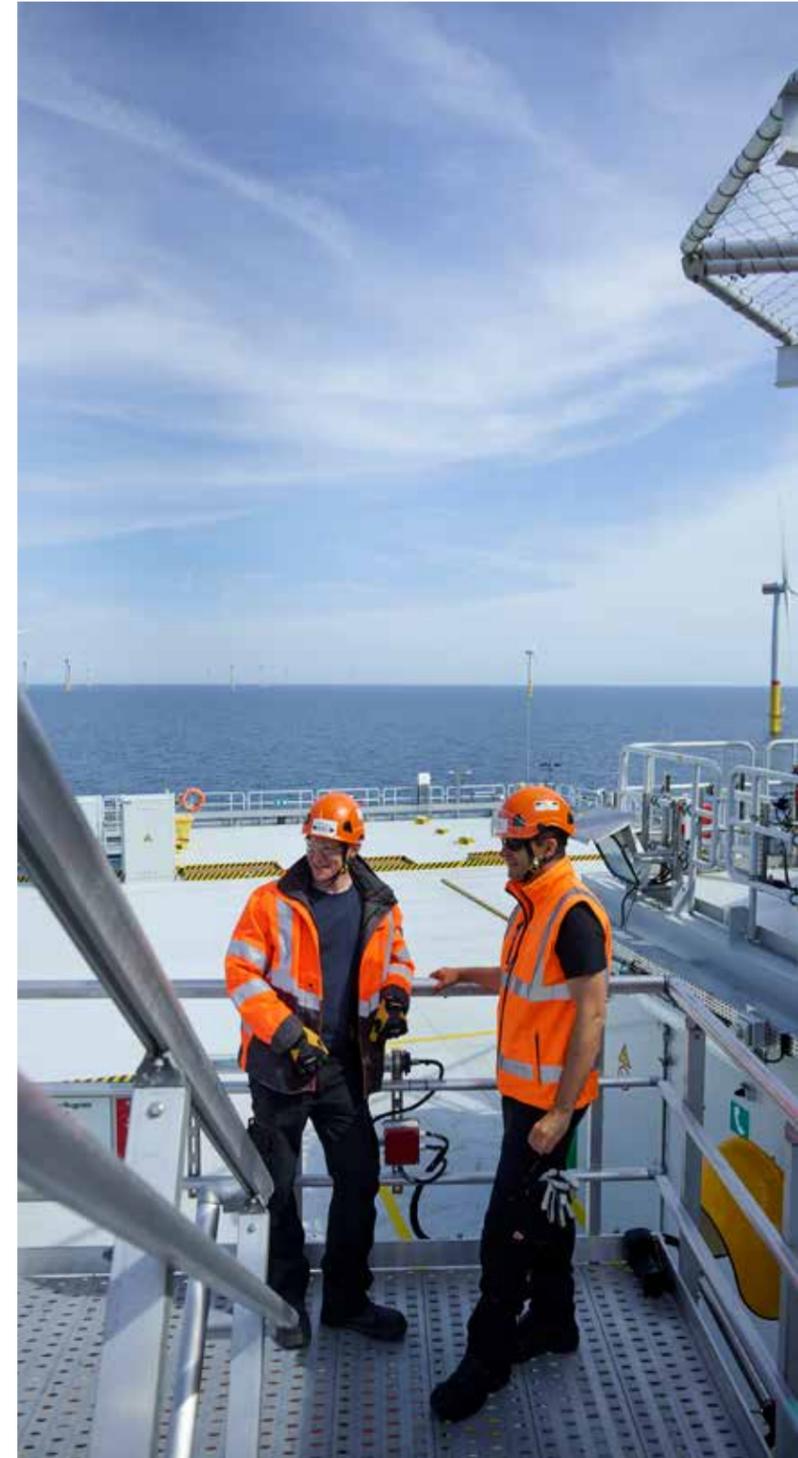
In the area of Health and Safety, Elia obtained, Safety Culture Ladder level 3 certification in November 2020.

In the area of information and security management, Elia launched a programme in line with ISO 27001 with a view to obtaining ISO 27001 Certification in 2022.

50HERTZ IN GERMANY

50Hertz expresses its commitment to responsible corporate governance in its sustainability mission statement and corporate charter. It states that in the areas of human rights, labour standards, environmental protection and anti-corruption, the company acts in accordance with the ten principles of the UN Global Compact. Employees also have access to comprehensive company documentation that includes all valid guidelines, directives, work instructions, process manuals and company agreements and is integrated into the company-wide intranet. This corporate manual was fundamentally revised, updated, simplified and made more accessible in 2020.

Furthermore, certified management systems, such as ISO 45001 in the area of health and safety and ISO 27001 in information security management, or internal management systems based on recognised standards, such as environmental management (according to ISO 14001) and early public participation (according to VDI 7000), are used in CSR core areas.



1.3.3. Roles and responsibilities

GRI 102-18, GRI 102-19, GRI 102-20, GRI 102-26, GRI 102-32, GRI 102-33, GRI 103-3

For Elia Group, successful long-term business is achieved by acting in the interest of society. This is reflected in the company vision: "A successful energy transition - for a sustainable world".

To that end, Elia and 50Hertz have expressed their commitment to responsible corporate management by being signatory of the United Nations Global Compact (UNGC) – the leading U.N. initiative for businesses to move forward on the Sustainable Development Goals for 2030. Both companies are also committed to and actively working on topics included in the 10 Principles of the UNGC.

With a view to more closely integrating the management of the sustainable aspects of Elia and 50Hertz, Elia Group Officers have been established at Elia Group for a number of key areas, including Safety, Risk Management, Talent Management, Procurement, Strategy and EU Affairs. Elia Group CEO Chris Peeters, is responsible for the Group functions.

Additional information can be found in the Corporate Governance Report.

ELIA IN BELGIUM

Under the overall responsibility of the Chief Community Relations Officer, the Environment & CSR department has defined a sustainability concept and a roadmap of measures for the continuous expansion of sustainability reporting. All environmental reporting and sustainable communication to external stakeholders is coordinated by the Community Relations department.



50HERTZ IN GERMANY

Under the overall responsibility of the Managing Director Finance of 50Hertz, the Corporate Development department defined a sustainability target and designed an action roadmap for the continuous expansion of sustainability reporting, while the Communication & Public Affairs department further defined the reporting processes.

The responsibilities and organisation of sustainability management are clearly defined:

RESPONSIBILITY SUSTAINABILITY MANAGEMENT

CFO

General Responsibility for Sustainability



1.3.4. Legal and regulatory framework

Elia Group complies with all applicable legislation. Its business activities are subject to numerous regional, national and European laws and regulations.

Elia Group is subject to the rules of good governance applicable to listed companies.

Elia Group actively monitors the emergence of European, national or local regulations.

Additional relevant information can be found in the Corporate Governance Report.

GRI 419-1

During the reporting year Elia Group did not receive any significant fines or non-monetary sanctions for failure to comply with social or economic legislation and regulations.

ELIA IN BELGIUM

One of the core principles of corporate governance laid down by the legislation governing the electricity industry in Belgium is the strict separation between the composition of and responsibilities incumbent upon Elia Transmission Belgium and Elia Asset Board of Directors and Management Committee respectively.

Additional information on the legislation and regulations relevant to our business activities can be found on our website

50HERTZ IN GERMANY

For the reporting year, the following laws in particular should be mentioned as, they have a special influence on the company's business activities for the integration of renewable energies and thus sustainability:

The Act to Reduce and End Coal-fired Power Generation and Amend Other Laws (Coal Phase-out Act), the Act on the Development and Promotion of Wind Energy at Sea (Wind Energy at Sea Act - WindSeeG), the Act to Ensure Proper Planning and Licensing Procedures during the COVID 19 Pandemic (Plan-SiG), the Act to Amend the Renewable Energy Sources Act and Other Energy Law Provisions (EEG), the Draft Act to Amend the Federal Requirements Plan Act and Other Provisions (BBPlG).

Additional information on the legislation and regulations relevant to our business activities can be found in the Eurogrid annual report. [\[Link!\]](#)



1.3.5. Anti-corruption

GRI 205-1, GRI 205-2

Due to their legal status as electricity transmission system operators, Elia and 50Hertz are subject to a wide range of legal and regulatory rules in their respective countries, which stipulate three basic principles: non-discriminatory behaviour, confidential treatment of information and transparency towards all electricity market participants for non-confidential market information.

Elia Group companies have company charters, guidelines and other documents on the expected behavior from our employees that set out Elia Group's understanding of correct ethical conduct and make it clear that the company complies with the law and does not tolerate corruption. These principles flow into organizational measures that are binding throughout company.

A policy on bribery and corruption has been formulated as part of our Code of Ethics, which defines what is considered bribery and corruption. Apart from barring any involvement in a practice (be it direct or indirect via our suppliers) where bribery or corruption has taken place, Elia Group also focusses on capacity building for our employees. Employees are given trainings to enable them to recognise behaviours or incidents where bribery or corruption may be at play, and to provide them with a safe, anonymous space to report any such matter, i.e. the whistleblower system.

Elia and 50Hertz compliance officers state that no such breaches were reported by internal employees or external stakeholders in 2020.

ELIA IN BELGIUM

With a view to meeting the three basic principles described above, Elia has drawn up an Engagement Programme approved by the Corporate Governance Committee. Any violations of the company codes can be reported to the Compliance Officer, who handles them objectively and confidentially. The Compliance Officer reports annually to the relevant regulatory bodies in this regard.. The annual internal audit programme includes a number of measures and verification checks designed to serve as specific safeguards against fraud. All findings are systematically reported to the Audit Committee. In 2020, no relevant findings related to fraud were reported during the specific fraud risk audits in the finance and purchasing processes.

Since 2018, Elia has had a policy in place that regulates the external reporting point for business integrity breaches via an external whistleblowing system. If internal staff and external stakeholders anonymously report suspected integrity violations, an internal committee is convened immediately to deal with the case and take further internal action if necessary. The committee reports to the management of Elia annually and on an ad hoc basis as required.

Elia also regularly provides all employees involved in the procurement process and financial process with training on the basics of procurement, anti-corruption and compliant behaviour.

50HERTZ IN GERMANY

A corruption prevention guideline specifies what 50Hertz as a company understands by ethically correct behaviour and that corruption has no chance at 50Hertz. These principles lead to organisational measures that apply throughout the company and are binding. The internal control systems (ICS) are continually being developed and employees are made aware of the issues in defined relevant areas of the company through training and process discussions, among other things. In addition, 50Hertz regularly trains employees in the areas of regulation, taxes and purchasing on anti-corruption and compliant behaviour. Since 2010, 50Hertz has had a policy in place that regulates the whistleblowing system and requires the establishment of an internal compliance committee and an external ombudsman.

Comprehensive e-learning on corporate compliance topics and ongoing accompanying communication are planned for 2021. The identification and analysis of relevant compliance risks as well as the revision of the existing Code of Ethics should contribute to the effective further development and strengthening of corporate compliance management.



1.3.6. Risk management

GRI 102-30, GRI 102-11, GRI 201-2

Elia Group is committed to avoiding risks that could potentially harm its existence, to reducing risk positions as far as possible and to optimising the risk-opportunity profile. Elia Group has a Head of Group Risk Management, who reports directly to the CFO of Elia Group. In the reporting year, the Elia Group launched an initiative to further develop the management of environmental, social and governance risks (ESG) that will have an influence on the risk management at Elia and 50Hertz. In 2021, climate risks will be assessed and integrated even more firmly into risk management at all Elia Group companies. Since 2017, Elia has been responding to the CDP Climate Change Questionnaire that addresses the company's management of environmental impacts, climate risks and opportunities. Elia obtained a B score in 2020 for the year 2019.

As part of their systematic risk management, both Elia and 50Hertz regularly survey and assess the following risk areas:

- Profit & loss
- Health & safety
- Cash
- Security of supply
- Reputation

Within each company, risk guidelines set out how risks are systematically identified, recorded, assessed and monitored each financial quarter. A risk conference/workshop is held once a year during which all division heads (second management level) as risk owners as well as the risk manager discuss the most significant risks and risk-related topics together with the Executive Board. With respect to infrastructure project management, an integrated process has been established for the associated planning of schedule, budget and risk management. With regard to sustainability, various risks are assigned to environmental, social and governance (ESG) domains. These risks pertain, for example, to occupational safety, environmental damage, data security and transparency.

Additional information on risk management can be found in the Corporate Governance Report.

1.3.7. Political influence

GRI 415-1

Laws and regulations have a strong influence on Elia's and 50Hertz's operations. The various governments at federal and regional level grant the Elia Group companies the operating licence and contribute to the determination of the legal framework in which the public mission of the transmission system operators has to be realized. The regional governments and authorities are responsible for granting permission to build the transmission infrastructure. Regulatory authorities determine the regulatory framework in which these activities have to be developed.

In this context, Elia and 50Hertz act in compliance with all the regulations that affect the operation of the transmission grid. It is also the responsibility of the Elia Group companies to contrib-

ute to the political debate and to the orientation of the regulation. We assure these advocacies in a transparent manner that is visible to the public. As legal monopolies responsible for such important public missions, Elia group companies establish their viewpoints having the interest of society as priority.

The Elia Group is a trusted advisor on topics such as the fundamental design of the energy transition, the secure supply of electricity with a simultaneously increasing share of renewable energies, and the expansion of the grid.

When developing viewpoints, Elia Group is committed to involve political stakeholders and regulators as early as possible. This gives all parties the opportunity to present their point of view, improves the quality of information and builds trust. Elia Group companies ensure that employees who are active in societal and energy policy are guided by clearly defined principles in their communication and actions.

In order to strengthen political contacts at EU level in particular, the position of Elia Group Head EU Affairs was created. Both Elia and 50Hertz are registered in the EU Transparency Register and committed to its Code of Conduct.

ELIA IN BELGIUM

The Public & Regulatory Affairs and External Relations department is among others responsible for political communication. A Corporate Reputation Committee composed of representatives of all internal departments that have external coordinates contacts with (political) stakeholders has been set up to coordinate the different contacts with these stakeholders.

Elia is an important player in Belgium at national level that has a global view of the electricity system, but also incorporates a regional and local approach. This puts us in a singular position to provide analysis, advice and recommendations to the authorities so that informed decisions can be made.

Elia has its Code of Ethics applicable to all our employees that frames aspects as respect of legislation, conflict of interests, professional deontology. In 2020 (and as in the past), Elia made no donations to politicians or political parties.

50HERTZ IN GERMANY

The Communication & Public Affairs department is responsible for political communication, which is managed responsibly and refrains from making party donations. Ethical principles for political advocacy have been formulated. This is regulated in a company-wide orientation guide on conduct in the political environment, which is coordinated with the Board of Management. This states that 50Hertz does not make donations to politicians or political parties and ensures appropriate consideration and balance when sponsoring. Responsibility for donations to party-affiliated foundations and associations is centralised in the Communications & Public Affairs department. Together with specific training programmes, 50Hertz thus ensures that its employees who are active in societal and energy policy align their communication and actions with clearly defined principles. In 2020, 50Hertz made no donations to politicians or political parties.

5 NCC: National Control Center; RCC: Regional Control Center(s)

6 GDPR: General Data Protection Regulation

7 European Programme of Critical Infrastructure Protection

1.3.8. Security and Emergency management

Critical infrastructure

For Elia Group, security does not stop at the company's boundaries. For example, personnel are trained in crisis management and crisis communication with internal and external stakeholders during regular crisis team exercises. Not only are the existing structures, processes and reporting channels reviewed and continuously improved, but crisis team members and employees are also intensively trained in the skills needed to deal with unexpected events in a level-headed manner under high stress and to make quick and appropriate crisis management decisions. These and other measures serve the goal of continuously increasing the resilience of Elia Group in a holistic manner. In addition to the training concept for all members of the crisis team, this also includes the review of property protection concepts and the further development of general corporate security.



ELIA IN BELGIUM

In 2020 the framework and specific modus operandi on screening for our most critical zones (NCC/RCC/Data Rooms)⁵ received a final approval by the competent authority. In order to optimally guarantee the privacy of personal data, a special GDPR⁶ protocol was developed between Elia and the Belgian Federal Public Service Economy. After a positive test phase, full implementation and roll out started in November. Our goal is to have all access to these specific zones screened by the end of 2021.

Despite the challenges related to COVID, the predetermined CAPEX plan regarding the specific security policy for Critical and Strategic Infrastructure was fully implemented. In addition, in the context of innovation, a proof of concept for new security technologies for specific high-voltage substations was provided. The positive outcome of this may enable us to optimally secure sensitive infrastructures in the future.

In order to optimally guarantee security as regards access to our substations, we are planning to switch to an online access control system. In 2020, pilot projects for this were carried out simultaneously in various zones across the country. The new system allows us to (de)activate access rights with immediate effect and to have real-time online reporting.

In accordance with the European legislation on critical infrastructure (EPCIP⁷ Directive), Elia, in consultation with the relevant authorities, set out the new criteria and analysed the current infrastructure. This multidisciplinary study resulted in a short list of potential new Elia Critical Infrastructures, which may be officially confirmed in 2021.

In consultation with and under the guidance of the Security Department, both the Federal Public Service and the Federal Agency for Nuclear Control carried out several inspections of our Critical Infrastructures in 2020. The objective is to check the Operator's Security Plan (Beveiligingsplan van de Exploitant - BPE) against the reality in the field. Any points of attention are included in the revision of the specific BPE per Critical Infrastructure.

At the specific request of the relevant government department, Elia, in coordination with the energy supplier ENGIE, elaborated a joint Operator Security Plan for the Critical Infrastructure associated with the Tihange nuclear power plant. This was officially notified to the relevant government department in 2020.

The security conditions relating to access to the infrastructures at the Doel nuclear power station were tightened up in 2020. The requirement for security clearances for persons with access to the technical installations was extended to the entire site (administrative buildings, workshops, 150 kV substations, etc.). A total of approximately 150 additional security clearances were requested for this purpose.

Concerning the COVID pandemic, Elia set up a special Elia Corona Task Force as soon as it was first reported in Europe. The Head of Security was designated as crisis manager. (see further details in 9. COVID-19 pandemic management).

IT

The further reinforcement of the robustness, security and protection of our IT and network systems is a key recurring component in preserving the confidentiality of critical data.

Best practices and information are exchanged at a national level in the utility sector (Synergrid), as well as on a European level (ENTSO-E). We evaluate the threat landscape and evolutions to be able to put the right risk mitigation measures into action.

ELIA IN BELGIUM

A number of concrete measures from 2020 in this field are listed below:

- Monthly external scanning of Elia's external perimeter (Elia's public IP addresses) in order to assess the potential vulnerabilities of Internet applications with regard to possible cyber risks. In the reporting year, no targeted cyber attacks on Elia were recorded.
- Launch of the ISMS program as part of good governance and as enabler to meet regulatory requirements (NIS Directive, ENTSO-E): Design, create and implement an Information Security Management System (ISMS) in line with ISO27001. The ISMS is a framework of policies and controls to manage security and security risks systematically and across the entire organization. The objective is to obtain ISO27001 Certification in 2022.
- Appointment of a Data Protection Officer (DPO) to ensure that Elia processes the personal data of the data subjects (staff, customers, providers or any other individuals) in compliance with the applicable data protection regulation (GDPR).

50HERTZ IN GERMANY

The information security management system in accordance with ISO 27001 "IT Security Catalogue in accordance with §11 Paragraph 1a EnWG" was recertified in 2020. IT information security risks are systematically identified and dealt with through the established security process. In the reporting year, no targeted cyber-attacks on 50Hertz were recorded or damage caused by information security incidents. In an independent audit for the evaluation and certification of the operational security of data centres (based on DIN EN 56000), the 50Hertz data centres were designated as "highly available" at Level 3.

As part of the data protection management system (DSMS), the existing e-learning programme was updated and internal and external employees were sensitised and trained.

As an operator of critical infrastructure, 50Hertz is obliged under the IT Security Act and EnWG to ensure information security. In this context, the processing, storage and communication of information must be designed in such a way that the availability, confidentiality and integrity of information and systems are ensured to a sufficiently appropriate degree.

Emergency and restoration

G4-EUS-DMA Disaster/ Emergency Planning and Response

Should an electricity crisis occur, as a result of natural disasters – such as extreme weather conditions –, malicious attacks or a fuel shortage, Elia and 50Hertz have set up a crisis management which consists in 3 main plans:

- The **crisis management plan** describes the roles, responsibilities and processes related to crisis management within Elia Group. The emergency management is based on scenario emergency plans, e.g. Standardized Emergency Preparedness Plan (SEPP) The emergency plans contain measures and the definition of reporting and information processes.
- The **system defense plan**: automatic and manual measures aiming to prevent abnormal situations up to a blackout by any means, to limit the extension of disturbances and to stabilize the electric power system when in Emergency State. This in order to return to Normal or Alert State as soon as possible with minimal impact on grid customers and society.

In accordance with the system defense plan, both 50Hertz and Elia have established load shedding and other plans to be executed by themselves or related Distribution Operators containing an amount of demands to be manually or automatically performed, when necessary to prevent the propagation or worsening of an electricity crisis.

- The **restoration plan**: set of actions that can be used after a disturbance with large scale consequences (e.g. blackout) to bring the electricity system back to the normal state.

Both Elia and 50Hertz regularly train their operator teams by means of simulated exercises and life exercises in small scale, including relevant stakeholders and partners. i.e. Distribution System Operators or Generation Companies. In general system operators continuously practice the handling of abnormal as well as crisis situations by means of theoretical and practical trainings by various means.

Transmission system operators must regularly test their capability of restarting the system.

These restart tests - also called black start tests - are part of the grid reconstruction plans of transmission system operators, who must regularly test this capability in their respective grid areas so that the power supply can be restored as quickly as possible after a power outage.

Simulator trainings and theoretical training sessions are given to the operators of the national control center and the regional control centers on the application of the emergency and restoration plans.

ELIA IN BELGIUM

In the reporting year 2020, Elia successfully conducted two black start tests and various emergency exercises such as risk preparedness tests of crisis personnel and 'National Backup Control Center' tests (Real-time net-out from the Backup control room of the national control center in Merksem for several hours).

During several virtual consultation moments in 2020, the crisis organization was prepared to adequately respond to a crisis situation during the Covid-19 Pandemic.

50HERTZ IN GERMANY

In the year under review, the transmission system operators 50Hertz and Energinet from Denmark as well as the operators of the coal-fired power plant KNG Rostock successfully simulated a test run to rebuild the grid. The fictitious situation after a power blackout in continental Europe was tested live with voltage input from Denmark. For the first time, a land-sea cable between two countries - also using offshore wind energy - was used to restart a power plant under real conditions.



1.3.9. Grid reliability

G4 EUS, DMA

In order to meet electricity demand at all times, both Elia and 50Hertz must assure their customers that their grid is reliable. As transmission system operators (TSO), Elia and 50Hertz provide infrastructure with adequate electricity interconnections for smoothly functioning markets and systems. This is the best guarantee of security of supply.

However, even where markets and systems function well and are interconnected, the risk of an electricity failure still exists.

The actions established to cope with a large-scale electricity failure caused by an exceptional event are described in the previous section.

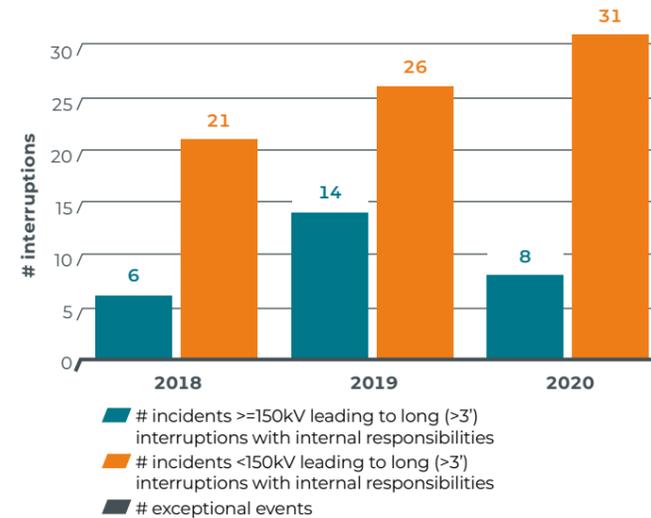
Grid availability and interruptions

ELIA IN BELGIUM

In order to assess grid availability on one year, we record the number of incidents leading to at least one customer interruption that lasted more than three minutes (international standard) and for which Elia is responsible. Any interruption caused by customer errors, thunderstorms, third parties, birds, etc. are not considered here.

No exceptional event occurred in 2020.

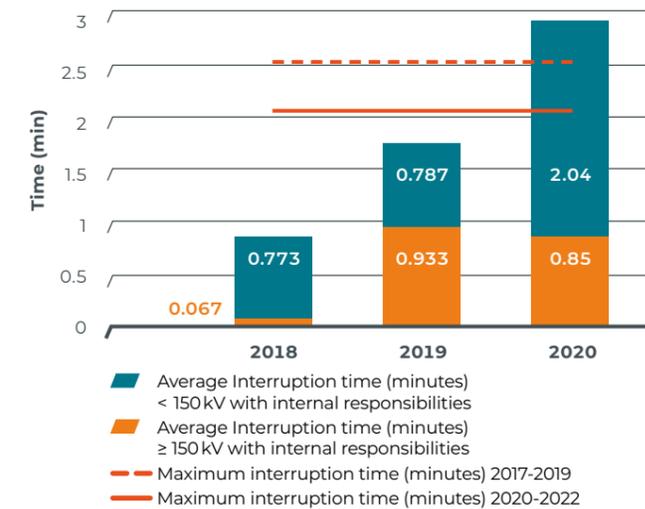
GRID INTERRUPTIONS



Most interruptions take place on the local transmission grid (< 150 kV) as most customers are connected to the local (regional) transmission grid rather than the federal transmission grid. When discussing grid interruptions, the **average interruption time** (AIT) is also considered. This represents the equivalent interruption time if all the customers connected to the grid had been interrupted the same way (i.e. during the same time) during the observation and is calculated as Energy Not Supplied / Yearly Average Power.

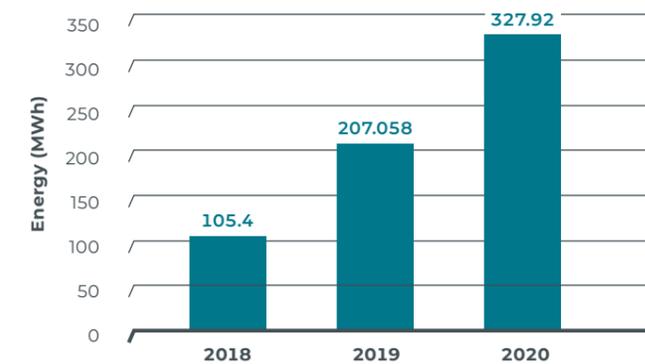
The **maximum interruption** time is the reference value used for calculating the Average Interruption Time (AIT) Incentive relating to continuity of supply by CREG, the Belgian federal regulator. For the period 2020-2022, its value is 2.1 minutes.

AVERAGE INTERRUPTION TIME



Energy not supplied (ENS) refers to all energy not supplied to our customers during outages of more than three minutes caused by Elia's internal problems. However, it does not take into account the impact of major events.

ENERGY NOT TRANSPORTED/NOT SERVED (MWH)



The ENS score achieved is higher than last year due to several technical failures i.a. as consequences of a series of storms in January-February 2020.

Grid availability

Onshore availability represents the availability of the interface points between the Elia grid and the customer's grid. It takes into account all the interruptions caused by intrinsic risks (weather, third parties, animals outside building, etc.) or by internal Elia problems (e.g. material failure, human error) which lasted more than three minutes, but excludes interruptions directly caused by Elia's customers.

CALCULATION METHOD:

Onshore availability = 1 - AIT (intern Elia + intrinsic risk) (# minutes in the year)

	2018	2019	2020
Onshore grid availability at connection points	0.99999039	0.99999671	0.999994

In 2020, the onshore availability in Belgium remained at a very high level (above 0.999999).

50HERTZ IN GERMANY

50Hertz operates the extra-high voltage grid in the north and east of Germany. The reliability is shown in the presentation of the faults per 100 km in the extra-high voltage grid (>= 150 kV) of 50Hertz. Faults include network and equipment disturbances that result in transmission capability being restricted or system conditions being violated. Grid disturbances include, among other things, the effects of storms that cause an electrical short circuit. Equipment faults are only taken into account if network elements have caused a fault or have to be switched off. Network elements are lines, transformers, chokes and bus-bars.

DISRUPTIONS / 100 KM LENGTH OF LINE



Disruption Rate all German TSO
 Disruption Rate 50Hertz
 Average Disruption Rate 50Hertz
 Average Disruption Rate all German TSO

The disruption rate for all German TSO will be available in June/July 2021

2. Strategy

GRI 102-15, GRI 102-29, GRI 201-2



2.1. Act Now – the Elia Group Sustainability Initiative

In 2020, the Elia and 50Hertz sustainability teams launched “Act Now”, the Group’s sustainability initiative.

This ambition has been translated into sustainability goals in five key areas (or lighthouses):

Act Now – Objectives Elia Group

			fight against climate change want to be carbon neutral by 2040
			protect the environment, conserving resources and nature, thus generating a positive impact on biodiversity integrate ecological design into all steps of our projects want to abolish the use of herbicides completely
			ensure that all our employees and everybody we collaborate with arrive home safe and sound every day
			promote diversity and inclusion and provide equal opportunities
			are committed to our societal role and the values of society conduct our activities with integrity are transparent about expected behaviours and do not tolerate ethical breaches

These five lighthouses are linked to the United Nations’s global Sustainable Development Goals (SDGs). The 17 global SDGs are intended to be a “blueprint” and make explicit the contributions towards a better and more sustainable future for all - to be achieved by 2030. Under Act Now, we are defining long-term goals in the areas of carbon neutrality, biodiversity and eco-design of our assets, health and safety, diversity and inclusion, ethical values and governance. Sustainability will become a stronger compass to guide business plan decisions in order to reach a level sufficiently ambitious for our projects and activities.

Act Now – Objectives Elia Group:

Climate Change

- Carbon-neutral by 2040

Circular Economy & Environmental Protection

- Eco-design and recycling requirements for system components
- Increasing biodiversity in and around substations and under pylons and alternative to herbicides use
- Extension of the Ecological Aisle Management

Safety Leadership

- Consequent accident prevention
- Implementation of an uncompromising safety culture internally and externally for contractors

Diversity & Inclusion

- Giving equal opportunities to our diverse talent and creating an inclusive work environment for it
- Increase the proportion of women to 30 % in the executive board, management and the entire workforce at 50Hertz
- Increase in the rate of severely disabled persons at 50Hertz

Ethical Values & Standards

- No tolerance of ethical breaches
- Strengthening compliance further

With regard to climate change, the electricity sector has major potential for decarbonisation. Electricity as an energy carrier is already the most cost-efficient solution in most sectors. Accordingly, further electrification based on renewable energy integration is the most efficient way to realise the energy transition. Elia Group is positioned at the very centre of the energy system and thus well placed to identify the levers for decarbonizing the system. In addition to developing the necessary grid infrastructure to integrate and transport additional volumes of renewable energy, Elia Group is identifying the necessary sources of flexibility to cope with the variability of renewable energy and is preparing the market and system to operate in a 100% renewable energy context.

Collaboration has been established with several other TSOs (Terna, RTE, Tennet, Amprion, Red Electrica, Swissgrid and APG) to identify the main levers for decarbonising the energy system. A paper will be published by mid-2021.

50Hertz has also set itself a new strategic goal *From 60 to 100 by 2032 - new energy for a strong economy*, whereby it aims to cover the electricity consumption in its grid area on a balance sheet basis - i.e. calculated over the year - with renewable energies by as early as 2032. 50Hertz supports renewable energy suppliers to help them implement their projects more quickly and industry in their efforts to decarbonise their processes. In this way, an effective contribution can be made to fighting climate change while strengthening sustainable industrial centres.

With the Group-wide sustainability programme “Act Now”, the study with other TSOs into decarbonising the energy system, and the 50Hertz strategic goal *From 60 to 100 by 2032 - new energy for a strong economy*, we are making an ambitious contribution to achieving European, national and regional renewable energy and climate targets - as well as decarbonising society - both internally and externally.

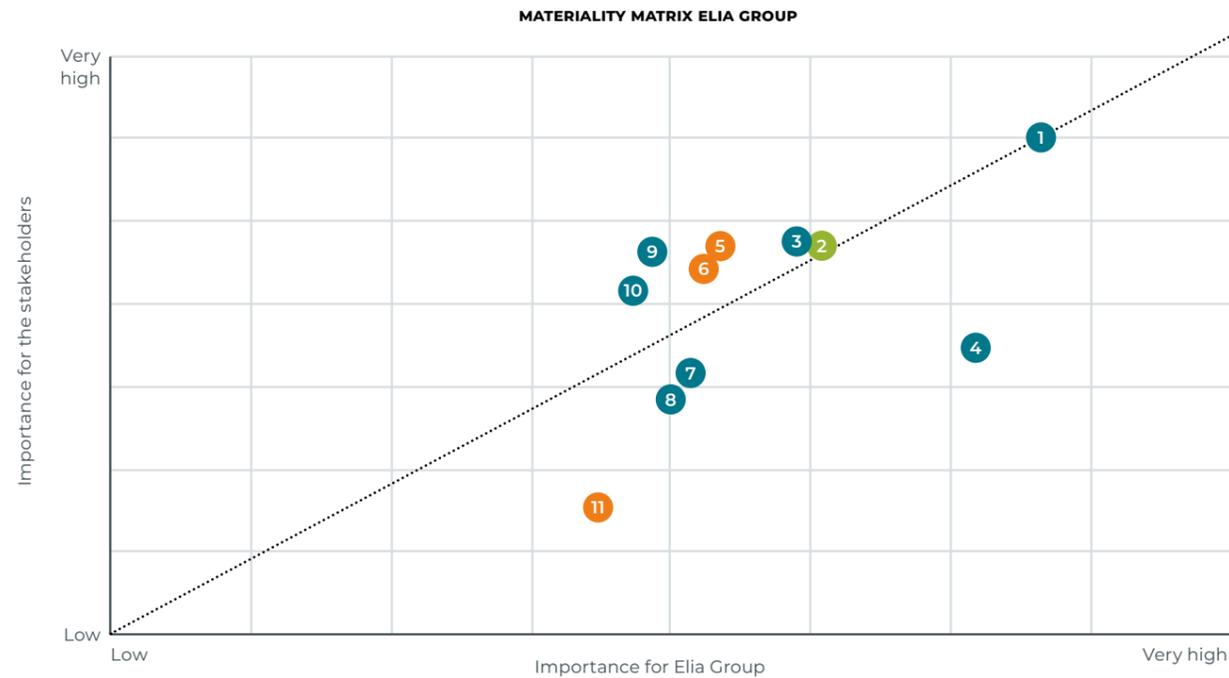
The Elia Group supports the European Green Deal in its core business. The demand-driven grid development and our innovation programmes enable the continually increasing integration of renewable energies, and the operation of interconnectors enables barrier-free European electricity trading. We cover the high investments required for this - where this makes economic sense - through green bonds that we place in the European and international financial markets. We are therefore committed to the efforts of the EU taxonomy to make this market more transparent.

2.2. Materiality and objectives

GRI 102-15, GRI 102-29, GRI 102-46, GRI 102-47, GRI 103-1

We consolidated our material economic, environmental and social topics at Elia Group level back in 2019.

As a result, 15 material topics of high and very high importance were identified, which determine Elia Group's guidelines for reporting and stakeholder dialogues. These topics are shown in the materiality matrix below.



Topics of high and very high relevance

ESG - Environmental (●), Social (●), Governance (●)

- 1 Network availability and reliability
- 2 System and market integration of RE
- 3 Corruption and bribery
- 4 Legal and regulatory environment
- 5 Transparent dialogue
- 6 Customer orientation and satisfaction
- 7 Risk management
- 8 Technology development and access
- 9 Transparency and openness
- 10 Cost and process efficiency
- 11 Employment creation and skills development

Topics resulting of the Act Now initiative

In addition to the existing topics of high and very high relevance, the following fields of action have come into sharper focus:

- Climate-relevant emissions and climate adaptation
- Biodiversity
- Operational environmental protection
- Diversity and equal opportunities

ESG Criteria

Elia Group transparently documents the implementation of its consistently sustainable business orientation. ESG (Environmental, Social, Governance) criteria are increasingly becoming driving factors in investors' capital decisions. Elia Group also relies on green financing, i.e. green bonds, for the high financing costs that are necessary to finance the expansion of the grid and thus the energy transition. This is why we have constantly expanded and improved our sustainability reporting in recent years. This is being rewarded and is subsequently reflected in the good and ever higher ratings that Elia Group receives from internationally recognised rating agencies, such as Sustainalytics, MSCI and Vigeo Eiris.

In the reporting year, Elia signed a €650 million revolving credit facility (RCF) agreement with a pricing mechanism linked to three of Elia's sustainability performance targets.

In the reporting year, 50Hertz successfully placed a €750 million green bond.



3. Energy – Market and integration of renewables

GRI 302-2, SDG7

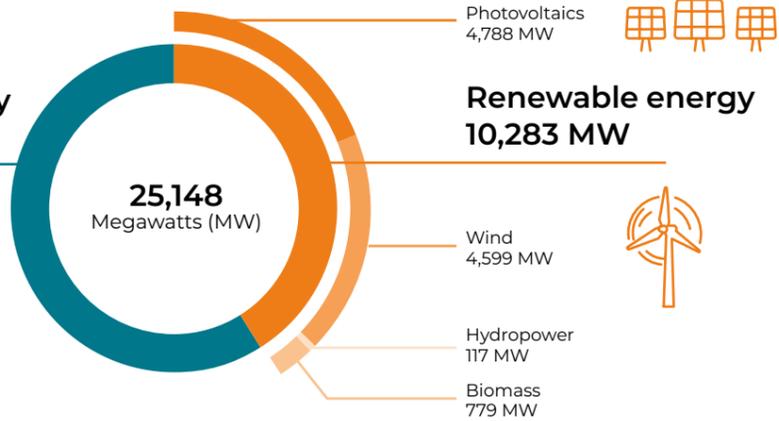
3.1. Installed capacity

G4-EUS-EU1

ELIA IN BELGIUM



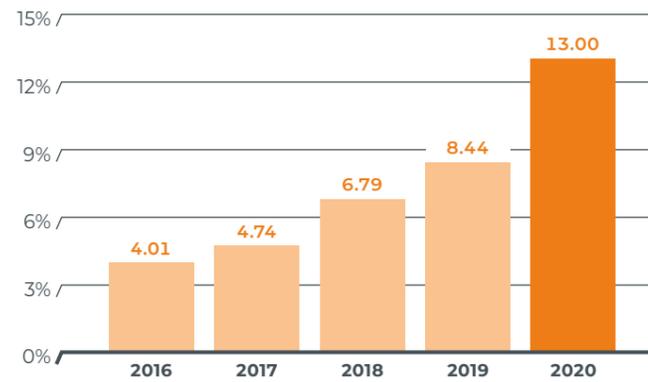
Conventional energy
14,865 MW



3.2. Evolution

ELIA IN BELGIUM

CHANGE IN THE SHARE OF RENEWABLE ENERGY IN ELECTRICITY CONSUMPTION



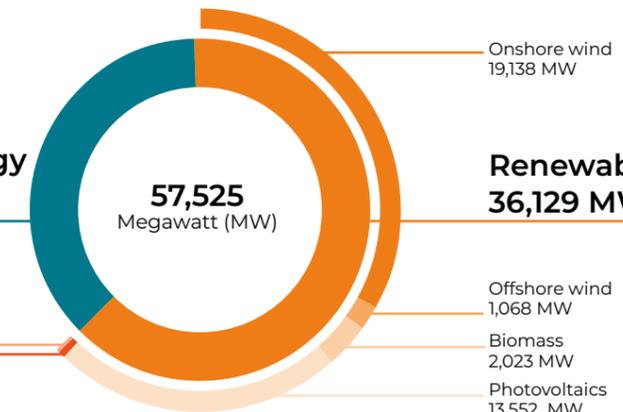
50HERTZ IN GERMANY



Conventional energy
21,396 MW

Geothermal energy and landfill, sewer and mine gas
67 MW

Hydropower
281MW



Onshore wind
19,138 MW

Renewable energy
36,129 MW

Offshore wind
1,068 MW

Biomass
2,023 MW

Photovoltaics
13,552 MW



50HERTZ IN GERMANY

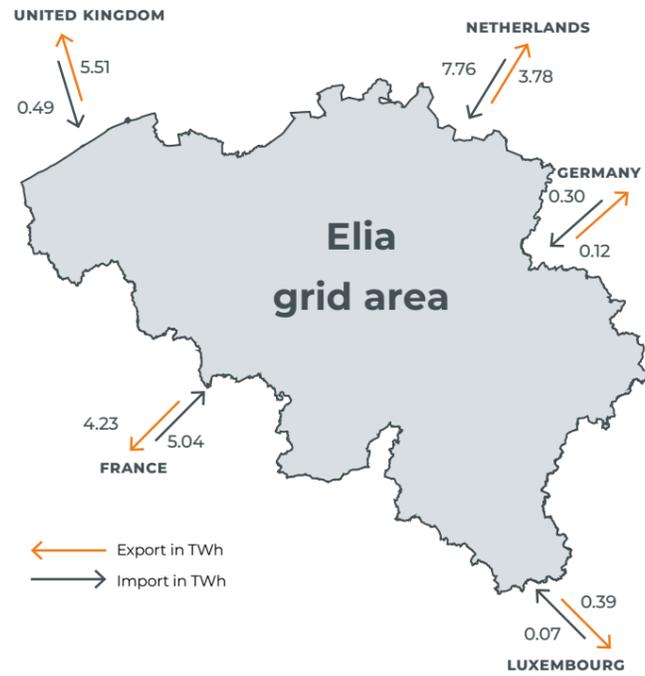
CHANGE IN THE SHARE OF RENEWABLE ENERGY IN ELECTRICITY CONSUMPTION



3.3. Energy import & export

GRI 102-6, GRI 302-2

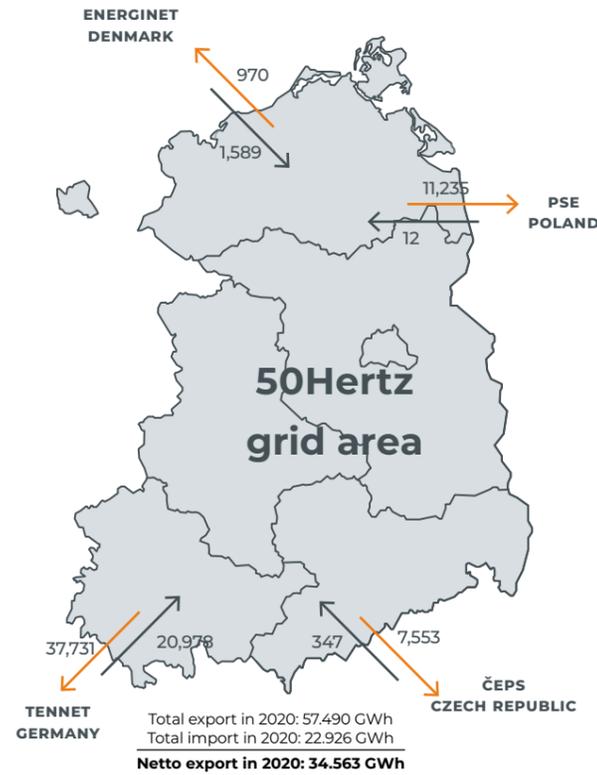
ELIA IN BELGIUM



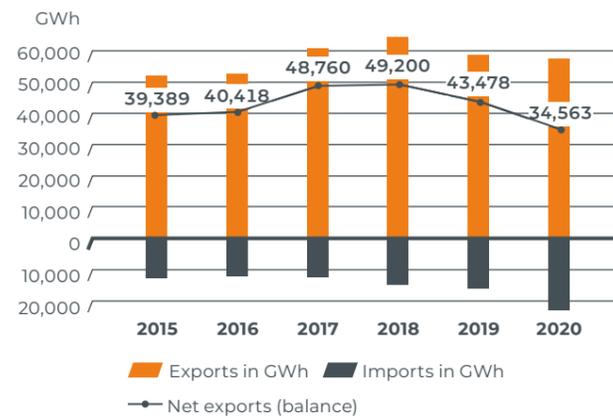
ALEGrO, the first interconnector between Belgium and Germany, was inaugurated in November 2020. The connection will enable the two countries to exchange 1,000 MW (1 GW) of additional electricity (approximately equivalent to the electricity consumption of a city with a population of one million).



50HERTZ IN GERMANY



CHANGE IN EXPORTS AND IMPORTS IN THE 50HERTZ CONTROL AREA

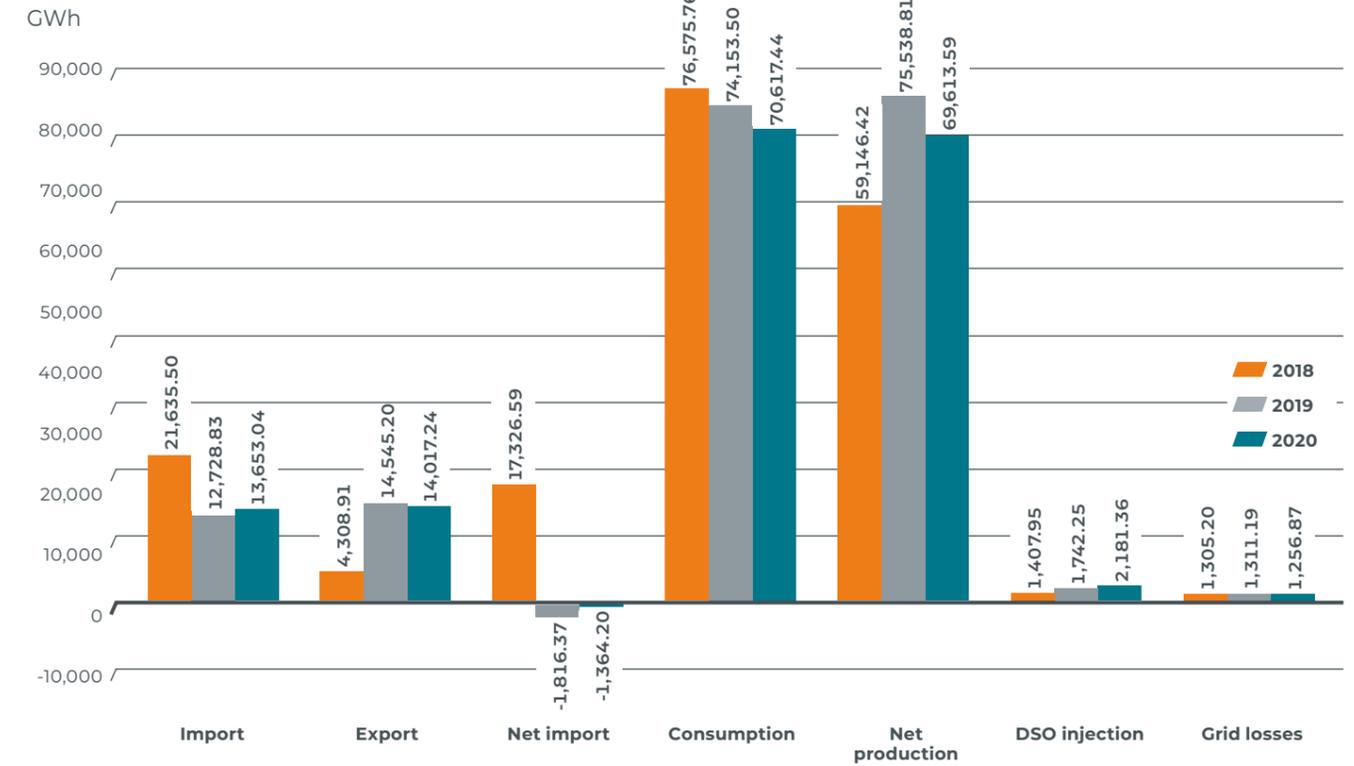


In October 2020, 50Hertz and Danish grid operator Energinet jointly organised the inauguration of the world's first hybrid interconnector, the Combined Grid Solution (CGS). The CGS connects two substation platforms in the Baltic Sea both to each other and to the existing land connections of the offshore wind farms. This means that the CGS can transmit offshore wind power to Denmark or to Germany and can also be used for cross-border electricity trading.

3.4. Energy balance

ELIA IN BELGIUM

ENERGY BALANCE



3.5. Grid Losses

G4-EUS-EU12

Grid losses are the difference between the amount of electricity entering the grid and the amount of electricity supplied. They are unavoidable when transmitting electricity and depend on voltage and length, among other factors. They take the form of current heat losses in transmission lines, transformers and other system elements as well as leak and corona losses.

The high-voltage direct current (HVDC) technology used for interconnectors is more suitable than conventional three-phase alternating-current technology for transmitting large quantities of electricity with low grid losses and optimal control over long distances.

When assessing the carbon footprint of a TSO following the GHG Protocol, grid losses are accounted for in its Indirect emissions (Scope 2). For further details on our Carbon assessment, see Section 8.2.1. Emissions – GHG Emissions.



ELIA IN BELGIUM

In Belgium, there is a distinction between two categories of grid losses:

- Losses on the grid monitored at federal level (> 150 kV) compensated with kind in accordance with federal legislation;
- Losses on the grid monitored at regional level (< 150 kV)

In 2020 the grid losses of Elia totalled 1.3 TWh. Transmission losses as a percentage of total energy (electricity transmitted): 1.8%

Grid losses	unit	2020
Federal level (from 150 kV)	MWh	717,811
Regional level (less than 150 kV)	MWh	539,061
Grid losses total	MWh	1,256,872

The losses are calculated using the EMS State Estimator. The EMS models the entire Belgian network, listing each network element. The State Estimator will estimate the state of each network element on the basis of measurements taken in real time and the system modelling parameters.

50HERTZ IN GERMANY

In 2020 the grid losses of 50Hertz totalled 2.2 TWh. Transmission losses as a percentage of total energy (electricity transmitted): 2.08%. 50Hertz has already premeditated the South-East Link between Saxony-Anhalt and Bavaria, the first 525 kV high-voltage direct current (HVDC) transmission line in its grid area. This technology is more suitable than conventional three-phase AC technology for transmitting large quantities of electricity with low grid losses and optimal control over long distances.

To be able to better predict the losses more precisely and to be able to purchase electrical energy for balancing more cost-effectively on the electricity market, 50Hertz has developed a new forecasting model based on artificial intelligence (AI). 50Hertz has developed the grid loss model in cooperation with the Fraunhofer Institute for Optronics, Systems Engineering and Image Analysis (IOSB) in Ilmenau.

4. Human Resources

GRI 102-7, GRI 102-8, GRI 103-2, GRI 401-2, GRI 401-3, GRI 405-1, SDG5, SDG8

4.1. Management approach

Elia Group owes its success entirely to the success of its employees. It is the company's responsibility to help them develop their skills, foster their health and commitment, involve them in decisions and guarantee equal opportunities for all.

Elia Group complies with international guidelines extending beyond its collective agreements and company agreements, such as the core labour standards of the International Labour Organisation (ILO: C87, C98 and C135) and the worker's rights set out in the UN Global Compact.

Elia Group is committed to promoting diversity out of conviction and in accordance with ILO Convention 111 and strictly condemns any discriminatory action in all work-related situations. All employees are equal regardless of their ethnic origin, age and gender, sexual identity, religious affiliation, political views, national or social origin or other factors. Elia Group is committed to valuing all employees and their abilities equally - regardless of their individual identity.

There were no cases of discrimination in 2020.

As part of the Group's sustainability initiative "Act Now", we have a Group Diversity and inclusion charter. In 2021, we will launch a Diversity & Inclusion Scan to better understand where we stand today in relation to these areas of action. This will lead us to a specific roadmap to work on our improvement. We also pursue our efforts in "occupational health and safety". The maintenance and further development of our values-based corporate culture is one of the top goals for the company and the strategic basis for all personnel-related decisions. Within the management team, responsibility for personnel strategy issues lies with the Group Chief Alignment Officer and the Group Talent Management Officer.

ELIA IN BELGIUM

In 2020, Elia received the **Top Employer** label for the third time in a row. According to the jury's report, Elia is particularly successful in the recruitment and selection of new talent. Efforts promoting corporate culture and the values and behaviours we want to develop were also rewarded with the highest score. Other HR policy strengths highlighted in the report are the progress made in the areas of employer branding, the policy for onboarding new employees and the integration of sustainability into our HR policy.

The proportion of women in Elia's overall workforce is 19.59%. As of 31 December 2020, the share of women in the first and second management levels among the extended management was 20.93%, in the third management level 22.8%, in the Board of Directors 35.71% and in the Executive Committee 37.5%

The average age of employees at Elia is 42.4 years, which is stable compared to the previous years.

50HERTZ IN GERMANY

50Hertz is a member of the Diversity Charter, a work initiative to promote diversity in companies and institutions, and participated in the nationwide Diversity Day for the second time in the reporting year with a program to raise awareness among employees.

As part of the Act Now initiative, the 50Hertz management has agreed to increase the proportion of women in the overall workforce, in leadership positions and in management to at least 30 percent by 2030. As of 31 December 2020, the share of women in the first and second management levels among the extended management was 21%, in the third management level 14%, in the supervisory board 33% and in the executive board 17%.

Promoting diversity and equal opportunities at 50Hertz also means giving people with health impairments the same opportunities as colleagues without health impairments.

The average age of employees at 50Hertz has fallen slightly compared to the previous year and is now 42.5 years.

AVERAGE AGE

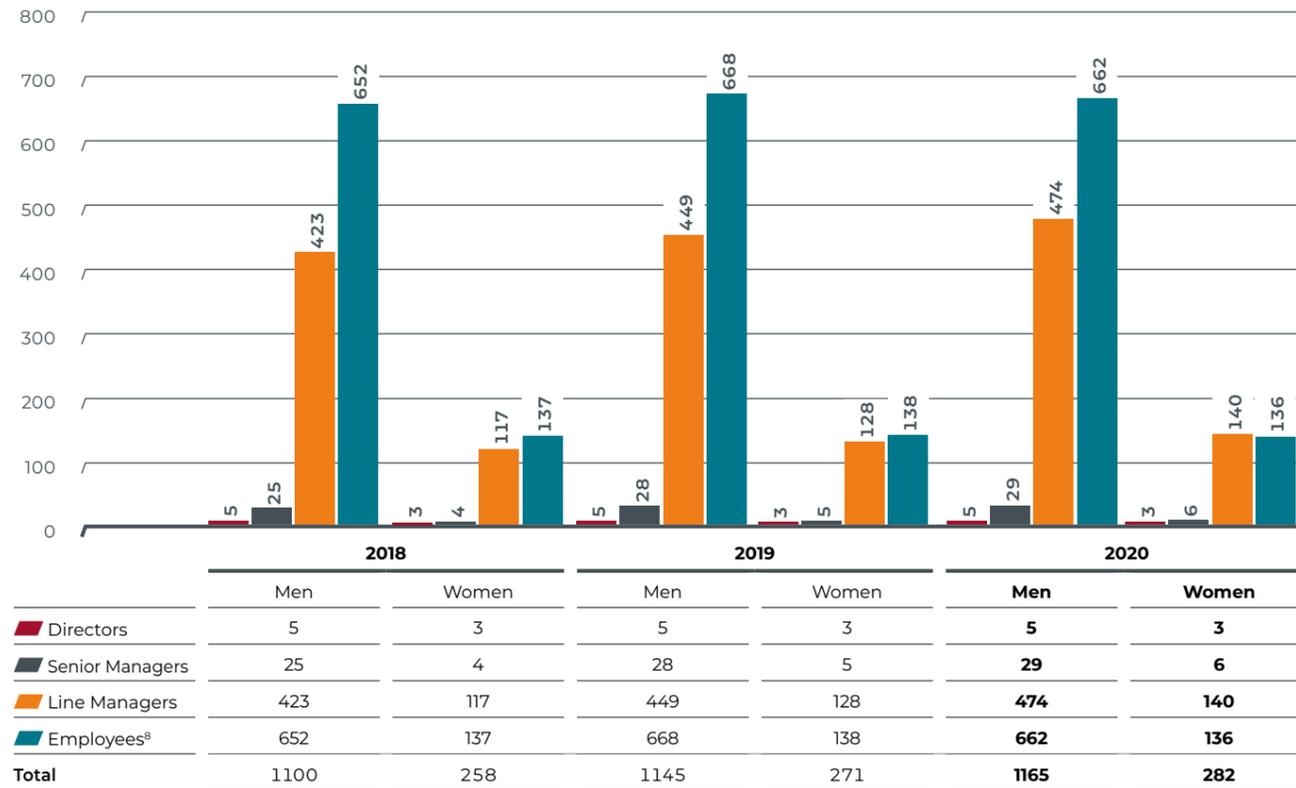
AGE	YEARS
Total for 50Hertz	42.5
Employees covered by collective agreements	41.9
Employees not covered by collective agreements	47.8
Executives	51.3
Management	53.2

4.2. Head Count

GRI 102-7, GRI 102-8, GRI 405-1

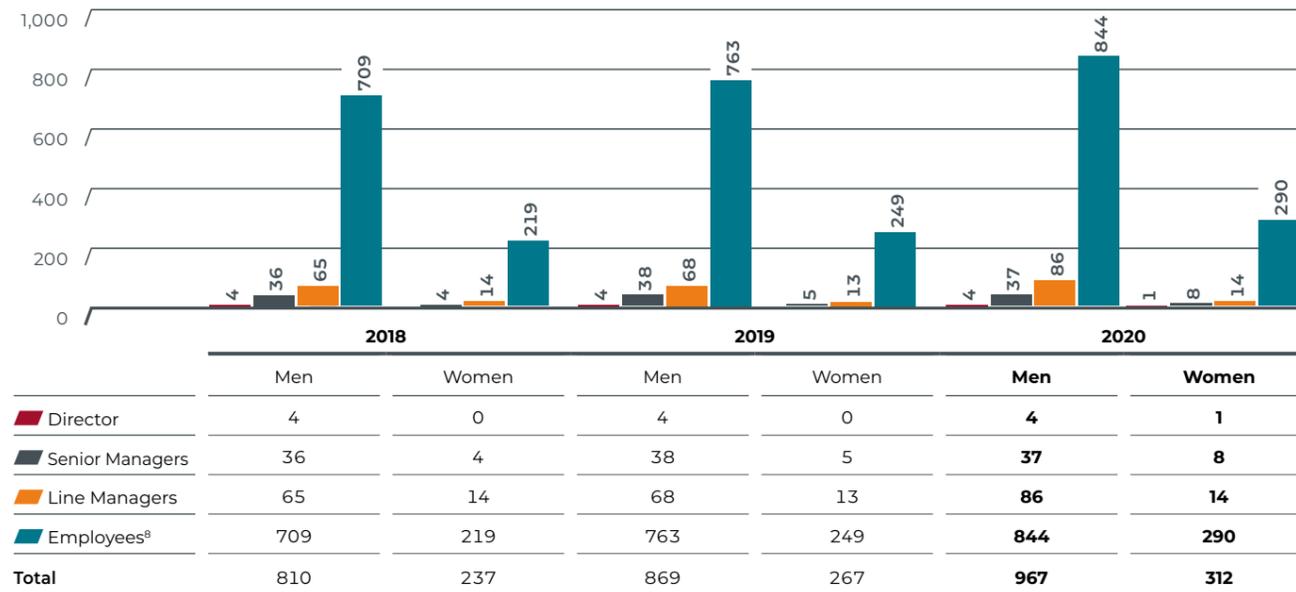
ELIA IN BELGIUM (subsidiaries included: ESO, ETB, EE, EA, EGI and Eurogrid International)

BREAKDOWN BY RESPONSIBILITY LEVEL AND GENDER



50HERTZ IN GERMANY

BREAKDOWN BY RESPONSIBILITY LEVEL AND GENDER



⁸ Technical and administrative staff

4.3. Workability

GRI 401-1, GRI 401-2

Elia Group employees benefit from a family-friendly work environment and the opportunity to strike a work-life balance.

The early recognition and prevention of work-related illnesses and the ability to remain employable are also integral parts of occupational health and safety at Elia Group (see also Section 5. Safety). In order to achieve these goals, Elia Group guarantees sufficient occupational medical precautions, the focus of which is on individual protection and individual prevention of health risks. In addition, Elia Group regularly provides company medical consultations, vaccinations and advice on workplace ergonomics for all employees.

A qualified counselling service is available to employees at all times in confidence in the event of individual stress, conflicts or problems of addiction. Employees can also take part in various public sporting events.

In order to improve our HR environment continuously, there is always an exit interview for leavers to better understand the reasons of departure.

New employee hires and employee turnover

ELIA IN BELGIUM (subsidiaries included: ESO, ETB, EE, EA, EGI and Eurogrid International)

NEW EMPLOYEE HIRES 2020



EMPLOYEE TURNOVER 2020



- New hires include all new employees within the planned budget and all the employees that were recruited as additions to the original budget.

Changes in positions are not included.

- The number of leavers is determined based on all employees leaving the company as a result of dismissal, retirement or resignation from 1 January to 31 December of the year concerned.

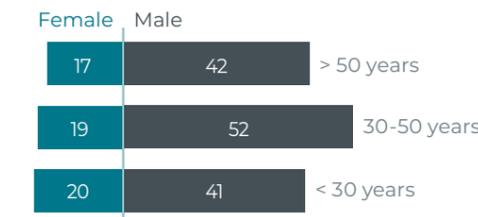
New Hires	2018		2019		2020		
	Number	rate (%)	Number	rate (%)	Number	rate (%)	
Total	89	7%	132	9%	100	7%	
New hires per gender	Men	66	74%	107	81%	73	73%
	Women	23	26%	25	19%	27	27%
New hires per age category	< 30 year	36	40%	51	39%	26	26%
	30 < 50 year	47	53%	70	53%	55	55%
	>= 50 year	6	7%	11	8%	19	19%

Employee Turnover	2018		2019		2020		
	Number	rate* (%)	Number	rate* (%)	Number	rate* (%)	
Total	46	3.4%	43	3.1%	47	3.2%	
Employees who left Elia per gender	Men	31	2.3%	34	2.4%	34	2.3%
	Women	15	1.1%	9	0.6%	13	0.9%
Employees who left Elia per age category	< 30 year	7	0.5%	9	0.6%	6	0.4%
	30 < 50 year	36	2.7%	34	2.4%	23	1.6%
	>= 50 year	3	0.2%	0	0.0%	18	1.2%

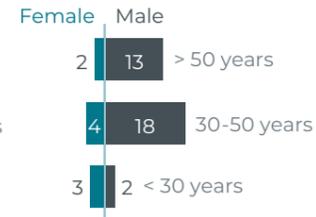
* Turnover rate = # employees who left / (#employees begin of year + #employees end of year) / 2

50HERTZ IN GERMANY

NEW EMPLOYEE HIRES 2020



EMPLOYEE TURNOVER 2020



Parental leave

GRI 401-3

ELIA IN BELGIUM

In Belgium, every worker has the right to take four months of parental leave (either fulltime or fractional).

NOTE: It is not possible to report on the total number of employees within Elia who are entitled to this type of leave as they may have already taken this leave while working at another company.



		2018		2019		2020	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
TOTAL	Men	57	66%	75	67%	111	66%
	Women	30	34%	37	33%	58	34%
Full time parental leave (>=1 month)	Men	31	-	39	-	34	-
	Women	16	-	21	-	18	-
	Total	47	54%	60	54%	52	31%
Parental leave as a deduction of full time employment	Men	26	-	36	-	77	-
	Women	14	-	16	-	40	-
	Total	40	46%	52	46%	117	69%

50HERTZ IN GERMANY

In order to give mothers and fathers the necessary flexibility for childcare, a company agreement on better work-life balance is in place, among other measures. It regulates issues such as parental leave, support services, flexible working hours, special leave and sabbaticals as well as career advancement. The 50Hertz Netzquartier also has a day-care centre for employees' offspring, which also offers places for children from the neighbourhood. In addition, a parent-child office has been set up for short-term childcare bottlenecks. In job advertisements

at 50Hertz, the so-called Flexi-Compass provides information about possible part-time and flexi-time work. Employees whose work is suitable for this are to be granted spatial flexibility and self-organisation of their work in order to better reconcile personal interests and operational requirements. The company principles for this are provided by the guideline on mobile working, which was converted into a general company agreement on "mobile working" in the reporting year.

PARENTAL LEAVE

Number of employees on parental and caregiver leave	9
of which male	4
of which female	5
Number of employees on parental leave 01.01.2019-31.12.2020	67
of which male	47
of which female	20

Retirement

G4-EUS-EU15

ELIA IN BELGIUM

	5 years	10 years
Percentage of employees eligible to retire in the next 5 and 10 years	11.40%	11.80%

50HERTZ IN GERMANY

PERCENTAGE OF WORKFORCE EXPECTED TO RETIRE IN THE NEXT FIVE YEARS	M	W
Total for 50Hertz Transmission	6.0%	1.6%
Directors	0%	0%
Senior managers	13.6%	0%
Line managers	5.0%	0%
Employees	5.8%	1.8%

PERCENTAGE OF WORKFORCE EXPECTED TO RETIRE IN THE NEXT TEN YEARS	M	W
Total for 50Hertz Transmission	12.9%	3.3%
Directors	20.0%	0%
Senior managers	22.7%	0%
Line managers	18.6%	0%
Employees	12.2%	3.8%

4.4. Employee survey

In 2020, for the first time, the employee survey was organised at Group level using the same questionnaire and approach. For the first time, questions on the topic of diversity were asked in a section on corporate culture.

87% of Elia Group employees answered the questionnaire, showing a great level of interest.

The results of the survey were also positive. The commitment index is around 70, which is above the average of other companies that conducted a similar survey and then demonstrate the high engagement of our workforce.

The detailed results will be discussed across the organisation and throughout the hierarchy. In a follow-up process starting in the first quarter of 2021, company-wide fields of action and measures for the individual teams will be derived.

4.5. Training

GRI 404-1

To realise our vision and master the challenges of tomorrow, the Group needs motivated employees, since they are a key success factor in times of constant change. In addition to training on technical and safety skills required to perform tasks specific to our core business (training specifically focusing on safety is detailed in 5.2.), Elia Group employees are offered individually tailored further training and relevant additional qualifications.

Systematic succession planning ensures that sufficient numbers of potentially suitable employees are available for all management positions and that vacancies can be filled internally wherever possible. To this end, talent is identified and promoted - for example through programmes for "young professionals" that are jointly developed and offered within Elia Group. Programmes for upgrading employee skills and career transition assistance programmes (including innovation, "intrapreneurship", leading the change and external education programmes).

Elia Group attracts qualified young talent via its own in-house training, via a 24-month trainee programme and via the supervision of internships as well as diploma, bachelor's and master's theses in cooperation with universities and universities of applied sciences.

An Elia Group talent programme was launched in the third quarter of 2020 to complement the existing programmes. Talent@Elia Group is one of the top projects in the Elia Group Business Plan. Against the backdrop of an ever-changing environment and digital transformation, the project team will develop a common - and sustainable - integrated and comprehensive framework for Group-wide talent and competency management.

In addition, managers can take specific training modules to develop their own leadership skills.

ELIA IN BELGIUM

In 2020, 8 students joined Elia in the context of internships or theses and 34 "internal consultants" (who follow the 24-month trainee program) were employed at the company.

The average number of hours for training and further education, excluding regular safety instructions, was 22 hours per male employee and 11 hours per female employee in the reporting year.

50HERTZ IN GERMANY

In 2020, a total of 79 student employees and 7 trainees were employed at 50Hertz. Currently, 29 young people are completing industrial or commercial training. The trainee ratio was therefore 2.2%. In a survey for our "Fair Training" certificate, which we received again, it came out that 93.3% of our trainees and dual students want to stay at 50Hertz after they graduate. In 2020, all trainees and dual students received a follow-up contract and were hired. The average number of hours for training and further education, excluding regular safety instructions, was 8.67 hours per employee in the reporting year.

4.6. Remuneration policies

GRI 102-38, GRI 102-41, GRI 405-2

Elia Group's remuneration policy focuses on attracting and retaining our best talents, rewarding performance and supporting the culture of feedback and continuous development when possible.

Remuneration is in line with requirements and performance, regardless of gender, and is supplemented by extensive social benefits and a company pension scheme.

In addition, with the Elia Group share programme, employees have the opportunity to participate in the success of the previous financial year. For the eighth time in 2020, every employee was offered shares at a preferential price.

Elia Group transparently discloses the total remuneration of the management team in the consolidated financial statements and shows the fixed and variable total remuneration as well as company pensions and other benefits for management. The basic features of the remuneration system are explained and detailed in the corporate governance statement.

ELIA IN BELGIUM

Elia negotiates collective agreements for the 'non-exempt population' together with the energy sector. For the 'exempt population', our remuneration practice is based on internal equity combined with market competitiveness, maturity in the role, respect for corporate values and safety leadership, and performance – all irrespective of gender.

Elia is willing to disclose its annual total compensation ratio. We are working internally on the calculation method and making every effort to achieve this soon.

50HERTZ IN GERMANY

The Mining, Chemical and Energy Industrial Union (IG BCE) is negotiating the collective agreements together with the Employers' Association of Energy and Utility Companies (AVEU). For the first time since 2013, a separate collective agreement was negotiated for 50Hertz in 2020 and it was decided to continue the talks on the general working conditions (framework collective agreement).

The remuneration of the highest paid employee compared to the median of the total annual remuneration of all employees is a factor of 6.5.

4.7. Incentive systems

The remuneration of employees includes success and performance-related elements that provide an incentive to achieve our common corporate objectives as well as the individual objectives derived from them. All employees receive regular performance and career development reviews. Some collective objectives also relate to the environment of sustainable corporate governance, such as compliance with occupational health and safety and, at 50Hertz, successful social dialogue.

4.8. Social Dialogue and Codetermination

GRI 402-1

Elia Group is committed to freedom of association, collective bargaining and the protection of employee representatives. Particular emphasis is placed on trust and constant cooperation with all trade-unions. A cross-company dialogue takes place in Elia Group's European Works Council with representatives of Elia and 50Hertz.

Social consultation at Elia Group involves information provision, dialogue and negotiation via the statutory consultative bodies, such as the works council, the committee for prevention and protection at work and the trade union delegation. These bodies consist of a representation of the employee and of the employer. Each body has an advisory mission for certain matters and a decision-making mission for certain matters.

In addition to these legal bodies, we involve our social partners in social consultation and dialogue via involvement in work-groups to jointly prepare the implementation of our strategy.



5. Safety

GRI 103-2, GRI 403-1, GRI 403-2, GRI 403-3, 403-6, 403-8

5.1. Management approach

As high-voltage electricity transmission operators, Elia and 50Hertz operate facilities where accidents, asset failure or external attacks may cause harm to people. The safety and welfare of all individuals (Elia Group's staff, the staff of contractors and third parties) is a key priority and a daily preoccupation for the Group and the relevant subcontractors. The Elia Group companies have implemented a Health and Safety policy and they undertake safety analyses and promote a safety culture.

Elia Group applies the highest safety standards for its employees, contractors and everyone coming into contact with its infrastructure. An Elia Group Safety Officer position has been established.

Every employee is instructed to consciously recognise hazards, report them immediately, and submit suggestions for promoting safe and healthy working conditions.

Employees' personal Protective Equipment (PPE) is always kept up to date, new PPE is tested by wearing it and the catalogue is adapted to requirements.

As part of our commitment to safety, Elia Group is continuously working towards a zero accident rate for all types of work-related accidents, not just electrical risks.

Accordingly, occupational health and safety and injury and illness prevention are integrated into our corporate strategy and are part of the Group's Act Now sustainability programme.

In the year under review, the Elia Group companies joined the European Union's Vision Zero health and safety initiative to actively promote benchmarking and peer learning.

The early detection and prevention of work-related illnesses and the preservation of employability are also fixed components of occupational health and safety at Elia Group. To achieve these goals, Elia Group ensures appropriate occupational health care, which focuses on individual protection and the prevention of health hazards. In addition, Elia Group provides regular company medical consultations, protective vaccinations and advice on ergonomics at the workplace for all employees. Qualified external counselling is available to employees in confidence at any time in the event of individual stress, conflicts or addiction problems. Employees can also take part in various public sports events.

ELIA IN BELGIUM

In Belgium, the GO FOR ZERO safety programme (started in 2015) aims to embed the safety culture within Elia and with contractors; it includes all projects.

For Elia, it was important to measure our safety culture – the way safety is experienced at Elia – to know where we are and what we can still improve. In November 2020, Elia obtained

“Safety Culture Ladder level 3” certification. We were awarded this certification following an audit of our company in September 2020 by the external organisation KIWA. The Safety Culture Ladder measures the maturity level of a company's safety culture. This exercise shows that we must continue to strengthen our security management tools, in line with the Go4zero project.

This audit will be used to identify our priorities and establish our global prevention plan for 2020-2025.

Elia has also signed a two-year-partnership with VIAS, the Belgian road safety Institute, in order to promote road safety among its employees and raise their awareness of risks and good practices as road users (motorists, cyclists and pedestrians) in their professional and private travel.

In addition to the sector-specific risks, we also address risks related to the wellbeing of our employees with the Care4Energy programme that ensures their wellbeing by targeting their mental, physical, emotional and personal development.

Pulse check surveys: in the new and difficult context of the Covid-19 pandemic (and subsequent lockdowns), Elia regularly invited its employees to fill in surveys in order to better understand how they were coping with the situation and to determine what could be done to better support them. Online relaxation sessions were also organised.

50HERTZ IN GERMANY

At 50Hertz, protecting life and health is a top priority. This is backed up by our Health and Safety Policy, which is binding for all employees. The occupational health and safety management system (OH&S) in accordance with DIN ISO 45001:2018 was confirmed in a monitoring audit in the reporting year without any deviations. As part of an annual internal audit plan, ten audits were conducted for the continuous development of the management system.

In order to further raise awareness of occupational health and safety issues among 50Hertz employees and suppliers, additional elements were added to the “gib8” campaign. In 2020, two special briefing packages - consisting of audio-visual materials and booklets - were created to support the briefing of internal and external employees in special onshore and offshore work environments.

An occupational safety competition is also held once a year to further raise awareness and motivate the workforce. This involves taking into account the accident figures for the individual locations from the previous year as well as testing knowledge of occupational safety and then anchoring it in a practical test that changes from year to year.

5.2. H&S Training

GRI 403-5

Elia Group continuously trains its staff. There is a compulsory training path for all field employees that is updated periodically. All employees are regularly instructed about workplace-specific hazards and measures to avoid them.

Elia Group also provides training materials, training and tests for contractors.

ELIA IN BELGIUM

In addition to the refresher trainings for our operational teams, we also ensure that they are continually informed about the evolution of procedures and working methods, and that they are able to learn from our experience feedback.

Safety flashes are also sent out to our own staff and contractors on an ad hoc basis when Elia identifies specific risks associated with working with specific tools or reminders of our good practices.

Due to the nature of our activities, the training trajectory could not be altered even during the COVID-19 pandemic, a series of training sessions were thus converted to webinars or maintained on the field with all the appropriate protection measures.

50HERTZ IN GERMANY

Topics of instruction for operational employees in the regional centres are distributed over six dates per year. Employees in administrative areas are given training on at least one date per year.

For work requiring personnel to wear personal protective equipment (PPE) to protect them from falls from a height, said personnel must complete annual practical exercises on the use of PPE and on rescue from heights and depths. The content of annual training on overhead line pylons and transformers is determined on the basis of the 50Hertz rescue concept, whereby a uniform level of knowledge is promoted among employees as well as an exchange of knowledge across sites.

In a special safety training course, the offshore rescue of people in distress was trained in the reporting year. Both the rescue chain and the personal protective equipment (PPE) proved to be effective.

5.3. Inspections

GRI 403-2

Occupational health and safety protection is not limited to our own employees.

Elia Group's stringent standards also apply to external contractors working on Elia Group sites. During the contracting process and later, every effort is made to ensure that suppliers comply with Elia Group strict safety requirements.

Both the safety team and management carry out inspections on a regular basis.

ELIA IN BELGIUM

Within the context of the *Safety Culture Ladder* certification trajectory (see above), external auditors visited some of our administrative sites, made six site visits and organised 25 interviews with management and 49 with employees and contractors.

These audits will be used to identify our priorities and establish our global prevention plan for 2020-2025.

Operational managers and the Safety team regularly go out into the field to observe how activities are organized and carried out, both for our own teams and those of our contractors.

Safety-related visits to workplaces and worker behavior are an essential part of the dynamic risk management system. Listening to and observing management allows adaptations of methods or equipment, management coaching allows a better adherence of the staff to the company's methods and behaviors.

We have adapted our safety visit system to better put this approach into practice, with the aim of promoting specific behaviors that characterize a proactive safety culture throughout the company: Transparency and the Willingness to Learn.

In the reporting year, 1142 construction sites visits were carried out.

50HERTZ IN GERMANY

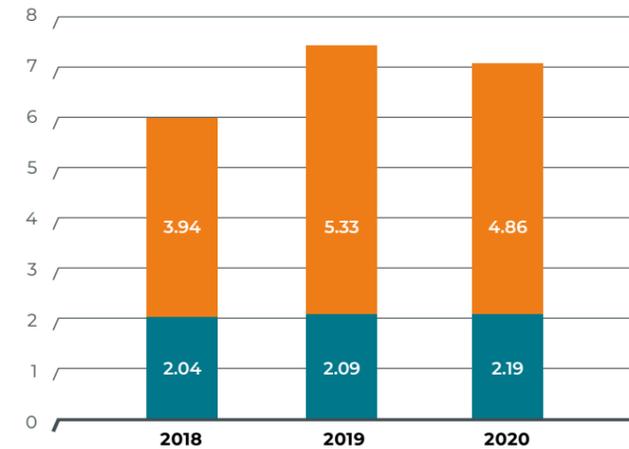
Already at the time of commissioning and later via IT-supported construction inspections with specially trained 50Hertz employees, it is verified that the suppliers comply with 50Hertz's high safety standards. In the reporting year, 933 construction site inspections were carried out (1,260 in 2019). Incidents relevant to occupational safety and environmental protection that occurred at contractors working on behalf of 50Hertz were analysed together with the contractors concerned in accordance with a defined process. Measures to avoid similar accidents and incidents were derived, implemented and documented under the control of a central evaluation commission. In accordance with this process, a total of 32 environmental incidents, accidents, near-accidents and safety-relevant incidents were evaluated together with contractors in the reporting year.

5.4. Accidents

GRI 403-9

ELIA IN BELGIUM

WORK PERFORMED (MILLION HOURS)



Our goal is zero accidents, not only for our own employees, but also for our contractors, the distribution system operators and anyone else near our facilities.

The key indicators show very good performance in 2020. The COVID-19 pandemic did not slow down our activities for guaranteeing grid reliability. Our entire maintenance and investment programme was executed as planned with a remarkably low number of accidents.

Safety is always Elia's number-one priority; therefore we provided figures for both employees and contractors.

Number of hours performed by subcontractors (Million)
 Number of hours performed by Elia employees (Million)

ELIA ACCIDENT STATISTICS

		2018	2019	2020	
Employees	#employees injured with at least 1 missed workday	Men	4	4	1
		Women	2	0	0
	#work related fatalities	Men	0	0	0
		Women	0	0	0
	Accident rate ⁽¹⁾		2.9	1.9	0.5
	Total recordable injury (TRI) rate ⁽²⁾		7.3	5.7	5
Contractors	Accident severity ⁽³⁾		0.11	0.05	0
		Fatal accidents	Nr.	0	0
	#accidents (with & without lost time)	Total	44	41	27
		Accident rate ⁽¹⁾		5.6	3.4
	Total recordable injury rate (TRI) ⁽²⁾		11.1	7.7	5.5
	Fatal accidents	Nr.	1	0	0

(1) Number of work related accidents with missed time (>1day) x 1,000,000/number of hours worked
 (2) Number of work related accidents x 1,000,000/number of hours worked
 (3) Number of missed days due to work-related accidents in calendar days x 1,000 / number of hours worked

50HERTZ IN GERMANY

ACCIDENT STATISTICS

	31 DEC 2018	31 DEC 2019	31 DEC 2020
Work-related accidents at 50Hertz (with at least two days of downtime)	3	0	6
Frequency rate ¹	2.0	0.6	3.9
Severity rate ²	0.02	0.00	0.03
Number of accidents in contracted companies	11	18	12

¹ Number of work-related accidents resulting in downtime (at least one day) x 1,000,000=number of hours actually worked
² Number of calendar days of downtime due to work-related accidents x 1,000=number of hours actually worked

6. Suppliers, human rights and local added value

6.1. Management approach

SDG 12, GRI 102-9, GRI 103-2, GRI 204-1, GRI 308-1, GRI 308-2, GRI 414-1

Elia Group is required to comply with European tendering rules. The application of these rules and other internal guidelines ensure that every supplier receives the same non-discriminatory and transparent treatment and that the information sent is treated confidentially. The processes for selecting suppliers and signing new contracts are based on an evaluation of multiple criteria. Elements relating to sustainability are integrated in the tendering contract and the general purchasing terms and conditions, which are signed by the suppliers.

Elia Group is committed to incorporate its strong ethical principles in the procurement process, and to having a positive impact on its wider environment via the purchases performed. It also aims to avoid risks arising from non-compliance with certain rules and norms within the supply chain. The position of Head of Group Procurement was established in order to enhance this process.

In 2018, Elia drafted a Supplier Code of Conduct containing internationally recognised principles regarding ethical conduct, health and safety, the environment and social aspects. This code now applies to the entire Elia Group and is systematically included in the documents for European procurement procedures.

In order to deploy this set of principles as a lever for a positive supply chain impact, we set up a risk-based approach. For all purchasing categories we assess risks based on traditional supply chain risks and supply chain sustainability risks. A matrix is drawn up to prioritise supplier engagement activities. To rationalise resource and impact management we aim to focus on those suppliers, who are most relevant from that risk perspective.

At Elia, we started the roll-out of an in-house, Sustainability Supplier Self-Assessment questionnaire aimed at high-risk suppliers and some hand-picked, medium-risk suppliers to understand their level of engagement in terms of ethical conduct, social aspects, health and safety and environment.

European TSOs want a greener economy

In a joint statement entitled *The Greener Choice*, high-voltage grid operators from Austria, Belgium, France, Germany, Italy, the Netherlands, Spain and Switzerland announced that they want to help stimulate an ever greener economy as soon as possible by making their purchasing more "green" and thus sustainable – a reference to the European Green Deal.

6.2. Suppliers and expenditures in EURO-Zone

GRI 204-1

ELIA IN BELGIUM

At Elia, we started the implementation of an in-house Sustainability Supplier Self-Assessment questionnaire in the procurement process of specific purchasing categories to understand the level of engagement of the interested suppliers in terms of ethical conduct, social aspects, health and safety and environment.

Procurement outside the EURO-zone countries is very limited (below 5%) and the large majority of it is IT and consultancy

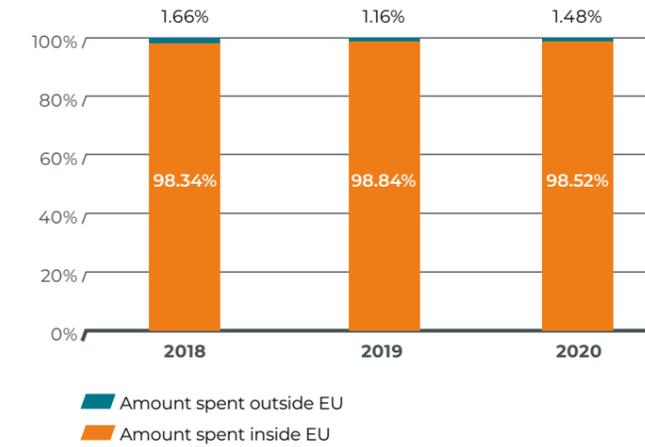
related. The environmental impact is also considered in the awarding criteria. Elia complies with the high EU or Belgian standards in terms of environment, social responsibility and worker wellbeing.

A specific evaluation of the safety aspects is carried out separately since it is crucial for Elia to have suppliers on board that share the same values when it comes to the importance of safety.

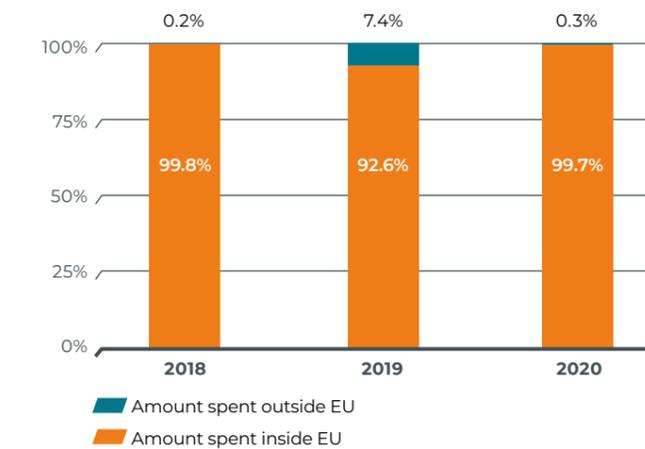
	2018	2019	2020
Number of EURO-zone suppliers	2,305	2,271	2,236
Number of non EURO-zone suppliers	116	109	101
Number of non-EURO countries within Elia suppliers	19	16	17

ELIA IN BELGIUM

SPLIT YEARLY SPEND EURO VS NON-EURO



SOHERTZ IN GERMANY



6.3. Human rights

GRI 414-1

Elia Group acknowledges its responsibility to respect human rights and naturally respects the rights to privacy, personal safety, freedom of expression and property rights of employees, residents and customers. Elia Group also takes responsibility for compliance with social standards in the supply chain. For this reason, Elia and 50Hertz are not only members of the United Nations Global Compact, but are also committed to the core labour standards of the International Labour Organisation (ILO).

In order to ensure that business partners also comply with internationally valid rules on human rights - such as the ban on forced labour and child labour - sustainability and ethics are essential components of the supplier and service provider evaluation. Elia Group suppliers commit to a common, binding Code of Conduct in their cooperation. This is an integral part of all Elia and 50Hertz supplier contracts. In addition, both raise awareness of sustainable action in regular discussions and thus convey an understanding of compliance with ethical principles and guidelines for sustainable development. All orders are placed centrally in Belgium or Germany. In this respect, all Elia and 50Hertz business locations are screened for human rights due diligence issues and anti-corruption.

50HERTZ IN GERMANY

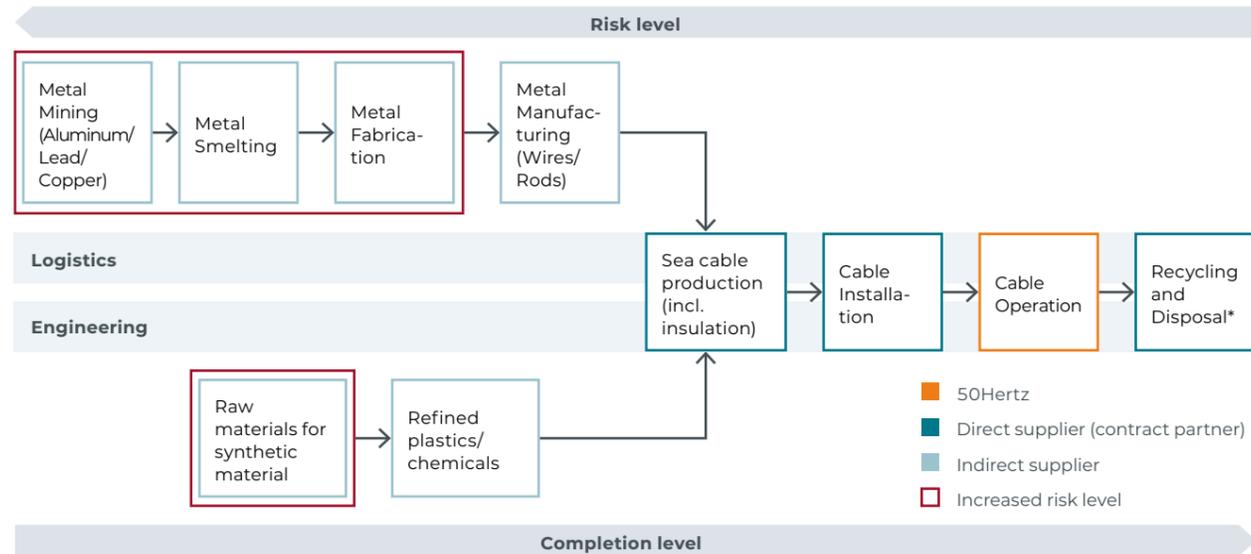
Based on the human rights due diligence requirements anchored in the German National Action Plan (NAP), 50Hertz conducted an analysis of its direct and indirect supply chains. As a result, four human rights risks could be prioritised:

- Occupational health and safety
- Environmental protection and health
- Employment and working conditions
- Freedom of association and expression

50Hertz is examining the identified risks in an in-depth analysis of the submarine cable value chain. Submarine cables are used in offshore activities and are suitable for analysis due to their complex supply chain and high investment volume. The analysis includes interviews with 50Hertz's direct suppliers in order to determine and track the risk potential of past steps in the value chain and to derive suitable measures.

The successive expansion of supply chain management on sustainability topics will be continued in the coming years. The results will be shared at Group level.

SEA CABLE SUPPLY CHAIN



* Currently deprioritised due to non applicability (end of product life cycle still unknown)

7. Stakeholder Engagement

7.1. Management approach

GRI 102-40, GRI 102-42, GRI 102-43, GRI 103-2

Involving stakeholders upstream helps to improve their understanding of the need for infrastructure in benefit for the society and can optimize the associated processes, Elia Group regularly contacts and exchanges information with various stakeholder groups.

Elia Group's stakeholder environment is continuously analyzed and defined. Depending on the specific strategic topics, Elia and 50Hertz have contacts with public authorities and administrations, political parties, local citizens, civil society (associations representing environmental, economic, agricultural or other interests) or clients directly connected to their grid.

GRI 413-1

ELIA IN BELGIUM

Within Elia, a Corporate Reputation Committee has been created, presided over by the Chief External Relations Officer in order to follow up, for selected issues, on the various stakeholder contacts organised by the relevant departments in Elia.

Elia has many stakeholders' initiatives. The method and frequency of engagement for each stakeholder group and the link to the material topics are summarised in the table below:

Stakeholder group	Mode of Engagement	Frequency	Main topics / expectations
Employees	- Performance management - Intranet - Donations	- Regular	- Employees - Human development - Employees - Wellbeing - Community involvement
Customers	- Customer satisfaction survey - Users' Group / Working Groups - Elia extranet - Annual	- 4 to 6 times a Year	- Transmission services - Environment - Fair operating practices
Society	- Social events - Engagement via own employees	- Regular	- Community involvement
Shareholders	- Shareholder meeting	- Regular	- General corporate performance incl. the contribution to society
Regulators	- Reports - Communication	- Regular	- Fair operating practices

Regarding public participation, Elia has developed a wide range of communication means (further detailed in the next section).



50HERTZ IN GERMANY

Internal, project-related guidelines regulate timelines and the interaction of project planning, approval, public participation and stakeholder management. This also includes comprehensive “lessons learned” processes that enable the company to continuously develop the standardised “toolbox” for public participation at 50Hertz. In addition, 50Hertz takes part in the debate on the quality of public participation, for example as part of the Bertelsmann Foundation’s Alliance for Diverse Democracy, and is a founding member of the Renewable Grid Initiative e.V. (RGI) and the Dialogue Society. (RGI) and the Dialog Gesellschaft e. V.

	FINANCIAL SECTOR			ENVIRONMENT/ SOCIETY							MARKET						
	Shareholders	Investors	Rating agencies	German Federal Network Agency	Political decision-makers	Non-governmental organisations	Citizens' initiatives	Trade unions	Public	Media	Employees	Research and education	Suppliers	Generators	Distribution system operators	Major consumers	Transmission system operators
DIALOGUE																	
OWN FORMATS																	
Reports	✓	✓	✓	✓	✓	✓						✓					
Press conferences		✓	✓							✓							
Telephone conferences		✓	✓														
Co-determination								✓			✓						
Information sessions		✓									✓		✓				
Conventions/conferences													✓	✓	✓	✓	
Scientific advisory committee											✓						
Partnerships with higher education institutes											✓						
Research work											✓						
Network meetings for visitor groups					✓												
Visitor groups					✓						✓				✓		✓
Cultural events									✓		✓						
Learning activities for children and teenagers									✓		✓						
Media relations work									✓	✓	✓						
Outreach activities					✓	✓		✓	✓	✓							
Publications						✓		✓	✓	✓							
FOREIGN FORMATS																	
Guest lectures								✓			✓						
Committees					✓			✓	✓								
Work and network meetings						✓	✓							✓		✓	

7.2. Community Relations and Public acceptance

GRI 102-21, GRI 102-29, GRI 102-43, GRI 102-44, G4 EUS Stakeholder Participation

Elia Group is convinced that early involvement with all stakeholders is vital to the success of the energy transition and the huge projects needed in order to achieve a sustainable grid expansion. Our approach is to contact and inform all parties for having their point of view, in order to improve the exchange and dialogue and build up trust.

A transparent and consistent approach aimed at meeting societal requirements and community expectations as far as possible will significantly improve the acceptance of projects. Furthermore, this approach must be clearly communicated to the various stakeholders from the outset of projects so that many concerns and anxieties can be reduced quickly. To achieve this objective, the Community Relations department developed an integrated communication and public acceptance methodology, integrating stakeholders and communication actions in a systematic way in the grid development in order not only to control the risk of costs and timing but also to be able to realize the best project in the interest of society.

Dialogue with the relevant stakeholders begins at a very early stage of project planning. In the concept phase of our projects, we are mainly working with civil society, local municipalities and academics. There is also a public consultation on the grid development plan. In a later phase, when projects are more concrete, an intensive dialogue is set up with the citizens.

Against the backdrop of the COVID-19 pandemic, we also adapted how we inform the citizens and the local authorities using more digital communication tools. We set up various information and consultation formats ranging from digital formats to one to one consultations. This approach gave us the possibility to maintain contacts with the stakeholders while complying with the restrictions and rules in effect during this difficult period.

OUR APPROACH

AVOID	REDUCE	OFFSET
 Avoid protected zones	 Visual integration of overhead lines and substations with vegetation	 Pylon types
 Avoid residential zones	 Group existing infrastructure	 Reforestation
 Upgrade or reuse existing infrastructure	 Architectural integration of the substations	 Bird markers, nesting boxes
		 Community projects
		 Financial compensation for owners
		 Financial compensation for farmers

ELIA IN BELGIUM

For the two most important projects in Wallonia and Flanders, Elia started an early participation process with civil society and some regional experts. The objective was to define the best project (responding to environment, economic and agricultural interests) and collect their opinion based on their different expertise. These processes are still ongoing and include now more representative parties and organizations. Specific reports on technology options for the project were delivered. For the Flanders project, a participative approach was set up with a project facilitator, a group of independent experts, representatives of citizens, municipalities and civil society in order to answer all questions and scenario's proposed by the local communities.

Elia communicates and cooperates transparently throughout the entire development process. In addition to the legally required preliminary public information meetings in the context of the development of this type of project, we organize a series of “info-markets”, which are information sessions for local residents. During 2020, 8 information sessions linked to the official permit process were organised to inform more than 11,000 people. These information moments were supported by several communication tools: invitation letters, citizen's information pack, brochures, flyers and roll-ups for the paper part; Press conferences and press releases; digital newsletters, Facebook posts, didactic videos; telephone hotlines with or without appointment and mailbox provision.

In 2020, Elia collaborated with the University of Liège and the ILVO⁹ and the Belgian professional associations of farmers on a literature review study to better understand the impact of high voltage infrastructure on agriculture.

Moreover, we developed a public reference framework to mitigate the impact of the realization of new infrastructure projects.

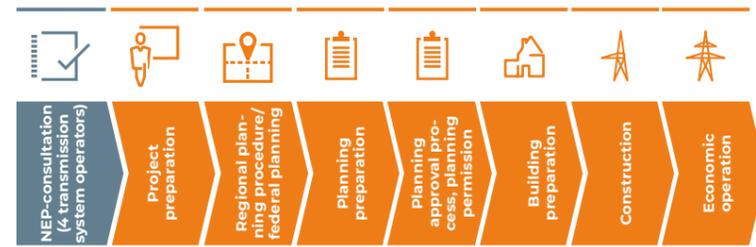
⁹ Flanders Research Institute for Agriculture, Fisheries and Food

50HERTZ IN GERMANY

50Hertz works according to VDI 7000 standards standards for this purpose. This enables a participation roadmap to be developed and implemented together with the region, which is based both on the standards of good early public participation and on the project specifics of the respective project. This is done because the information and participation needs of citizens vary in the regions where existing capacities are being reinforced or new

substations and lines are being built. 50Hertz would like to orient itself to these specific needs and conduct a dialogue on site. This is the only way to further improve planning, integrate local knowledge and turn those affected into participants.

Dialogues with stakeholders take place according to clearly defined specifications, in specified formats and via a standardised toolbox.



TARGET GROUPS	NEP-consultation (& transmission system operators)	Project preparation	Regional planning procedure/federal planning	Planning preparation	Planning approval process/planning permission	Building preparation	Construction	Economic operation
Policy and administration	✓	✓	✓	✓		✓	✓	✓
Citizens' initiatives	✓			✓	✓			
Residents		✓	✓	✓	✓	✓	✓	✓
Public interest bodies	✓		✓		✓		✓	
NGOs	✓		✓	✓				✓
PARTICIPATION								
World Café								
Group conferences			✓		✓			
Planning panels		✓		✓				
Dialogue mobile		✓	✓	✓	✓	✓		
1:1 discussions	✓	✓		✓				
Advisory board		✓	✓	✓	✓	✓	✓	
DIALOGUE								
Work groups (across all Federal states)		✓	✓	✓	✓	✓	✓	
Information market	✓*	✓	✓		✓			
Press talks			✓		✓			
Hotline		✓	✓	✓	✓	✓	✓	✓
Launches								✓
Regional events		✓	✓	✓	✓			
Project presentations	✓	✓	✓	✓	✓			
INFORMATION								
Public relations	✓		✓	✓	✓	✓	✓	✓
Newsletter			✓	✓	✓	✓	✓	✓
Printed material		✓	✓	✓	✓	✓	✓	✓
Website	✓	✓	✓	✓	✓	✓	✓	✓

*As part of the consultation on NEP, the 4 transmission system operators are holding information and dialogue events, where selected procedures, methods and used data will be presented for the 1st draft of the NEP. Subsequent to this, opinions about it can be given.

7.3. Stakeholder Dialogues

GRI 102-21, GRI 102-44

Communication events

Despite the special circumstances in 2020, the dialogue between Elia Group and the company's stakeholders continued. Communication options were expanded to include virtual and hybrid events, and hygiene guidelines were established for the various occasions.

The Elia Group Stakeholder Day was held for the first time as a hybrid, with simultaneous events in Berlin and Brussels. The programme included panel discussions and presentations. Around 300 guests from Germany and Belgium took part virtually.

ELIA IN BELGIUM

The most important event was held on Monday 9 November, system operators Elia and Amprion inaugurated ALEGrO, the first electricity interconnector between Belgium and Germany. The livestreamed event took place in the City Hall of the German city of Aachen and was attended, either in person or digitally, by German Chancellor Angela Merkel, Belgian Prime Minister Alexander De Croo, North Rhine-Westphalia Minister-President Armin Laschet and Belgian Energy Minister Tinne Van der Straeten.

Additionally to this main event, another nine events were held during this particular year: stakeholder's events, press conferences and participation to fairs. Some were physical or digital and other were a hybrid version.

50HERTZ IN GERMANY

At a press briefing on 1 July 2020, 50Hertz CEO Stefan Kapferer and Elia Group CEO Chris Peeters informed reporters about the Group's new corporate strategy: *From 60 to 100 by 2032 - for an economy with a future*. Journalists from Berlin attended the press briefing at the 50Hertz headquarters and took advantage of the opportunity for a direct exchange. The press briefing marked the first on-site event since the start of the coronavirus pandemic and was successfully carried out in compliance with a broad-based concept of measures. In an open-air video message, Stefan Kapferer later addressed the public directly and provided information on the specific goals of the strategy.

In October, 50Hertz and Danish grid operator Energinet jointly organised the inauguration of the world's first hybrid interconnector. The interconnector, known as the Combined Grid Solution (CGS), connects two substation platforms in the Baltic Sea, both to each other and to the existing land connections of the offshore wind farms. This means that the CGS can transmit offshore wind power to Denmark or to Germany and can also be used for cross-border electricity trading. In addition to around 40 guests on site, enabled by consistently applied hygiene and distance regulations, more than 1,000 guests took part in the event digitally via livestream and were able to follow, among others, the speeches given by German Federal Minister of Economics and Technology Peter Altmaier, Danish Minister for Climate, Energy and Utilities Dan Jørgensen and EU Energy

Commissioner Kadri Simson, who took part in the inauguration either on-site or digitally.

A total of 19 events were held in the Communication & Public Affairs area in the reporting year.

Customer satisfaction survey

Elia Group companies regularly measure the customer satisfaction level of its key stakeholders (distribution system operators, grid users, producers, access responsible parties, Users' Group, etc.).

The main objective of these surveys is to provide an overview of the Key Performance Indicators (KPIs) related to service quality and their evolution over time.

In 2020, customer surveys were conducted within both Elia and 50Hertz.

ELIA IN BELGIUM

250 stakeholders took part in the biennial survey. The KPIs measured by the Elia Satisfaction Index reflect how stakeholders evaluate the Elia's products and services in general. The Customer Effort Score reflects the ease of doing business with Elia, the customer satisfaction regards account management and image, etc. The overall aim is to identify our strengths and weaknesses among the different stakeholders in order to further optimize the customer relationship.

Elia scored 69% for the Satisfaction Index, reflecting the high quality of products and services. The majority of the stakeholders still describe collaboration with Elia as "easy".

50HERTZ IN GERMANY

In 2020, a third customer survey was conducted, but for the first time cross-divisional in Customer Management / Grid Settlement. A total of 1,054 customers were contacted on the basis of an online evaluation, including balance responsible parties (BKV), grid and metering point operators and connection customers. The aim of the survey was to sustainably improve service quality and communication. As a result, 92 percent of the respondents are very or rather satisfied with 50Hertz's communication.

Elia's Users' Group

ELIA IN BELGIUM

Elia regularly organises Users' Group meetings and working groups.

The Users' Group provides a platform that allows Elia to maintain an ongoing dialogue with its main customers and partners. Every year, about four Users' Group plenary meetings are scheduled to inform market participants and stakeholders about important and strategic topics related to our business.

User'Group Plenary meetings	Session
18.02.2020	- Storm Ciara: return of experience of the off-shore integration
	- Daily procurement of mFRR
20.04.2020	Impact of Covid-19
17.06.2020	Elia's E-mobility study
08.09.2020	- Elia Customer satisfaction survey: feedback results
	- ALEGrO
01.12.2020	- Elia's E-mobility study
	- Consumer centricity: Elia's vision

In support of these plenary meetings, there are three working groups, which usually meet four times per year (more if necessary).

Working Groups	System Operation and European Market Design	Belgian Grid	Balancing
	mainly addresses topics related to the operation of the high-voltage grid and capacity calculation, as well as initiatives and developments linked to the European integration of the electricity markets	addresses issues associated with the Elia grid and related mechanisms, products and services that are of interest to Elia's customers	mainly addresses operational, technical and market-related issues in order to prepare for the challenges Elia's balancing market will face in the coming years

Under the WG Balancing there are two task forces. The task forces are set up on an ad hoc basis to handle specific issues when necessary. Currently, two task forces are active:

Task Forces	Implementation of Strategic Reserves	iCAROS
	aimed at informing and consulting market players and stakeholders about all relevant issues linked to the implementation of strategic reserves	aims to discuss topics related to future asset coordination procedures with the relevant stakeholders



Contact centres

ELIA IN BELGIUM

Elia's two Contact Centres receive and handle requests for information from various sources: local residents, contractors, engineering firms, public authorities, utilities and project developers, to name just a few.

Because of the specific risks involved in working near a high-voltage facility, anybody wishing to carry out work close to high-voltage lines, high-voltage pylons, underground electricity cables or high-voltage substations is required to report these works to Elia. We can then provide them with maps of the relevant facilities and instructions about the safety measures to take while working near them.

There are statutory timeframes within which Elia has to answer the requests (7 working days from receipt).

% OF REQUEST HANDLED BY OUR CONTACT CENTRE



In 2020, our contact centers received 70,567 requests, 99.97% of these were answered within the set times.

Upon request via the Contact Centre or any communication channel, Elia offers information and free electromagnetic field measurements to the owners of land and buildings located near Elia facilities. In 2020, we performed 108 measurements.

7.4. Cooperations and Innovation

SDG 11

For Elia Group, active lead management and participation in research and development projects are an integral part of innovation management. In diverse cooperations with academic and industry partners, the focus is mainly on activities in the areas of new technology and digitalisation, energy markets and system security, the integration of renewable energies and the required development of the electrical system as well as on supporting the industry in decarbonising its processes.

In light of the increasing electrification, decentralisation and integration of the continuously growing share of renewable energies, Elia Group launched its own incubator in May 2020: "The Nest". The aim is to promote digital transformation projects in an agile manner and overcome the increased complexity of various processes. Furthermore, the company strives to develop new business models in this interdisciplinary space and enhance the quality and efficiency of its activities and internal processes at all levels.

Elia and 50Hertz, along with 18 other organizations signed a joint declaration of intent, the Offshore Coalition, an initiative of the RGI (Renewables-Grid-Initiative) members. Elia Group was one of the founding members of RGI. TSOs and NGOs join forces in RGI to support the build-up of a sufficient grid infrastructure in Europe for both decentralised and large-scale renewable energy sources.

In January 2020, Elia Group launched its fourth Open Innovation Challenge. The competition invites start-ups from around the world to present solutions to any of the many challenges system operators face.

The 2020 Challenge focused on the development of digital solutions promoting more secure grid and data management. Every year, the competition allows Elia Group to innovate faster in specific sectors by creating synergies with start-ups and SMEs (small and medium-sized companies).

In October 2020, Elia Group launched re.alto, its own corporate start-up to accelerate digitalisation of the energy sector. The aim of the re.alto marketplace is to make energy data easy to access and integrate, enabling the industry to take a giant digital stride towards more widespread adoption of Energy-as-a-Service business models and ultimately drive a low carbon energy future.

In its vision paper "Accelerating to net-zero: redefining energy and mobility", published in November 2020, Elia Group describes how better alignment between the power and mobility sectors can deliver societal benefits and push electric mobility to widespread adoption. However, successful convergence between the power and mobility sectors can only be achieved if current barriers are removed and additional value streams are unlocked and developed.

ELIA IN BELGIUM

Belgium’s energy system operators teamed up with 60 companies, public bodies and academic institutions in a collaborative innovation initiative, IO.Energy, launched in February 2019 to bridge the gap between digitalisation and sustainability and to promote innovation in the energy sector. It aims to develop new services through the exchange of data between all sector players. The focus is on end users, who will be able to tailor their generation and consumption to grid needs using a digital communication platform. In October 2020, the first sandboxing of the Internet of Energy (IO. Energy) project came to an end. Eight Belgian pilot projects were completed.

50HERTZ IN GERMANY

The former scientific council was realigned in the reporting year. From 2021 onwards, the Scientific Advisory & Project Board (SAPB) will align the research areas of 50Hertz with a greater number of disciplines and innovative topics of the future. The new structure in line with forward-looking topics is, amongst other things, expected to support the company in meeting its strategic objective: *From 60 to 100 by 2032 - new energy for a strong economy*. The Scientific Advisory will aim to enable an open and unbiased dialogue on problems and contribute to reaching a common understanding. Cooperation with scientific institutions in research and development projects is expected to produce concrete results.

As an additional component of its strategy “From 60 to 100 by 2032: for an economy with prospects”, 50Hertz draws on its expertise in three real-life laboratories for the energy transition as an associated partner. Under the motto “Nutzen statt abregeln” (utilisation before limitation), 50Hertz is also involved in the construction of power-to-heat plants in Hamburg, Parchim, Rostock, Stralsund and Neubrandenburg, amongst others. These projects all focus on the issues of sector coupling or hydrogen technology. There will be millions of electric vehicles driving and charging on Germany’s roads in the years to come. To ensure that they can also contribute to system stability, data exchange via a smart metering infrastructure is required. For this reason, the distribution grid operator Stromnetz Berlin and the transmission system operator 50Hertz are investigating and testing which kind of data exchange is necessary for this and how balancing power can be provided by a network of electric vehicles in a joint project with Elli and Bosch.IO, subsidiaries of Volkswagen AG and Robert Bosch GmbH. This is an integral component of 50Hertz’s strategy *From 60 to 100 by 2032 - new energy for a strong economy*.

7.5. Community engagement

GRI 413-1

Elia Group is committed to creating a sustainable future for all stakeholders. This also means that we take our social responsibility seriously. That’s why Elia and 50Hertz support a wide range of projects in the fields of culture, energy and environmental education or youth and social affairs in their grid areas

ELIA IN BELGIUM

Local added value / Supporting local initiatives

Since 2017, Elia has been collaborating with the Be Planet Foundation to develop and support local citizen initiatives promoting ecological transition. Elia has established a structural partnership with the public utility foundation Be Planet to develop and support ecological transition initiatives by citizens in municipalities where Elia infrastructure projects are underway.

Through this collaboration we are setting up a fund and a methodology (call for citizen projects) to compensate municipalities for the impact of an overhead line.

The role of the Be Planet Public Benefit Foundation is to ensure that the general objective of the fund and the selection criteria for citizen projects are respected. Within this framework, each project supported must have a positive impact on ecological transition and must contribute to sustainable development.

The ecological engineering consultant, Ecofirst, is our partner in the implementation of various biodiversity measures (for further details, see 8.3. Biodiversity and Landscape integration).

Donations

In 2020, 2.9 tonnes of our hardware (laptops, docking stations, printers, screens and carrying cases) received a second life when, they were donated to schools or non-profit organisations.

	2017	2018	2019	2020
Hardware donated (ton)	1.75	2.55	5.2	2.9

The employee participation to the company survey enabled us to donate €5,920 to the COVID-19 Fund for the fight against poverty of the King Baudouin Foundation.

A series of donations were made in the context of the Covid-19 pandemic (See section 9. Covid-19 pandemic management)

50HERTZ IN GERMANY

50Hertz supports numerous projects in its grid area, primarily relating to cultural, energy and environmental education, as well as youth and social affairs. Clear management and organisational structures have been established for the implementation of our many social activities. Our Communications and Policies department is responsible for our engagement. The department coordinates with management to set goals,

coordinate activities and, if necessary, examine inquiries for worthy projects together with the Legal department and the Compliance Committee. Our internal guidelines for donations and sponsorship define our general support principles, assessment criteria and organisational process transparently and consistently, and are binding on all employees. When granting donations and sponsorship support, it is always ascertained that the cause is commensurate with our corporate values and that the sponsorship is geared towards sustainability, offers true added value for society and the public, and follows the defined process.

In area around its headquarters, also known as 50Hertz Netzquartier, the company sees itself as a good corporate citizen that actively contributes to making the new Europacity residential and working district attractive to its residents. The Energiebündel daycare centre welcomes not only children of 50Hertz employees but youngsters from the neighbourhood as well. In the reporting year, the partnership with the Hamburger Bahnhof Museum for Contemporary Art in Berlin was extended by three years. Every year, outstanding works by graduates of various art academies in the 50Hertz grid area are exhibited. In the future, the Rundgang 50Hertz exhibition will be extended via a digital showroom.

Specifically educating children and adolescents about the energy transition is of great importance. An interactive

exhibit called Energie gemeinsam wenden (Changing energy together), developed by 50Hertz and the Independent Institute for Environmental Issues (Unabhängiges Institut für Umweltfragen e.V.), playfully teaches students about different aspects of the energy transition. In the future, this cooperative exhibit will be adapted for greater use in the digital environment.

50Hertz also supports selected projects in its grid area that foster a multifaceted cultural landscape. For example, soprano Anna Prohaska was supported via the renowned Artist in Residence programme at the Konzerthaus Berlin. We also once again promoted the Musikfestspiele Mecklenburg-Vorpommern.

As in previous years, 50Hertz was again actively involved in numerous initiatives, associations and organisations in 2020. Examples include the Rennsteig-Herbstlauf run in the Thuringian Forest, the Baltic Sea relay marathon in Dierhagen and a large number of local non-profit institutions.

50Hertz continued to support its long-standing sponsorship partners during the coronavirus crisis, even if the return services of the sponsored associations could not always be provided in full due to the pandemic. In addition to its existing fundraising efforts, 50Hertz decided to increase its donations to non-profit associations in its grid area in the reporting year instead of sending its business contacts Christmas presents.



8. Environmental aspects

8.1. Management approach

GRI 102-11, GRI 103-2

High-voltage transmission grids play an essential role in the energy transition and the decarbonisation of society and industry. That is why Elia and 50Hertz are developing their transmission grids with an eye on the long term and in line with demand. To that end, Elia Group is investing large sums in the development of the onshore and offshore high-voltage grid in order to drive the integration of renewable energies, and in the construction of interconnectors to enable the integration of the European energy market. One of the biggest challenges we face is maintaining and expanding this grid while ensuring a sustainable approach to environmental impacts.

Ecological and social sustainability as well as a clear commitment to environmental and climate protection and resource conservation are integral parts of the corporate strategy. Under Act Now, the Group's sustainability initiative, 50Hertz and Elia have set themselves clear ambitions for action on climate protection as well as the biodiversity and eco-design of their assets.

When developing and building our grid, we always strive for socially acceptable and economically efficient solutions. To this end, we try to limit the construction of new infrastructure and prefer to optimize and improve existing infrastructure wherever possible.

Our goal is to keep the impact of our corporate and construction sites and other activities on people and natural habitats as low as possible.

The planning, operation, maintenance and environmentally compatible conversion and expansion of the transmission grid in Belgium and in the north and east of Germany are based on national and European framework conditions and regulations. These environmental requirements are implemented and constantly updated and adapted.

In the geographical areas where we operate as TSOs, an environmental impact assessment (EIA) makes part of the permitting requests and is conducted in the early stages of infrastructure projects. It allows the identification, prediction and analyse of the potential impacts on the physical environment, as well as social, cultural, and health impacts during both the construction and operation phases.

There are also binding laws determining emissions thresholds (among others noise, EMF) taken into account in the permitting phase.

Moreover, we adopt the precautionary principle to reduce and avoid possible negative impacts by conducting studies (e.g. studies in EMF), by calculating our carbon footprint, imple-

menting mitigation measures and including climate risks into the regular risk management process.

Elia Group supplier code of conduct contains additional principles on environmental protection and resource conservation.

ELIA IN BELGIUM

We apply the avoid-reduce-offset approach described in 7.2. Community Relations and Public Acceptance with the least impact on environment in mind.

The Community Relations department is responsible for the appropriate handling and implementation of all tasks relating to environmental and nature conservation issues, quality management and the management of related tasks. Within this department, the Environment & CSR team provides advice on process control and ensures the stringent implementation of the environmental and quality strategy and legal compliance.

A team member is involved in multi-functional teams for the procurement processes for specific goods and services (e.g. waste management, transformers).

The Policies related to all types of compensations are available on our website.

Employees are trained in the environmentally friendly operation of our systems

We also work on the awareness of our contractors on sustainable aspects (environment and mobility) during construction phase by working on guidelines and specifications detailing the quality expected by Elia on its construction sites.

As part of Act Now, we have reflected on the different ways to integrate sustainability in the management of our assets, Elia is going to put the focus on energy efficiency of our substations, eco-design and the enhancement of biodiversity in and around them (avoidance of herbicides).

As two new overhead high voltage lines are planned, Elia realized a comparative study on the type of pylons that could be used to reduce environmental impact (visibility, EMF) also looking at technical feasibility and costs. The results of the comparative study confirmed that the current use of the compact tower is most favourable but also adding the possibility to use another pylon type - the Wintrack pylon - from an environmental perspective.

50HERTZ IN GERMANY

50Hertz respects flora, fauna and biodiversity, uses natural resources conservatively and keeps the energy consumption and emissions of our activities at the lowest level possible.

In the year under review, the Environmental Protection Organisation Directive, in which 50Hertz has defined its specific duties and tasks, was adapted and the introduction of an environmental management system in accordance with ISO 14001 was resolved.

50Hertz ensures the availability of all relevant information as well as all necessary resources for the fulfilment of strategic and operational goals within the framework of energy efficiency and environmental protection. Environmental protection activities are documented internally in annual environmental reports. The environmental report for the 2020 reporting year will be available in March 2021. Parts of the stated figures are therefore based on estimated values and are marked.

50Hertz is firmly committed to continuously improving its environmental performance, energy-related performance and management system. The further development of operational environmental protection and energy management also includes raising awareness and actively involving employees who are motivated to act in an environmentally conscious and energy-efficient manner. The legal requirements on further training for waste, water protection and hazardous goods transport officers are met. In addition, annual training courses are held for the company's employees. Individual company departments - such as the purchasing/facility management department and the project departments - are trained as needed. The Agreement on Quality Assurance on Construction Sites is part of the contract for new projects with suppliers and includes, among other things, the precautionary principle in environmental protection. Compliance with this agreement is regularly checked within the framework of IT-supported construction inspections. In the reporting year, 933 construction inspections were carried out.

Another step towards the consistent reduction of environmental impact is the development of the compactLine mast design. Lower mast heights, narrower lines and a full-wall mast with a smaller circumference characterise this innovative research and development project. In the future, it should make it possible to reduce the impact of overhead lines on the landscape and nature in sensitive areas. The compact design offers a good possibility of integrating a new 380 kV line into sections of existing 220 kV lines.

8.2. Emissions

SDG 13, SDG7, GRI 302-3, GRI 305-1 – GRI 305-2 – GRI 305-3, G4-EUS-EN15, G4-EUS-EN16

8.2.1. Greenhouse gas emissions

The transmission of electricity does not release effluents or emit significant amounts of gases such as SOx and NOx. We have identified our emission drivers in Scope 1 to 3 as follows:

SCOPE 1- DIRECT EMISSIONS OF GREENHOUSE GASES FROM OWNED OR CONTROLLED SOURCES

These are mainly due to SF₆ gas losses from our installations, natural gas consumption for heating and for our vehicle fleet.

Both Elia and 50Hertz fall under the loss rate to which SF₆ producers and users have voluntarily committed (0.6%).

Sulphur hexafluoride (SF₆) is now used as insulation and switching gas for gas-insulated high-voltage switchgear. It has great electrical properties, is non-toxic and is also very stable in the chemical sense. However, the greenhouse potential per unit of SF₆ is 23,000 times higher than CO₂. Thus, SF₆ is used in a close circuit in switchgears, as a result of which emissions into the environment are almost fully eliminated. The pressure vessels are always under technical monitoring for potential leakage. Despite all of these protective measures, some leakage due to the seal technology and the necessary gas handling cannot be avoided entirely.

SCOPE 2 - INDIRECT EMISSIONS OF GREENHOUSE GASES RESULTING

from the generation of purchased or acquired energy consumed by the organization (technical and administrative consumption).

These are mainly due to grid losses that are unavoidable when transmitting electricity and over which Elia and 50Hertz have no direct influence.

SCOPE 3 - ALL OTHER INDIRECT EMISSIONS OF GREENHOUSE GASES

(not included in scope 2) that occur in the value chain (outside the company), including both upstream and downstream emissions by buying goods and services, employee commuting, business travel, etc. We are currently in the process of reviewing our scope 3 emissions at Elia Group level. Works and materials were identified as the main categories, possible measures will be identified within the Act Now programme. We are committed to implementing a more accurate method for calculating Scope 3 emissions in order to be able to initiate measures to reduce the Scope 3 footprint of our investments.

MITIGATION AND COMPENSATION

For the reporting year, the full CO₂ emissions from air travel were offset and the (small amount of) SF₆ losses were offset via service provider Atmosfair, with which 50Hertz has already collaborated last year.

Elia Group supports the EU's carbon reduction targets as well as those of the Belgian and German governments to reduce CO₂ emissions, mainly by integrating large volumes of renewable energy via the development of its grid.

Furthermore, the Elia Group is committed to the *Greener Choice Initiative* (see section 6.1.) of the leading European transmission system operators.

ELIA IN BELGIUM

GREENHOUSE GAS EMISSIONS IN 2020 IN T CO ₂ EQUIVALENT*		
Direct (scope 1)		
SF ₆ leakage	5,663.00	4.91%
Heating (natural gas)	632.67	0.55%
Heating (fuel)	34.92	0.03%
Vehicle fleet (diesel)	3,156.61	2.74%
Vehicle fleet (fuel)	324.41	0.28%
Airco gas leakage (R134 A)	188.50	0.16%
Airco gas leakage (R410 A)	7.70	0.01%
TOTAL SCOPE 1	10,000.11	8.68%
INDIRECT (SCOPE 2)		
Electricity consumption*	13,614.93	11.81%
Grid losses*	91,640.37	79.51%
TOTAL SCOPE 2	105,255.30	91.32%
TOTAL	115,255.41	100.00%

*The following assumptions have been made for this calculation:

- only regional grid losses are taken into account

- the consumption of the HV substations is the result of an estimate based on metering data of 60 sample stations

The scope of Elia's carbon assessment is emissions by Elia Transmission Belgium, Elia Asset and Elia Engineering.

Elia has developed an investment and maintenance policy to minimise the risk of SF₆ leakage. Manufacturers are obligated to guarantee a very stringent maximum percentage of SF₆ loss throughout the lifetime of the facilities. Our maintenance policy aims to maintain operations involving compartments filled with SF₆ to a minimum.

The total volume of SF₆ gas installed on the Elia grid (36 kV to 380 kV inclusive, excluding the NEMO substation) in 2020 was 134.89 tonnes. Consumption of SF₆ gas (as a replacement and as a top-up in the event of a leak) is closely monitored using a system that tracks each cylinder of SF₆. The SF₆ leak rate for all Elia facilities was "< 0.25%" in 2020.

Research on SF₆-free high voltage equipment (switching gear/circuit breakers) is supported by integrating a series of proof-of-concepts in new framework agreements with manufacturers to be installed in the coming years

In order to mitigate emissions from the commuting of our personnel, in the context of the Act now programme, a new mobility and commuting programme has been set up called

Orange is the New Green:

- This new plan aims to transform our employees' idea of mobility and change their behaviour accordingly. It is in line with the Group's efforts to promote further soft mobility, encompassing measures to promote the use public transport, cycling, facilitate teleworking, and expand the electrification of our vehicle fleet.

- Under the new plan, 75% of commutes by Group staff will be low carbon (i.e. made via public transport, bicycle, electric vehicle or some form of shared mobility, or otherwise avoided altogether as staff will be working remotely) by 2025 and in 2030, all the company car fleet will be electric.

- We will offset the remaining CO₂ emissions produced by our vehicle fleet (approximately 2,000 tonnes of CO₂ per year) by contributing to projects aimed at promoting the development of renewable energy.

- With regard to our fleet of vehicles for technical interventions (small vans and trucks), as technology is not mature yet, we provided in our procurement contracts, the possibility to buy and test upcoming alternatives.

Since 2017, Elia has taken part in the Carbon Disclosure Project (CDP), an international, nonprofit organisation providing a global disclosure system for companies, investors and cities. We answered the climate change questionnaire in which a company has to describe how climate-related risks and opportunities are handled and disclose its carbon footprint.

The calculated value of the carbon footprint corresponds to 1.65 tonnes of CO₂ equivalents per TWh transmitted including grid losses and 0.34 tonnes of CO₂ equivalents per TWh transmitted excluding grid losses (basis: 69.937 TWh).

50HERTZ IN GERMANY

50Hertz is a pioneer in the integration of renewable energies into the overall electrical system. In 2020, an annual average of around 62% of electricity consumption in the 50Hertz grid area came from renewable energies. With our new *From 60 to 100 by 2032 - new energy for a strong economy strategy* we have set ourselves an ambitious goal. The development of the extra-high-voltage grid is essential to enable a stable electricity supply from 100% renewable energies in the 50Hertz grid area as early as 2032.

In addition to electricity consumption, the vehicles in our fleet, which are indispensable for comprehensive coverage of our extensive grid area and quick access to our systems, also impact the carbon footprint. In 2020, these vehicles produced 1,521 tonnes of CO₂. Some 237 tonnes of CO₂ were saved compared to the previous year (previous year's figure: 1,758 tonnes of CO₂). As part of the Act Now sustainability initiative, 50Hertz set itself the goal of achieving a zero-emission vehicle fleet by 2030. For this purpose, the existing fleet was analysed and a roadmap for vehicle exchange was developed, including supporting measures, such as the creation of the required charging infrastructure at the administrative sites. Various modes of transport are used for business trips. In the reporting year, air

travel accounted for 436 tonnes of CO₂ equivalents. In addition, our employees travelled by long-distance trains operated by Deutsche Bahn. According to Deutsche Bahn, long-distance train journeys should be considered carbon-neutral.

Under the voluntary commitment made by SF₆ producers and users, the total SF₆ loss rate in Germany may not exceed 0.6%. At 0.2%, 50Hertz's loss rate was significantly below this amount. 50Hertz generally takes a very sensible and responsible approach to transporting, storing and using this technical gas, and strives for an alternative solution. However, at present, no alternative to SF₆ is available on the market that is fit for use for 220 and 380 kV switchgear. For this reason, 50Hertz is promoting a research project at ETH Zurich alongside 13 other companies that aims to systematically examine alternative gases in terms of their suitability as insulation and switching gases for switchgear. The research programme will run for three years. An operational switchgear was tested with an alternative gas for the first time at the new Charlottenburg transmission substation.

Service provider Atmosfair compensated for total CO₂ emissions from air travel for the second time and for the minor SF₆ losses for the first time in the reporting year. While the construction and operation of a wind farm in Nicaragua was supported in the prior year, the compensation measures aim to promote a photovoltaic plant in Senegal in 2020. The project is in keeping with the UN Sustainable Development Goals (SDG 1, 3, 7, 8, 9, 13 and 17).

In the reporting year, direct (scope 1) and indirect GHG emissions (scope 2) were included in the balance sheet for the third time.

GHG EMISSIONS

GREENHOUSE GAS EMISSIONS IN 2020 IN T CO ₂ EQUIVALENT		
DIRECT (SCOPE 1)		
SF ₆ leakage	8,300	0.90 %
Emergency power system NQT*	0	0.00 %
Vehicle fleet*	1,351	0.15 %
Natural gas	145	0.02 %
Total direct emissions	9,797	1.06 %
INDIRECT (SCOPE 2)		
District heating*	287	0.03 %
Total electricity consumption for the Netzquartier building*	1,578	0.17 %
Grid losses	890,220	96.42 %
Energy consumption by own assets	21,314	2.31 %
Total indirect emissions	913,399	99.93 %

The calculated value of the carbon footprint corresponds to 8.73 tonnes of CO₂ equivalents per TWh transmitted including grid losses and 0.31 tonnes of CO₂ equivalents per TWh transmitted excluding grid losses (basis: 105.7 TWh).

ELIA GRID INTERNATIONAL (EGI)

EGI, the consultancy branch of Elia Group has obtained the "CO₂ neutral" label in 2020.

The consulting activities of this subsidiary of Elia Group consist in bringing to other countries our expertise in optimizing the grid, integrating renewable sources or building interconnectors or offshore connections. A carbon assessment of its activities was conducted in order to measure its impact, reducing it and offsetting it by supporting a sustainable development project. The programme supported is a wind turbine project in India in the Karnataka, Andhra Pradesh and Tamil Nadu regions. The label "CO₂ NEUTRAL" is issued by company CO2logic and certified by independent third-party Vinçotte.

8.2.2. Energy consumption

GRI 302-1, SDG7, SDG13

The energy consumption of Elia and 50Hertz can be subdivided into two categories:

- Core: energy used by all the infrastructure directly related to its business model e.g. all substations.
- Non-core: energy used by support services, administrative centres.

Electricity consumption represents the biggest share (~96%) of consumption.

Our more recent administrative centers are built following internationally recognised energy-efficiency standards.

Audits have been conducted in other buildings in order to identify optimisation potentials in line with the BATNEEC principles (Best Available Technology Not Entailing Excessive Costs). These measures are then gradually implemented.

ELIA IN BELGIUM

Elia's two most recently built administrative centres, Monnoyer in Brussels and Crealys in Wallonia, are BREEAM certified. As required by Belgian regional regulations, energy audits were conducted on our administrative buildings and service centres.

	2020	
	MWH	%
Electricity Non Core - Total (green electricity)	2,737.84	3.15%
Electricity Core - Substations with meters (green electricity)	3,288.03	3.78%
Electricity Core - Substations without meter (estimate)*	77,350.00	88.98%
Heating - Natural gas	3,419.82	3.93%
Heating - Fuel	136.98	0.16%
TOTAL	86,932.67	100.00%

*résultat d'une estimation basée sur les données de metering d'un échantillon de 60 postes

N.B.: the consumption of the HV substations is the result of an estimate based on metering data of 60 sample stations

*The values provided here are estimates as of 31 December 2020. The following calculation bases and emission factors were used to work out the CO₂ equivalents: SF₆ – IPCC Fifth Assessment Report (ARS); vehicle fleet – direct fuel consumption; energy (electricity, district heating) – German Environment Agency 2017 and GHG Protocol Scope 2 Guidance; business trips – service provider data and GHG Protocol Scope 3 Guidance.

50HERTZ IN GERMANY

As scheduled, the second external energy audit according to the DIN EN 16247-1 standard was commissioned in 2019 to systematically record the energy consumption of our systems and administrative buildings. This was based on energy consumption in 2018. The 50Hertz Netzquartier has received the internationally recognised Gold Award of the German Association for Sustainable Building (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB) and the American LEED Standard (Leadership in Energy and Environmental Design). For new buildings, aspects of sustainable construction in terms of energy use have already been taken into account in the planning and implemented where possible.

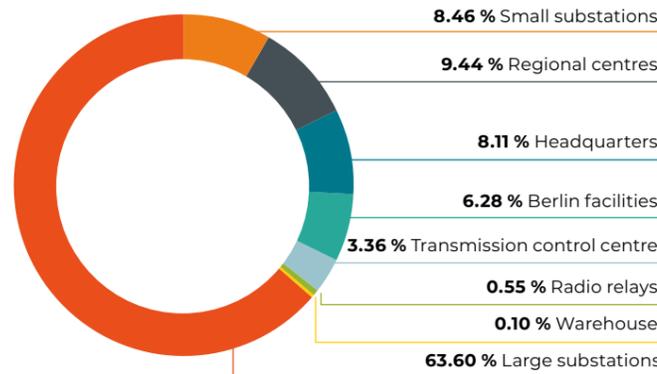
ENERGY CONSUMPTION

	MWH	%	t CO ₂ -EQ
Electricity	63,627.87	89.82	34,168
District heating	1,182.55	1.67	331
Fuel (petrol)	808.28	1.14	163
Fuel (diesel)	0.16	0.00	0.04
Natural gas	5,219.39	7.37	1,388
Total energy consumption	70,838.25	100.0	36,050.04

Data source: External energy audit carried out in line with DIN EN 16247-1 in 2019 for the year 2018

With regard to the distribution of total CO2 emissions, electricity takes the lead by far with a share of almost 90%. A noticeable reduction of the carbon footprint is only possible in this segment. At 55,497.65 MWh, the largest share of electricity consumption is attributable to the transmission substations of 50Hertz. All switchgears, which solely require electrical energy, make up a total share of almost 79%. The locations with administrative and management functions, such as the headquarters, regional centres and the control centre (CC), which also require heat energy and fuels, account for a total share of around 21%.

DISTRIBUTION OF TOTAL ENERGY CONSUMPTION*



* Data source: External energy audit carried out in line with DIN EN 16247-1 in 2019 for the year 2018

The energy audit had resulted in various optimisation opportunities, most of which have been seized or are currently in the process of being seized.

8.2.3. EMF

SDG 3, GRI 416-1

ELIA IN BELGIUM

Electrical transmission and distribution systems in Europe are mainly operated with alternating voltage at a frequency of 50 Hz. Hence, they create electric and magnetic fields (EMFs) of Extremely Low Frequency, as is also the case for all applications of electricity, including domestic appliances.

Although no causal link can be established between magnetic field exposure from electricity transmission infrastructures and human health, Elia takes this issue very seriously looking at each project on the electricity grid and also supporting scientific studies that improve the knowledge on the subject.

Elia continues to contribute, yearly €370,000, to support scientific research on the subject. In that regard, it supports the Belgian BioElectroMagnetics Group (BBEMG) whose scientific independence is enshrined in a cooperation agreement.

At international level, Elia concluded a research contract with the Electric Power Research Institute (EPRI - a non-profit organisation that conducts research in energy and the environment), an agreement granting Elia access to the results of international research studies in this field.

To communicate transparently on the subject, Elia provides various tools: a dedicated website, information sheets, a brochure, newsletters, information sessions (with the possible presence of an independent expert) and, at the request of local residents, carries out free measurements of electric and magnetic fields via its Contact Centre.

The study of magnetic fields is also one of the criteria analysed for each project developed by Elia. In accordance with the precautionary policy established in Flanders and Brussels, Elia assesses future exposure to magnetic fields by means of specific calculations (modelling) and mitigation/reduction measures are applied where necessary.

In 2020, Elia collaborated with the University of Liège and the ILVO¹⁰ and the Belgian professional associations of farmers on a literature review study to better understand the impact of high voltage infrastructure on agriculture (including EMF).

50HERTZ IN GERMANY

Strict regulations apply to electric and magnetic fields in Germany, which are governed by the Federal Immission Act. 50Hertz complies with these limits. 50Hertz takes the concerns of interested parties seriously, carries out on-site measurements together with them and derives measures if necessary.

8.2.4. Noise

SDG 3

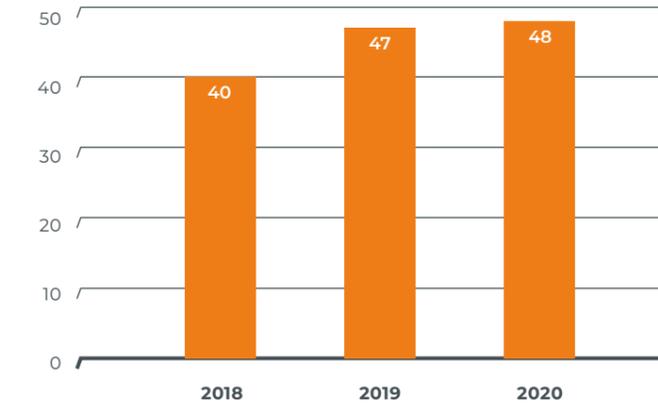
Noise can be caused by transformers in high-voltage substations, high-voltage lines, pylons and other equipment. Underground lines do not cause any noise.

Strict guideline values apply in both operating zones of Elia Group (no noise/acoustic pollution)

ELIA IN BELGIUM

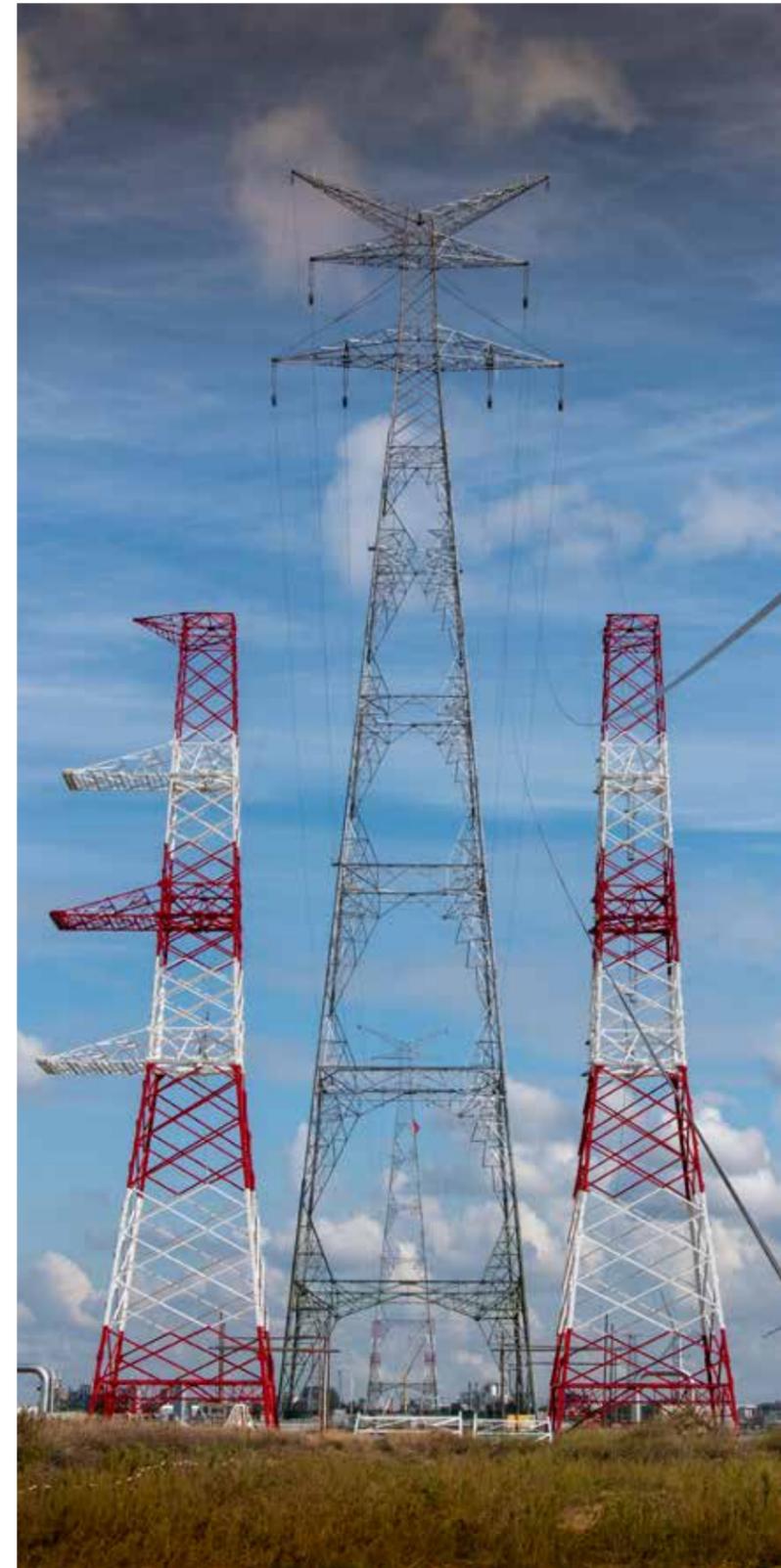
Elia always carries out soundscape studies prior to the realization of its infrastructure projects to ensure that acoustic standards are not exceeded. Elia also conducts noise studies in the event of complaints (see also Contact Centres).

SOUNDSCAPE STUDIES



50HERTZ IN GERMANY

Just as in the area of electric and magnetic fields, strict guideline values apply in Germany for noise emissions, which are regulated in the Federal Immission Act. 50Hertz complies with these limits as well. Measurements are carried out in response to information from interested parties and measures are derived where necessary.



¹⁰ Flanders Research Institute for Agriculture, Fisheries and Food

8.3. Biodiversity and landscape integration

SDG 14 GRI 304-1 – GRI 304-2 – GRI 304-3, G4-EUS-EN12

When planning projects, not only are economic efficiency, the concerns of local residents and the technology taken into account during the approval procedures, but also the protection of flora and fauna. In the run-up to such procedures, environmental impact assessments are carried out to minimise nature conservation conflicts at an early stage. A corridor is then identified for the exact route of the electrical line and defined in a subsequent step. At the same time, protection and compensation measures are identified. All these investigations are carried out together with external environmental planners, routing experts and, if necessary, other science and nature conservation experts. Nature requirements are included in the contractual requirements of the infrastructure projects.

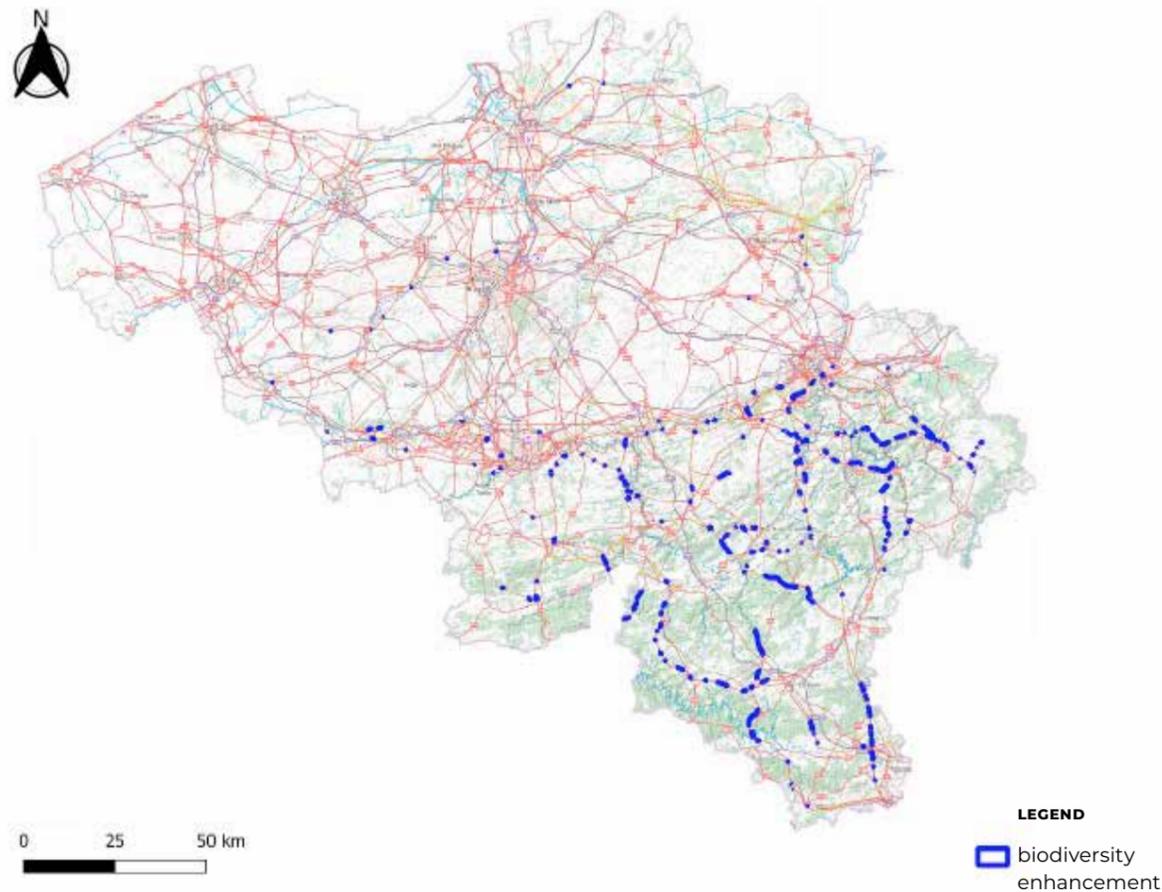
The use of wind at sea to generate electricity is enormously important and indispensable for climate protection. At the

same time, the expansion of offshore wind energy and the sub marine cables on the seabed needed to transport the electricity require intervention in the natural environment. In addition to the Marine Grid Declaration co-signed by Elia and 50Hertz - with which Renewables Grid Initiative (RGI) members set the standards for the early involvement of stakeholders and for nature and species protection in offshore grid expansion beyond the legal requirements in 2019 – Elia Group is committed to growing responsibility in this sensitive environment as a co-signatory of the Offshore Coalition declaration of intent.

ELIA IN BELGIUM

The total length of our utilities located in Natura 2000 areas (on land and sea) was 665 km in March 2020.

MAP OF BIODIVERSITY ENHANCEMENTS AROUND ELIA'S POWER LINES (BETWEEN 2012 AND 2020)

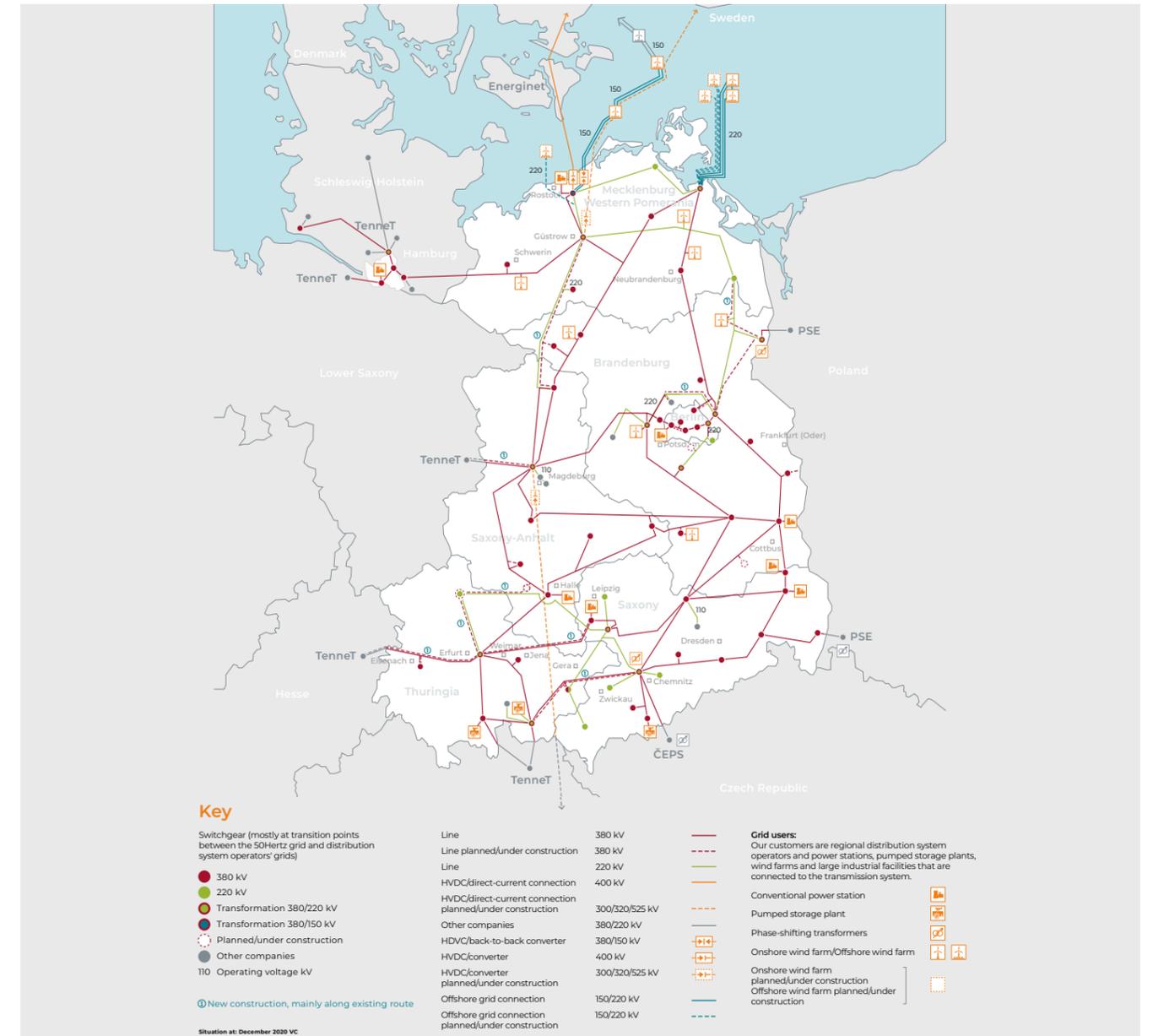


50HERTZ IN GERMANY

50Hertz follows the principle of keeping the impact of its own activities on nature and a restriction of biodiversity as low as possible. Only when this overall process has been completed does the construction project begin - including external ecological construction supervision. Construction site facilities and the construction process are implemented in such a way that even temporary impairments to nature are minimised, nature

conservation-relevant deadlines and requirements are taken into account at an early stage and the companies carrying out the work on behalf of Elia Group are committed to the ecological aspects of their actions.

In the 50Hertz grid area, there are many different protection zones that are recorded in a cadastre.



As part of "Act Now", a pilot to increase biodiversity in and around substations was launched in 2020. It includes various measures, such as green roofs, nesting aids and insect hotels, as well as plant protection measures and the avoidance of

herbicides, which were in planning or pilot application in the reporting year. The potential analysis of the measures will take place in 2021.

8.3.1. Mitigation and compensation measures

GRI 304-2

If preventive or corrective measures cannot prevent certain environmental impacts, then mitigation and compensatory measures are applied. These can be either voluntary or legally required in order to obtain all the legal authorisations needed prior the execution of a project.

ELIA IN BELGIUM

Earlier, a set of measures was developed ad hoc for each project. In 2020, we decided to have clear and structured policies related to compensations transparently available on our website.

Depending on the impacts to mitigate or compensate, there is a wide range of existing measures:

- Landscape integration: plantations of shrubs, hedges or trees (green screens), more compact types of pylons, infrastructure grouping, architectural integration
- Species protection: bird markers and nests
- Forestry: restoration and specific management measures

For our offshore projects, mitigation measures were implemented principally during the work phase with the objective to reduce the impacts on marine mammals e.g. during the installation of the foundation piles of our Offshore Switchyard (OSY) platform (a.o. mitigation of the acoustic nuisance, acoustic deterrent).

50HERTZ IN GERMANY

According to the Federal Nature Conservation Act (BNatSchG), there is an obligation to refrain from avoidable impairments of nature and landscape or to keep them as low as possible (avoidance and minimisation requirement). Wherever it makes sense, power lines are combined and bundled with existing overhead lines and other infrastructure such as railway lines and motorways. In order not to impair the landscape unnecessarily, the lines are adapted to the landscape conditions. Where interventions are unavoidable, 50Hertz will implement compensation measures.

These can be divided into six categories: planting measures, forestry measures, water measures, species protection, dismantling measures and other measures. For this purpose, regional eco pools are being used more and more. Eco pools are contributions to projects of other organisations as well as compensation payments, which enable more comprehensive measures than planting individual replacement plants and are therefore more effective, efficient and sustainable. When planning and implementing compensatory measures, 50Hertz involves the affected communities, conservation agencies, interested citizens and NGOs early in the process. 50Hertz works with them as partners to develop suitable plans early on and suggest these to the authorities as part of our approval planning. Guidelines for targeted compensation management define the action areas necessary for successful approval and implementation of the measures. An internal assessment commission meets every two months to decide on the measures. The chosen measures are recorded in a real estate cadastre. There are currently 186 compensatory and replacement measures being planned in the 50Hertz grid area as well as 640 that are being implemented, maintained or have already been completed. Therefore, the total number of compensatory and replacement measures has increased from 768 in 2019 to 826 in the reporting year.

8.3.2. Ecological aisles management

GRI 304-3

Until recently, the standard maintenance policy for overhead lines involved ensuring that a corridor measuring approximately 50 meters wide below the lines was kept clear of all vegetation with a rotary slasher every eight years¹¹.

To build an overhead line in forest areas, aisles are usually created. The conductor cables need sufficient clearance to the sides and to the ground because of the necessary safety distances, which means, trees have to be removed in sections and at regular intervals on the aisles. However, trees and shrubs provide habitats for numerous animals and plants. Therefore, the goal is to impair these natural areas as little as possible in the long term and to increase biodiversity under power lines.

Both Elia and 50Hertz have already for a while been developing ecological aisles management initiatives that are in line with the EU biodiversity strategy. The strategy, which has been officially adopted in May 2020, considers the integration of ecological corridors to be part of a real trans-European nature protection network and, thus, a key obligation to improve biodiversity.

ELIA IN BELGIUM

Since 2012, Elia has been a forerunner in the implementation of a seven-year LIFE project that was completed in 2017.

Our project partner in this is the ecological engineering consultant, Ecofirst.

The first "Elia LIFE" project, for which Elia joined force with the French TSO RTE, was partly funded by the European Commission and the Walloon Region. It had the aim of creating green corridors to enhance biodiversity under overhead electrical lines in wooded areas. Elia restored in this way 430 ha stable natural environments below the lines (using peat bogs, bushes and grasslands managed by grazing).

Elia decided in 2018 to pursue this action for another five years without subsidies under the name "Life2" by adding more green corridors (122 ha). In addition to this, the other objective of this project was to further monitor the evolution of these areas and their maintenance in order to assess the impact on biodiversity. The results are highly encouraging, with 98% of evaluated sites showing conclusive outcomes.

(Further information on these projects can be found on <http://www.life-elia.eu/>)

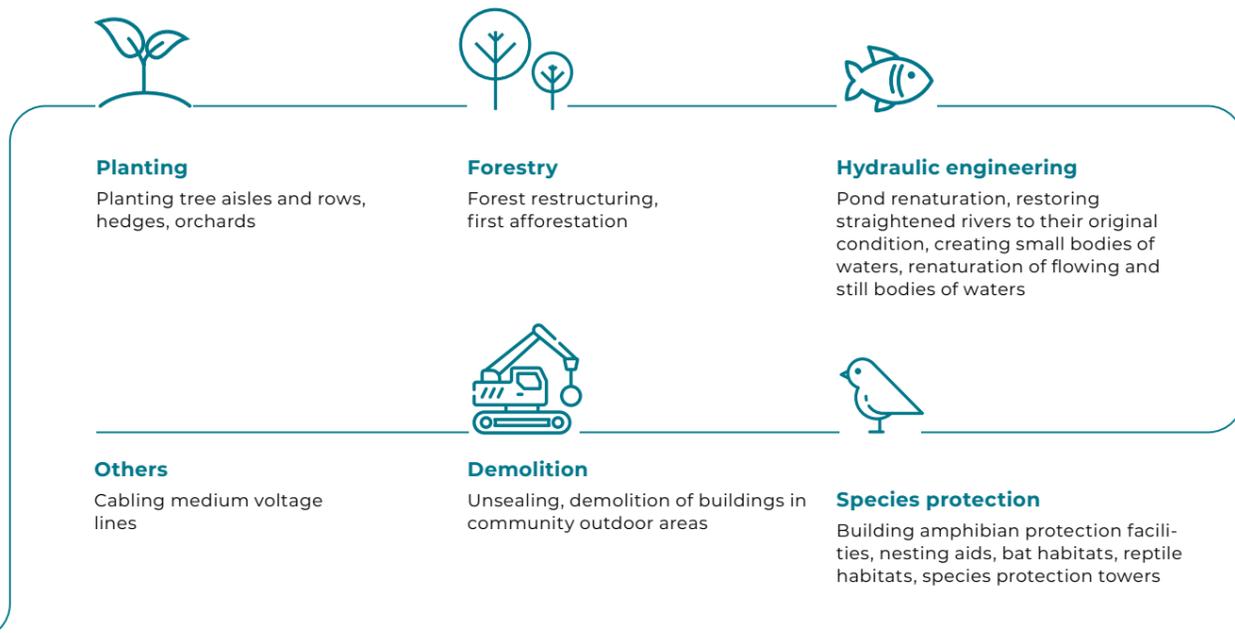
Elia has again applied to the European Life program for the continuation of this project, the focus being set this time on electrical lines located in Natura 2000 zones.

Elia is currently studying how to develop our internal geographical grid database in order to integrate all the areas where these specific management measures have been put in place.

50HERTZ IN GERMANY

50Hertz has already been focusing on ecological aisle management for several years now. In the regular maintenance of line routes, ecological aspects, such as the extraction of individual trees and care for heathers, are taken into account in more than two thirds of the forest aisles in the entire grid area. The pilot activities in the ecological aisle management of existing line routes, such as the creation of forest edges or species-rich grassland and meadows, which were initiated in recent years, are now part of an overall strategy to increase biological diversity. A geo database is currently being created, which presents and organises all activities in line aisles that contribute to the increase of biological diversity, in order to establish a valid basis to target the next course of action. At present, this database contains 40 line sections. The geo database also establishes the spatial reference between forest aisles and the protection zones in the 50Hertz grid area. Based on this correlation, 50Hertz is able to contribute to the EU's biodiversity strategy for 2030. The biodiversity strategy, which was officially adopted in May 2020, considers the integration of ecological corridors to be part of a real trans-European nature protection network and, thus, a key obligation to improve biodiversity.

EXAMPLES OF COMPENSATION MEASURES



¹¹ This obligation can be indirectly beneficial to specific ecosystems of great ecological value, for example the moors (present in the High Fens nature reserve, in the eastern part of Belgium) are better protected in the corridors under the overhead lines crossing them, because the rest of the moors were planted with trees for wood production and by draining these areas.

8.3.3. Bird protection

G4 EUS EN2

High-voltage lines can harm bird life. Hence Elia Group also makes a huge effort to protect birds and minimise negative impact.

For this reason, Elia Group is installing bird markers – in order to make the lines more visible for the avifauna and thus more easily avoidable – and nests – to reduce these negative impacts and protect some endangered species.

ELIA IN BELGIUM

With the help of Belgium’s leading environmental associations, Elia has identified the 130 sections of its network that pose the greatest hazard to birdlife. Measuring 200 km in total, they are gradually being fitted with bird anti-collision devices over a 10 year-period (starting from 2016). If a project is due to take place on these sections, markers will be installed immediately.

For sections without projects, we will seize the opportunity of scheduled interventions to fit markers on conductors or earth connections.

Bird markers	2017	2018	2019	2020
Lines equipped (km)	13.62	26.24	37.59	43.74

Elia did also apply together with various partners (TSOs RTE and REN and other nature and bird protection organizations) to the European LIFE programme with a project “Safelines4Birds” targeting specific endangered bird species considered as “priority”.

50HERTZ IN GERMANY

An extensive study was carried out in the past reporting years with the Brandenburg State Environmental Agency and evaluated together with experts from the Renewables Grid Initiative (RGI) and the German Nature and Biodiversity Conservation Union (NABU). The aim is to identify lines with an increased collision risk for birds and to equip them with bird protection markers. The data will also be incorporated into a Germany-wide sensitivity map. This project will be implemented in 2021, together with other transmission and distribution system operators as part of the joint initiative with NABU e.V. and RGI.

In 2020, a further 30 kilometres of transmission lines in the ornithologically highly valuable Havelländisches Luch were thus retrofitted with folding markers as part of a voluntary species protection measure. Currently, bird protection markers are installed on around 368 kilometres of overhead lines.

8.4. Natural Resources

GRI 306-5, SDG14

8.4.1. Water and soil

Elia Group is committed to an effective water and soil conservation. Since the company’s business activities do not result in significant water consumption or regular releases of process-linked effluents, our corporate responsibility is not so much to reduce water consumption, but rather to pay special attention to water retention in the ground in grid and substation projects and to prevent water and soil pollution by hazardous substances. Elia Group has installed special safety systems in installations containing oil. Containment systems equipped with coalescence filters are installed beneath transformers in substations to prevent drips from leakings into the ground.

Installations are regularly checked by maintenance staff and renovated or renewed if necessary.

ELIA IN BELGIUM

In the accidental event of a leakage of hazardous substances, Elia has developed processes to immediately cope with the potential impacts on the environment and the employees are trained to detect early signs of this types of events.

A significant part of the Belgian soils is historically polluted as a direct result of nearby or in situ (prior use) industrial activities or backfilling with polluted soil.

Elia has mapped the soil condition of its own land in order to schedule intervention priorities. Several remediation actions have been launched on our sites. In 2020, EUR 1.4 million has been paid for surveys, follow up and the realization of remediation works.

50HERTZ IN GERMANY

When it comes to water protection, the Water Resources Act (WHG) and the Plant Ordinance (AwSV) are important to 50Hertz. Employees are trained in the environmentally friendly operation of the plants. Water protection officers have received specific training.

In the event of a leakage of substances hazardous to water, 50Hertz implements numerous preventive measures. Waste-water may only be discharged if an official permit has been obtained and it has been regularly checked to ensure that it is free of pollutants. In addition to contracted service providers, sufficient damage prevention material is available at all substations and administrative sites. In 2020, the standard of materials to be kept on hand was reviewed and comprehensively expanded.

In 50Hertz’s activities at sea, the protection of the Baltic Sea is ensured through a variety of measures. For example, as early as the planning stage for offshore platforms, care is taken to ensure that no substances hazardous to water enter the sea and that equipment with readily biodegradable hydraulic oils is used wherever possible.

8.4.2. Waste

GRI 306-2

When dealing with waste that cannot be avoided, the motto is *reuse - recycle - recover - dispose*. Maintenance work and infrastructure projects are our core activities that generate most waste flows. If facilities are newly built, converted or dismantled, specific elements (e.g. transformers that have a very long lifetime) are stored in order to be reused either in refurbished stations or in newly built ones. Those parts that are no longer needed are disposed of in a resource-conserving manner and specific elements are recycled (e.g. metals from the cables and oil).

ELIA IN BELGIUM

Elia has established a waste management policy for collecting, sorting and handling its waste in our local technical sites (service centres).

All types of waste generated during the maintenance of assets in this geographical zone are stored in container parks guaranteeing optimal storage in dedicated locations. They are eventually removed periodically or upon request by authorised collectors specialised in the collection, transport and recycling of hazardous and non-hazardous waste. On our construction sites, contractors must comply with environmental legislation as well and organise the sorting of the construction site waste they produce during the execution of their contract.

For consistency’s sake, Elia has decided to standardise the sorting rules and procedures which are identical throughout Belgium, regardless of the site even if the regulations might differ slightly depending on the region where the site is located.

Waste is determined to be hazardous on the basis of its waste code from the European List of Waste.

The waste disposal contractor provides Elia with information on the waste disposal method (and certificates), as legally required in Belgium. Depending on the region, Elia is also required to report to the authorities the yearly quantities of specific waste types.

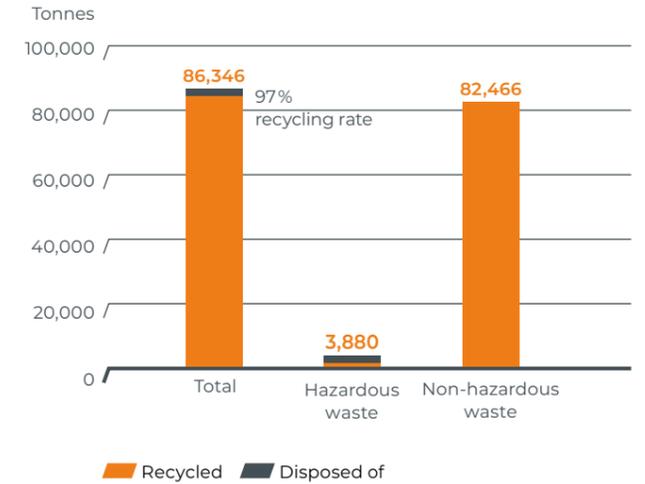
Total weight (ton)	Non-hazardous waste	Hazardous waste
Recycled	628.74	710.59
Disposed of	3.25	18.42
Total	631.99	729.01

N.B. all the data related to the weight of waste produced on our construction sites might not have been gathered as this waste is under the responsibility of our external contractors

50HERTZ IN GERMANY

When dealing with waste, avoidance is 50Hertz’s top priority. However, the annual amount and composition of waste is highly dependent on conversion and dismantling projects and compensation and replacement measures. Therefore, an annual ranking is not appropriate. As a result of numerous construction projects for grid expansion, construction projects and compensation projects generated more waste overall than in the previous year.

WASTE DISPOSAL 2020



* Estimate/extrapolation as of 31 December 2020

50Hertz was able to implement the legally stipulated recycling requirement (recycling before disposal) with a recycling rate of around 97%.

9. COVID-19 pandemic management

The coronavirus pandemic has confronted society with fundamental changes and new challenges. For Elia Group as a transmission system operator in Belgium and Germany, this meant analysing comprehensively, adapting pandemic plans and acting prudently. This enables us to guarantee system stability and security of supply at all times. Thanks to a "COVID-19 Task Force" set up early on in both Germany and Belgium, Elia Group was able to react appropriately and flexibly to the new challenges. In a very short time, our colleagues on the two task forces developed a broad concept for measures for all Elia Group locations and communicated recommendations for action transparently and continuously to all employees. Thanks to continuous coordination and communication, both with internal and external partners, a flexible package of measures developed at an early stage, which could be adapted to the changing conditions again and again over the course of the months, Elia Group was able to maintain its efficiency even in this extreme situation, operate and maintain the grid safely and even expand it further for the energy transition. The impact on projects was reduced to an absolute minimum and Elia and 50Hertz were able to guarantee security of supply at all times.

Amongst other things, this was possible due to the fact that Elia Group was already fully prepared for digital work before the pandemic.

The main objectives of this still existing Task Force are to limit contamination on the work floor by providing effective and efficient security measures. This is done by providing effective and efficient preventive measures, resources, testing, tracing and preparation for vaccination.

Within the framework of the COVID-19 pandemic, in addition to the existing risk assessments, additional dedicated hygiene concepts and occupational safety regulations were implemented in the area of occupational health and safety. In addition, greater emphasis was placed on social aspects and potential psychosocial consequences of the coronavirus crisis.

Despite the special circumstances in 2020, Elia and 50Hertz were able to successfully continue the dialogue with their stakeholders: The existing communication options were expanded to include digital and hybrid formats and additional hygiene guidelines were established for the - very limited - instances of personal contact.

The early involvement of all stakeholders in the planning and implementation of grid expansion projects was particularly important to Elia and 50Hertz, even in times of lock-down and contact restrictions. That is why we increasingly implemented digital formats for informal public participation at the beginning of the year.

Communication formats for internal communication were also further digitalised. In particular, large participation formats for employees, such as management information events, were conducted as hybrid events - i.e. live with a small audience plus a livestream transmission for the entire workforce. Regular dialogue events were planned and implemented fully digitally.

Right from the start, Elia and 50Hertz have been providing new employees with digital onboarding from home. Introductory events and introductions to the various divisions took place digitally without any problems. Likewise, digital, informal appointments for open discussions in the teams also offered new opportunities to get to know each other.

During the pandemic, Elia Group has proven to be a resilient organisation thanks to the commitment and dedication of our employees in both Belgium and Germany. Despite the difficult circumstances, we have continued our activities and delivered a stable and a secure electricity system in the interest of society.

A series of donations were made in the context of the Covid-19 pandemic in Belgium:

- In April 2020, Elia decided to contribute the budget set aside for the organisation of the Annual General Meeting (the amount was even increased to a total contribution of €100,000) to three King Baudouin Foundation Solidarity Funds. Due to the coronavirus measures, this year's Annual General Meeting was held in writing.
- All the members of Elia's Management Committee have decided to contribute their entire salary for the month of May to the King Baudouin Foundation to finance a special fund to fight poverty in the current context of the coronavirus pandemic. With contributions of the employees, the total amount raised was €255,000.



10. Reference Table

10.1 GRI Content Index

GRI 102-55

This annual Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It is Elia Group's third integrated annual report and covers the period from 1 January 2020 to 31 December 2020.

GRI number	GRI description	Chapter/Section	Page
GRI 102: General disclosures			
1. Organisational Profile			
102-1	Name of the organisation	1.1.1 & 1.1.2	2, 4
102-2	Activities, brands, products, and services	1.1.2	4
102-3	Location of headquarters	1.1.2	6
102-4	Location of operations	1.1.2	6
102-5	Ownership and legal form	1.1.1	2
102-6	Markets served	3.3	6
102-7	Scale of the organisation	4.2	30
102-8	Information on employees and other workers	4.2	30
102-9	Supply chain	1.1.2 & 6.	4, 38
102-10	Significant changes to the organisation and its supply chain		
102-11	Precautionary Principle or approach	1.3.6 & 8.1	15, 50
102-12	External initiatives	1.3.1	9
102-13	Membership of associations	1.3.1	9
2. Strategy			
102-14	Statement from senior decision-maker	Foreword	1
102-15	Key impacts, risks, and opportunities	2.1 & 2.2	20, 22
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	1.3.2	10
102-17	Mechanisms for advice and concerns about ethics	1.3.2	10

4. Governance			
102-18	Governance structure	1.3.3	12
102-19	Delegating authority	1.3.3	12
102-20	Executive-level responsibility for economic, environmental, and social topics	1.3.3	12
102-21	Consulting stakeholders on economic, environmental and social topics	7.2 & 7.3	43, 45
102-22	Composition of the highest governance body and its committees	Activity report	activity report (10, 11)
102-23	Chair of the highest governance body	Activity report	activity report (10, 11)
102-26	Role of the highest governance body in setting purpose, values, and strategy	1.3.3	12
102-29	Identifying and managing economic, environmental and social impacts	2.1 & 2.2, 7.2	20, 22, 43
102-30	Effectiveness of risk management processes	1.3.6	15
		Activity Report	activity report (x)
102-32	Highest governance body's role in sustainability reporting	1.3.3	12
102-33	Communicating critical concerns	1.3.3	12
102-38	Annual total compensation ratio	4.6	34
5. Stakeholder engagement			
102-40	List of stakeholder groups	7.1	41
102-41	Collective bargaining agreements	4.6	
102-42	Identifying and selecting stakeholders	7.1	41
102-43	Approach to stakeholder engagement	7.1 & 7.2	41, 43
102-44	Key topics and concerns raised	7.2 & 7.3	43, 45
6. Reporting principles			
102-45	Entities included in the consolidated financial statements	1.1	activity report (6, 8)
102-46	Defining report content and topic Boundaries	2.2	22
102-47	List of material topics	2.2	22
102-48	Restatements of information	-	
102-49	Changes in reporting	-	
102-50	Reporting period	-	
102-51	Date of most recent report	-	
102-52	Reporting cycle	-	
102-53	Contact point for questions regarding the Annual Report	-	
102-54	Claims of reporting in accordance with the GRI Standards	-	
102-55	GRI content index	10.	63
102-56	External Assurance		
GRI 103: Identified Material Aspects and Boundaries			
103-1	Explanation of the material topic and its Boundary	2.2	22
103-2	The management approach and its components	4. & 5. & 6. & 7. & 8.	29, 35, 38, 41, 50
103-3	Evaluation of the management approach	1.3.3	12

GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	Activity report	activity report (x,x)
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	1.3.6, 2.1	15, 20
GRI 203: Indirect economic impacts			
203-1	Development and impact of infrastructure investments and services supported	Activity report	activity report (x,x)
203-2	Significant indirect economic impacts, including the extent of impacts	Activity report	activity report (x,x)
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	6.1 & 6.2	38
GRI 205: Anti-Corruption			
205-1	Operations assessed for risks related to corruption	1.3.5	14
205-2	Communication and training on anticorruption policies and procedures	1.3.5	14
205-3	Confirmed incidents of corruption and actions taken	-	
GRI 206: Anti-competitive behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-	
GRI 302: Energy			
302-1	Energy consumption within the organisation	8.2.2	53-54
302-3	Energy intensity	8.2.1	51
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	8.3	56
304-2	Significant impacts of activities, products, and services on biodiversity	8.3	56
304-3	Habitats protected or restored	8.3	56
GRI 305: Emissions			
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	8.2	52
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	8.2	52
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	8.2	52
GRI 306: Effluents and waste			
306-2	Waste by type and disposal method	8.4.2	61
GRI 307: Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	-	
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	6.	38
308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.	38, 40

GRI 401: Employment			
401-1	Total number and rates of new employee hires and employee turnover	4.3	31
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	
401-3	Parental leave	4.3	32
GRI 402: Labour/Management Relations (MA)			
402-1	Social Consultation and Dialogue - Co-Determination	4.8	34
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	5.1	35
403-2	Hazard identification, risk assesment, and incident investigation	5.1	35
403-3	Occupational health services	5.1	35
403-5	Worker training on occupational health and safety	5.2	36
403-6	Promotion of worker health	5.1	35
403-8	Workers covered by an occupational health and safety management system	5.1	35
403-9	Work-related injuries	5.4	37
GRI 404: Training and Education			
404-1	Average hours of training per year per employee by gender, and by employee category	4.5	33
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	1.2.2	30
GRI 406: Non-Discrimination			
406-1	Total number of incidents of discrimination and corrective actions taken	-	
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programmes	7.5	48-49
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	6.	38-39
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	8.2.3	54
G4 - Electric Utilities Specific (EUS)			
Lines & losses & quality of service			
EU1	Installed capacity brokend down by primary energy source and by regulatory regime	3.1	24, 25
EU4	Length of above and underground transmission and distribution lines by regulatory regime	1.2	8
EU12	Transmission and distribution losses as a percentage of total energy	3.5	28

Demand management approach			
DMA	Management approach to ensure short and long-term electricity availability and reliability	1.3.9	18
DMA	Demand-side management programmes including residential, commercial, institutional and industrial programmes	1.3.9	18
DMA	Disaster/ Emergency Planning and Response	1.3.9	18
Environment			
EN12	Description of significant impacts of activites, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected ariea	8.3	56
EN15	Direct Greenhouse gas (GHG) emissions (Scope 1)	8.3	56
EN16	Indirect Greenhouse gas (GHG) emissions (Scope 2)		
Health and safety & Human resources			
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	4.3	31
LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalaties, by region and gender	5.4	37
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	4.3	33

10.2 United Nations Global Compact Reference Table

Topic	Principle	Page
Human rights	01	Protect, uphold and promote human rights
	02	Excluding human rights violations
Labour	03	Respect and fulfil freedom of association
	04	Elimination of all forms of forced labour
	05	Elimination of child labour
	06	Avoiding discrimination
Environment & climate	07	Precautionary environmental protection
	08	Promoting environmental awareness
	09	Development and dissemination of environmentally friendly technologies
Anticorruption	10	Measures against corruption

All reporting topics can be found in this Elia Group CSR Report. Page references in the Elia Group Activity Report are marked with (a).

Reporting parameters

Registered office

This report is limited to Elia Transmission Belgium and Elia Asset, which operate as a single economic entity under the names Elia and 50Hertz Transmission.

The registered office of Elia Transmission Belgium and Elia Asset is located at Boulevard de l'Empereur 20 1000 Brussels, Belgium

The registered office of 50Hertz GmbH is established at Heidestraße 2 D-10557 Berlin, Germany

The registered office of Eurogrid International is located at Rue Joseph Stevens, 7 1000 Brussels, Belgium

The registered office of Elia Grid International is located at Rue Joseph Stevens, 7 1000 Brussels, Belgium

Reporting period

This annual report covers the period from 1 January 2020 to 31 December 2020.

Contact

Group Communications and Reputation
Marleen Vanhecke
T + 32 486 49 01 09
Boulevard de l'Empereur 20
1000 Brussels
info@elia.be

Headquarters Elia Group

Boulevard de l'Empereur 20,
B-1000 Bruxelles
T +32 2 546 70 11
F +32 2 546 70 10
info@elia.be

Heidestraße 2
10557 Berlin
T +49 30 5150 0
F +49 30 5150 2199
info@50hertz.com

Concept and editorial staff

Elia Group Communication & Reputation

Graphic design

www.chriscom.be

Editor

Pascale Fonck

Ce document est également disponible en français.

Dit document is ook beschikbaar in het Nederlands.

We would like to thank everyone who contributed to this annual report.



