Fully charged for change

Electrifying the net zero movement

Annual report 2023 - Elia Transmission Belgium SA/NV

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About this report

The annual report explains who we are and what we do, the context in which we operate, and includes the risks and opportunities. It outlines our strategy and the progress we have made towards achieving our goals. It also covers our approach to corporate governance and provides an introductory analysis of our 2023 results.

1. Elia Transmission Belgium at a glance

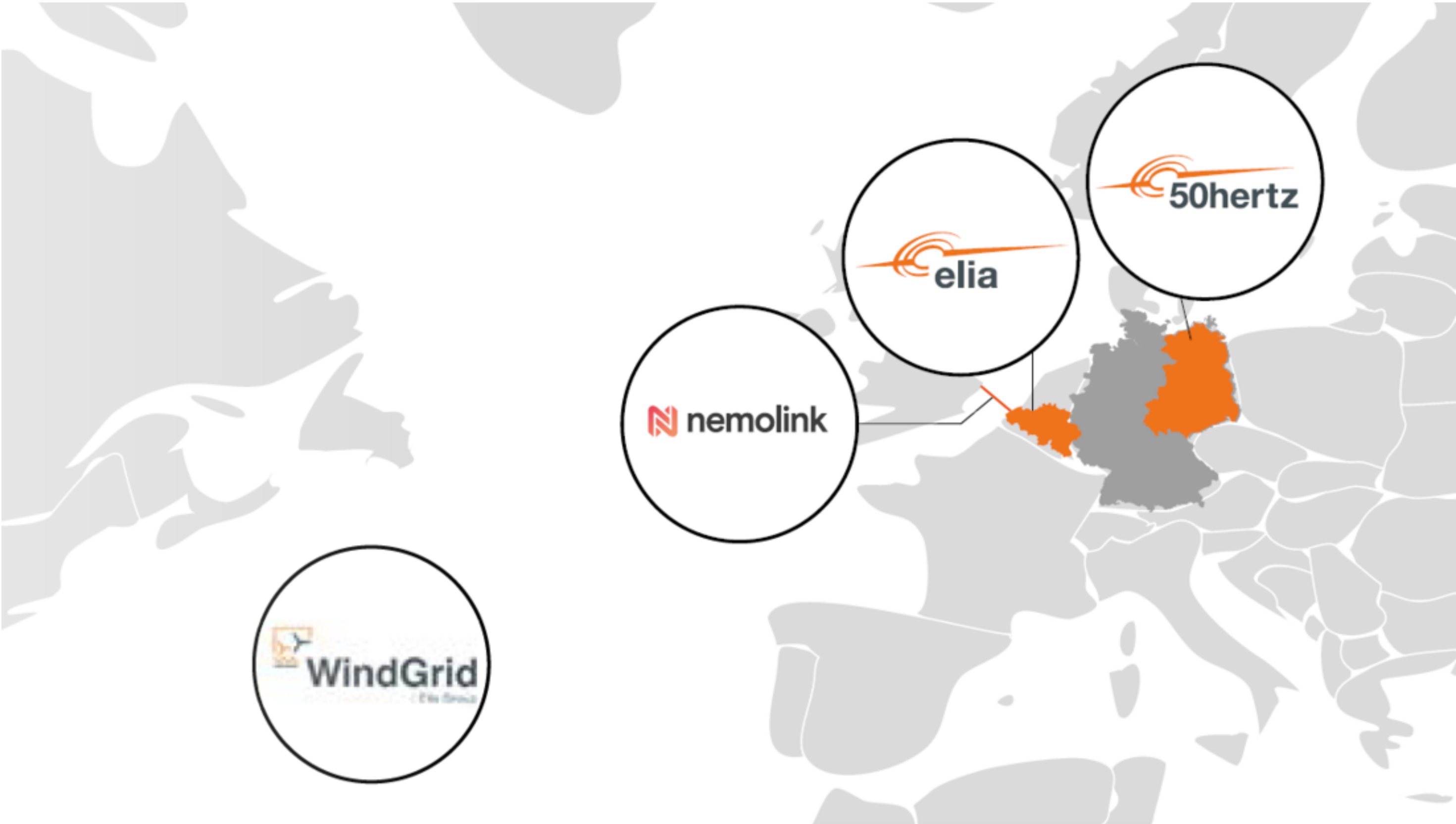
1.1. Who we are & what we do?

Elia Transmission Belgium SA/NV (ETB)

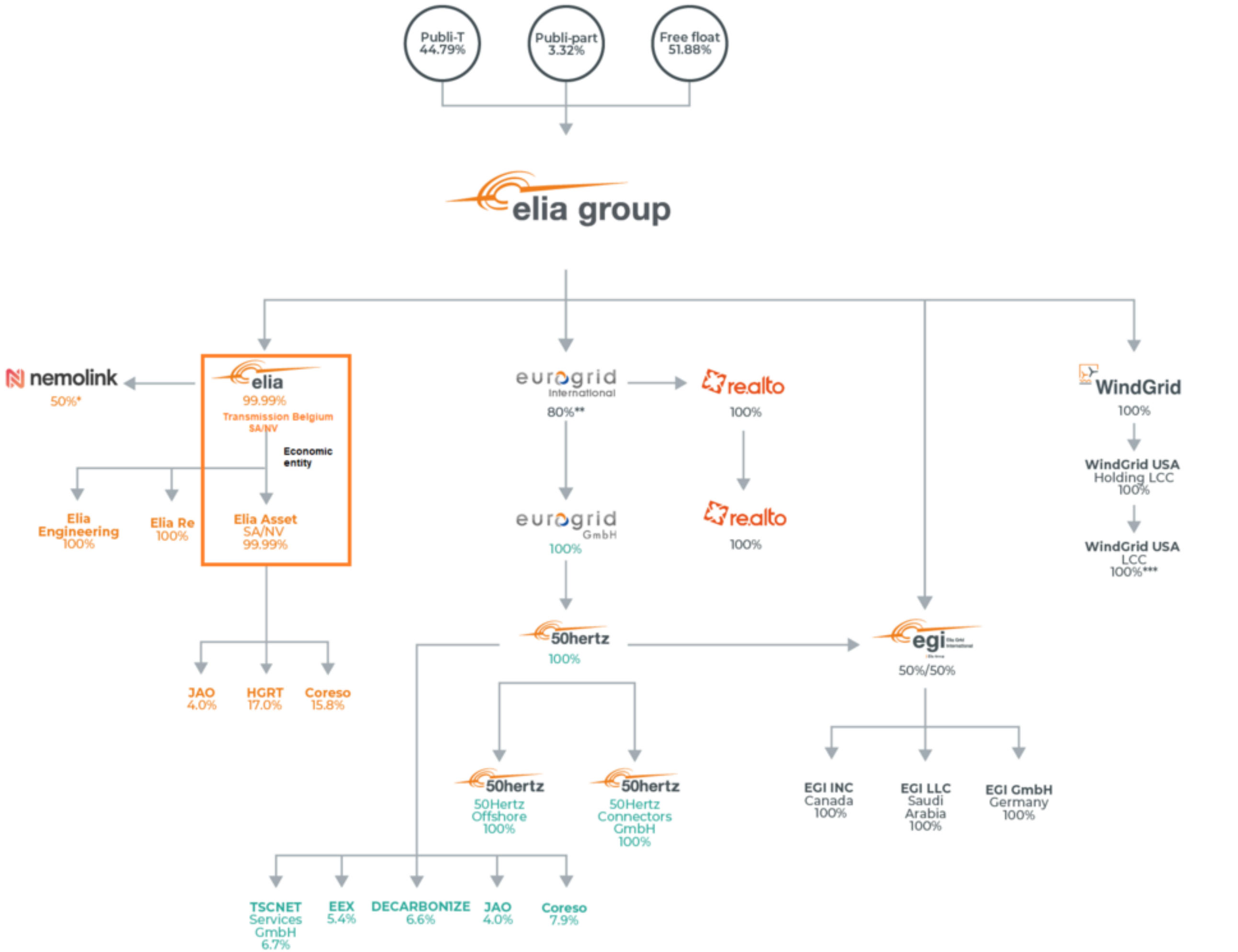
Elia Transmission Belgium is the Belgian TSO for high-voltage (30 kV to 70 kV) and extra-high-voltage (110 kV to 380 kV) electricity. It has a natural monopoly as Belgium's only TSO. It develops, builds and operates a robust electricity transmission system (both on- and offshore) and is responsible for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

Elia Group

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



1.2. Legal structure



*National Grid owns 50% of Nemo Link
**KFW holds 20% of Eurogrid GmbH
***WindGrid USA LCC holds 35.1% of energyRe Giga

Belgian regulated entities
German entities
Non-regulated entities

1.3. Highlights

MEGATREND 1: DECARBONISATION AND ELECTRIFICATION

In 2023, Europe remained committed to diversifying its energy sources and expanding the generation of clean energy. Accelerating the energy transition is now widely understood to be more than just beneficial for the climate. The Russian invasion of Ukraine in 2022 and energy crisis have taught Europe that access to renewable energy and electrification offer long-term price stability and protect against inflation in the gas and electricity markets.

Member States responded via different fora, including by committing to transforming the North Sea into Europe's green power plant during the second North Sea Summit in Ostend (April 2023); and strengthening regional cooperation during the Baltic Offshore Wind Forum in Berlin (May 2023).

Four additional moments stood out in 2023 with regard to delivering the European Green Deal.

- In February 2023, the Green Deal Industrial Plan was published, which aims to provide a more favourable environment for scaling up the EU's manufacturing capacity related to net zero technologies and products.
- In October 2023, the European Commission published its Wind Power Action Plan, which aims to ensure the success of Europe's wind energy industry through measures such as an improved auction design, the faster deployment of projects, access to finance and the development of a skilled workforce.
- In November 2023, the EU Action Plan for Grids was published. This aims to address the main challenges in expanding, digitalising and using Europe's grids in order to accelerate grid deployment and enhance operational efficiency. Its measures include stimulating faster permitting procedures for grid projects, improving and securing supply chains, and introducing regulatory incentives related to cost sharing for offshore projects.
- In December 2023, the Council and Parliament reached a provisional agreement on the reform of the electricity market design. The latter aims to reduce the dependence of electricity prices on fossil fuel prices, shield consumers from price spikes, and accelerate the deployment of renewable energy.

OUR RESPONSE TO DECARBONISATION AND ELECTRIFICATION

GOOD PROGRESS MADE ON PROJECTS THAT INTEGRATE HIGHER RES AMOUNTS INTO THE SYSTEM

In February 2023, Elia awarded the engineering, procurement, construction and installation contract for the Princess Elisabeth Island to two offshore construction companies. The island's foundation work will begin in early 2024 and will last for two and a half years. Furthermore, in October, Elia was awarded the environmental permit for the island. The contracts for high-voltage equipment linked to the Belgian Princess Elisabeth Island are currently being tendered out, with the process moving forward as planned. The world's first artificial island will be located 45 km off the Belgian coast and will form a crucial link in Belgium's energy supply. It will unlock offshore wind power in Belgium's second planned offshore wind zone (3.5 GW) and will serve as the landing point for future interconnectors.

In November 2023, Elia presented its nature inclusive design approach to boost biodiversity around the future artificial island. In consultation with nature conservation and marine environment experts, Elia selected seven concrete measures to pursue, based on their technical feasibility and expected positive impact. By embedding biodiversity-enhancing measures into the design and construction of offshore infrastructure, Elia is aiming to expand and accelerate the positive impacts of its assets and inspire developers to undertake similar initiatives as part of their own projects.

Elia is also making good progress on the reinforcement of its onshore backbone. Most of this work is aimed at upgrading existing grid corridors through the installation of high-performance conductors and, in some places, the installation of a second system. This work will double the transport capacity of these existing corridors and reinforcements are likely to continue until at least 2040.

The successful commissioning of the Horta-Avelin line in 2022 marked the completion of upgrade work which had been undertaken along a first key axis (Mercator-Horta-Avelgem-Avelin). The next pivotal reinforcement work is focused on the central eastern backbone. Since renewable energy volumes generated across Belgium are projected to rise, this project will enable Elia to efficiently transmit and distribute the corresponding flows across its 380 kV grid. Additionally, it will enhance the import and export of electricity between Belgium and the Netherlands, which is crucial for facilitating Belgium's security of supply.

To the south-west of Antwerp, the reinforcement of the country's north-south axis (the Mercator-Bruegel corridor) proceeded according to plan (€24.6 million). Moreover, the cable works for the Brabo III project to the west of Antwerp, were completed (amounting to €27.1 million). Following this, upgrade work relating to Liefkenshoek-Mercator section of the project began in the third quarter of the year, with the construction of new 380 kV line due to start in 2024.

Ongoing enhancements to the existing overhead line between the Massenhoven and Van Eyck high-voltage substations to the east of Antwerp amounted to €17.4 million in 2023. These works are expected to be completed by 2026. The upgrade work along the 380 kV Gramme-Van Eyck axis commenced in February 2023, with the entire project anticipated to be finished by 2030.

In September, the second stage of the Boucle de l'Est project was completed. Once the new and upgraded line has been fully commissioned, it will improve Belgium's security of supply and make the grid even more reliable. Advancements were also made in the east of the country on the Rimière project (€41.6 million), which is aimed at creating hosting capacity for new power plants by 2025.

In March 2023, the Flemish government selected a preferred route for the new Ventilus project, which is located in the west of Belgium and will play an essential role in transporting green electricity generated at sea to the onshore grid and will strengthen the grid in West Flanders. The Ventilus project is subject to an integrated planning process which was drawn up by the Flemish government; the latter provisionally accepted the project's inclusion in the Regional Spatial Plan (alongside the starting point of the Boucle du Hainaut project). In the autumn, a public consultation about the project's route was held.

Finally, the Lendelede West (€15.9 million) project also progressed as planned throughout the year. This involves upgrading the current 70 kV transmission line to a higher voltage level.

GRID AND SYSTEM DEVELOPMENT PLANS

Our proactive approach to grid development means we can stay ahead of the demand for electrification and are supporting economic development in Belgium and Germany.

In May 2023, the Belgian government approved Elia's Federal Development Plan for 2024-2034. The rise in renewable energy sources (RES) as well as the extensive electrification of mobility and heating have created emergencies that require additional investments to be made in the grid.

In June, Elia published its fourth biennial Adequacy and Flexibility Study for Belgium (2024-2034), which outlined that any delays in the construction of the planned grid infrastructure or the unlocking of flexibility from across the system will result in additional capacity needs. It also highlighted that investing in digitalisation will ensure that security of supply can be facilitated in the most cost-efficient way possible. This requires digital meters, smart charging and smart usage standards, data exchange platforms, and market reforms.

Regulatory developments

In November 2023, the Belgian regulator (the Commission for Electricity and Gas Regulation, or CREG) approved the adapted tariff proposal submitted by Elia for the 2024-2027 regulatory period. The tariffs express Elia's desire to ensure it has the resources it needs to facilitate the energy transition and, more specifically, carry out its ambitious investment programme. Additionally, the 2024-2027 tariffs consider a revaluation of remuneration to take into account the significant changes that have occurred in financial markets since the tariff methodology was established in the first half of 2022.

MEGATREND 2: FLEXIBLE ELECTRICITY CONSUMPTION

The rising number of electric cars and heat pumps, alongside the electrification of industrial processes, demonstrate that electrification is spreading across society both earlier and at a faster rate than anticipated. This carries important implications for the electricity system. It is therefore becoming urgent to focus on the barriers that are hindering the implementation of consumer-side flexibility.

By consuming electricity in a flexible way, households and industry will be able to avoid costly price peaks. In turn, system operators will be able to efficiently manage the grid. This contributes to security of supply, helps to control system costs and reduces capacity needs linked to the rising demand for electricity.

OUR RESPONSE TO FLEXIBLE ELECTRICITY CONSUMPTION

Flexible electricity consumption is allowing us to expand and strengthen the partnerships we hold with players from across the energy value chain.

PROMOTING CONSUMER FLEXIBILITY

Throughout the year, we furthered work on projects that aim to encourage the provision of consumer flexibility, including by launching Elia's Watts.Happening simulation tool. This allows companies to simulate how much they could save by using their electrical assets in a flexible way (visit www.wattshappening.be).

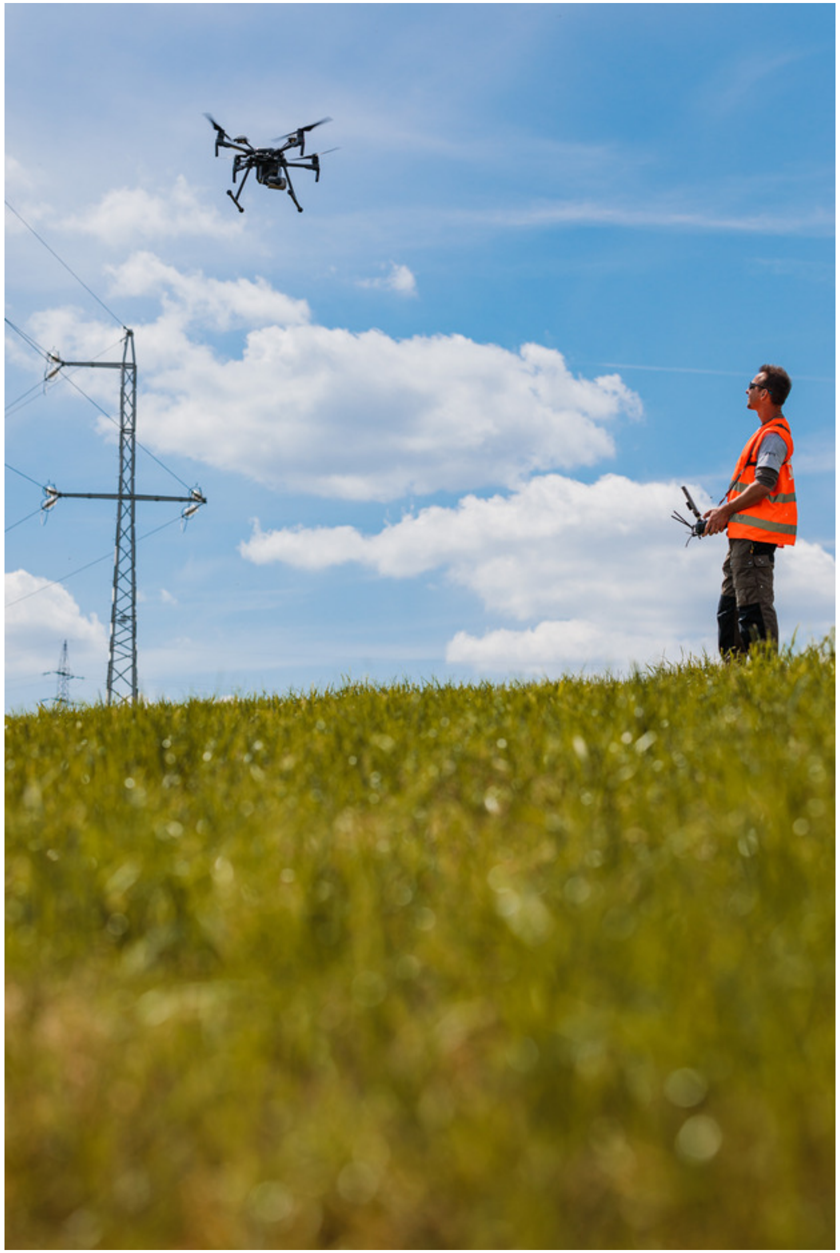
MEGATREND 3: SECTOR CONVERGENCE AND NEW TECHNOLOGIES

The development of new technologies and digitalisation has led to the power sector being increasingly coupled with other sectors, such as heating, transport, and industry. The owners of flexible appliances like heat pumps, electric vehicles and small batteries can be encouraged to shift their electricity consumption in time, so contributing to a more efficient operation of the system.

The rise of new technologies that are used for monitoring and maintenance purposes is also contributing to system efficiency. The internet of things and artificial intelligence are leading to the establishment of smart grids (which can be monitored on a continuous basis), automatic decision-making and enhanced risk prediction and incident analysis.

The use of blockchain for digital identities is enabling the trading of energy between different parties and the tracking of green energy from source to consumer.

Access to the right data and using it as part of real-time decision-making will be necessary for managing this more complex electricity system. In turn, this will lead to data security and consent management becoming key areas of responsibility and concern.



OUR RESPONSE TO SECTOR CONVERGENCE AND NEW TECHNOLOGIES

Successfully harnessing the right technology will make our asset management and system operation activities more reliable and efficient. As digitalisation spreads, we are continuing to increase and improve our knowledge and skills related to cyber security and associated risks. Additionally, we need to make sure our workforce has the skills it needs to operate the emerging digital system.

OPEN DATA ACCESS & INTEROPERABILITY

In 2023, we promoted the importance of open data access and solid user authentication approaches for connecting disparate consumer assets to the grid and increasing transparency related to the origin of green electricity through research papers, projects and partnerships.

We also explored the importance of interoperability through projects like the InterOPERA consortium, which is working to establish a meshed offshore multi-vendor multi-terminal HVDC grid in Europe.

REMOTE INSPECTION TECHNOLOGY

We continued to explore the use of innovative devices throughout 2023, including remote inspection technology to increase the efficiency, safety and sustainability of our asset monitoring activities.

In May, for example, an autonomous robot was deployed in ALEGrO's HVDC converter hall in Belgium, marking the first time that an autonomous robot has been used in this way in Europe. The robot was installed during the hall's yearly outage period. The hall has since been re-energised, meaning that no humans can safely enter it. The robot, which is inspecting the hall using several different sensors, is the product of a two-year collaboration that was launched by Elia Group with Siemens Energy, Ross Robotics and Nemo Link and involved countless tests.

Elia also pioneered the use of drones to swiftly identify the causes of incidents along overhead lines within 10 minutes of their occurrence. The key technology being utilised is a drone-in-a-box: a specialised drone that takes off from and returns to a designated docking station. These drones are remotely controlled and have the capability to operate beyond the visual line of sight.

MEGATREND 4: INCREASING INTERNATIONAL COOPERATION

To make optimal use of the continent's RES, Europe needs to set up frameworks for partnerships between countries with different levels of RES potential.

The rise of hybrid interconnectors and energy islands will allow electricity to be exchanged between countries whilst also connecting them to offshore wind farms. These interconnectors and energy islands are forming the first building blocks of a European meshed offshore grid.

PROJECTS OF COMMON AND MUTUAL INTEREST

In November 2023, the European Commission adopted its first list of Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI) that are fully aligned with the European Green Deal. These cross-border projects, which will help the EU reach its energy and climate goals, will benefit from streamlined permitting and regulatory procedures and will become eligible for financial support.

Elia welcomed the EU's recognition of Nautilus (Belgium's second interconnector with the UK) as a project of mutual interest (PMI); and its recognition of TritonLink (which will link Belgium to Denmark). Brabo II, Brabo III and the interconnection between Lonny and Gramme (Belgium) maintained their PCI status.

OUR RESPONSE TO INCREASING INTERNATIONAL COOPERATION

FURTHER INTEGRATION OF THE EU ELECTRICY MARKET

In February, during the Belgian-German energy summit in Zeebrugge, Elia and Amprion (one of Germany's four TSOs) signed an MOU relating to a second interconnector with Germany. Preliminary studies demonstrated that the project would have the potential to help both countries meet their future energy needs, generating socioeconomic welfare for consumers in Belgium and Germany – and, by extension, for the whole of Europe. Elia and Amprion plan to publish a concept note by mid-2024 that will serve as the basis for the further design and development of the project, if it is supported by an adequate remuneration.

Elia is also assessing the economic and technical feasibility of other interconnectors that would link its grid to TenneT's grid in the Netherlands and Statnett's grid in Norway.

OFFICIAL PARTNER OF 2nd NORTH SEA SUMMIT

In April, Elia acted as the official event partner of the second North Sea Summit in Ostend, which brought together the heads of state and government and energy ministers from 9 countries, along with the President of the European Commission, Ursula von der Leyen. The aim of the summit was to shape concrete proposals relating to the development of the North Sea as Europe's future sustainable power plant. Representatives from Elia Group took part in several roundtable discussions and signed the 'Offshore Renewable Industry Declaration', which had been prepared ahead of the event.

SUSTAINABLE FINANCING FOR THE ENERGY TRANSITION

Elia Group secured key funding sources in 2023, demonstrating the confidence held by investors in its strategy and its ability to navigate challenges as it helps Europe to decarbonise.

ELIA PLACES FIRST €500 MILLION GREEN BOND

In January 2023, Elia successfully priced its inaugural €500 million green bond transaction. The proceeds of the bond are being used to finance and/or refinance eligible green projects, demonstrating Elia's ability to diversify its financing sources and investor base to carry out its ambitious investment plans. The bonds carry a coupon of 3.625% and has a 10-year bullet maturity due on 18 January 2033.

ELIA GROUP SELECTED FOR THE NEW SUSTAINABLE STOCK MARKET INDEX: BEL®ESG

Elia Group was one of the first Belgian companies to be selected to be part of BEL®ESG, a new stock market index which is linked to sustainability and was launched by Euronext in February 2023. The index is designed to meet the increasing market demand for improved visibility over sustainable investment tools. It will monitor 20 listed Brussels-based companies that adopt the best environmental, social, and governance (ESG) practices.

AWARDS

Elia was named as one of the best employers in Belgium for the sixth time in a row. Its overall score improved again, rising from 86% to 88%. Elia made most of its progress in the areas of 'diversity and inclusion' (+13.53%) and 'sustainability' (+11.67%). The Top Employer label rewards companies that offer their employees excellent working environments. 87 Belgian companies received the award in 2023. It served as excellent recognition for the hard work all our employees undertook in 2022.

EFFECTIVE LEADERSHIP TO DRIVE THE ENERGY TRANSITION

Several key moments occurred throughout 2023 with regard to Elia's management team; these were undertaken to ensure that company has the effective leaders it needs to successfully drive forward the energy transition.

FREDERIC DUNON APPOINTED CEO OF ELIA

Since a greater demarcation of tasks and activities between Elia Group and Elia was needed in light of the expansion of the latter's portfolio of activities and clear goals (including in the field of offshore and digital business transformation), the Board of Directors decided to appoint Frédéric Dunon as Chief Executive Officer of Elia in December.

2. Corporate Governance Statement

Elia Transmission Belgium SA/NV satisfies specific obligations in terms of transparency, neutrality and non-discrimination towards all stakeholders involved in its activities. At Elia Transmission Belgium SA/NV, corporate governance in 2023 is based on the Articles of Association of Elia Transmission Belgium SA/NV[1], the (Belgian) Code of Companies and Associations[2] as well as the Act of 29 April 1999 on the organisation of the electricity market and the Royal Decree of 3 May 1999 on the management of the electricity transmission system[3].

2.1. Composition of the management bodies as at 31 December 2023

BOARD OF DIRECTORS

CHAIRPERSON

- Bernard Gustin, non-executive independent director[4]

VICE-CHAIRPERSONS

- Bernard Thiry, non-executive director appointed upon proposal of Publi-T SC/CV[5]
- Geert Versnick, non-executive director appointed upon proposal of Publi-T SC/CV

DIRECTORS

- Michel Allé, non-executive independent director
- Pieter De Crem, non-executive director appointed upon proposal of Publi-T SC/CV
- Roberte Kesteman, non-executive independent director[6]
- Dominique Offergeld, non-executive director appointed upon proposal of Publi-T SC/CV[7]
- Saskia Van Uffelen, non-executive independent director
- Interfin SCRL/CVBA permanently represented by Thibaud Wyngaard, non-executive director appointed upon proposal of Publi-T SC/CV
- Laurence de l'Escaille, non-executive independent director
- Els Neirynck, non-executive independent director[8]
- Eddy Vermoesen, non-executive director appointed upon proposal of Publi-T SC/CV[9]

REPRESENTATIVES OF THE FEDERAL GOVERNMENT WITH AN ADVISORY ROLE

- Nele Roobrouck[10]
- Maxime Saliez[11]

ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE COMMITTEE

- Roberte Kesteman, Chairwoman
- Pieter De Crem
- Laurence de l'Escaille
- Dominique Offergeld
- Saskia Van Uffelen

CORPORATE GOVERNANCE COMMITTEE AD HOC

- Roberte Kesteman
- Laurence de l'Escaille
- Saskia Van Uffelen

AUDIT COMMITTEE

- Michel Allé, Chairman
- Els Neirynck
- Roberte Kesteman
- Dominique Offergeld
- Eddy Vermoesen

REMUNERATION COMMITTEE

1 The Articles of Association of Elia Transmission Belgium SA/NV can be found on the website of Elia Transmission Belgium SA/NV (https://www.elia.be/en/company/corporate-governance/document-library).
2 The (Belgian) Code of Companies and Associations can be found on the website of the ministry of justice (http://www.ejustice.just.fgov.be/cgi_loi/wet.pl).
3 The Act of 29 April 1999 on the organisation of the electricity market and the Royal Decree of 3 May 1999 on the management of the electricity transmission system can be found on the website of the ministry of justice (http://www.ejustice.just.fgov.be/cgi_loi/wet.pl).
4 Bernard Gustin was reappointed as non-executive independent director by the ordinary general meeting held on 16 May 2023.
5 Bernard Thiry was appointed as non-executive non-independent director, upon proposal of Publi-T SC/CV, by the ordinary general meeting held on 16 May 2023 to replace Claude Grégoire whose mandate as non-executive non-independent director terminated after the ordinary general meeting held on 16 May 2023. The mandate of Bernard Thiry started after the ordinary general meeting held on 16 May 2023..
6 Roberte Kesteman was reappointed as non-executive independent director by the ordinary general meeting held on 16 May 2023.
7 Dominique Offergeld was reappointed as non-executive non-independent director by the ordinary general meeting held on 16 May 2023.
8 The appointment of Els Neirynck as non-executive independent director by the Board of Directors of 20 October 2022 was confirmed by the ordinary general assembly held on 16 May 2023.
9 Eddy Vermoesen was appointed as non-executive director, upon proposal of Publi-T SC/CV, by the ordinary general meeting held on 16 May 2023 to replace Rudy Provoost whose mandate as non-executive non-independent director terminated after the ordinary general meeting held on 16 May 2023. The mandate of Eddy Vermoesen started after the ordinary general meeting held on 16 May 2023.
10 Nele Roobrouck is the representative of the Government for the Dutch linguistic role. She has an advisory role to the Board of Directors of Elia Transmission Belgium SA/NV as prescribed in the Act of 29 April 1999 on the organisation of the electricity market.
11 Since 8 February 2021, and by Ministerial Decree, Maxime Saliez has been appointed as representative of the Government for the francophone linguistic role. He has an advisory role to the Board of Directors of Elia Transmission Belgium SA/NV as prescribed in the Act of 29 April 1999 on the organisation of the electricity market.

- Dominique Offergeld, Chairwoman
- Pieter De Crem
- Roberte Kesteman
- Laurence de l'Escaille
- Saskia Van Uffelen

AUDITORS[12]

- BDO Réviseurs d'Entreprises SRL, represented by Michaël Delbeke
- EY Réviseurs d'Entreprises SRL, represented by Paul Eelen

EXECUTIVE MANAGEMENT BOARD

- Catherine Vandenborre, Chairwoman and Chief Financial Officer[13]
- Frédéric Dunon, Vice-Chairman and Chief Executive Officer[14]
- Markus Berger, Chief Infrastructure Officer
- Patrick De Leener, Chief Assets Officer
- James Matthys-Donnadieu, Chief Customers, Markets & System Officer
- Pascale Fonck, Chief Public & Regulatory Affairs & External Relations Officer
- Peter Michiels, Chief Human Resources & Internal Communication Officer

SECRETARY GENERAL

- Siska Vanhoudenhoven

2.2. Board of Directors[15]


Bernard Gustin


Bernard Thiry


Geert Versnick


Michel Allé


Pieter De Crem


Roberte Kesteman


Dominique Offergeld


Saskia Van Uffelen


Thibaud Wyngaard


Laurence de l'Escaille


Els Neirynck


Eddy Vermoesen

[12] EY Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV and BDO Réviseurs d'Entreprises/Bedrijfsrevisoren SRL/BV were reappointed as auditors of the company by the ordinary general meeting held on 16 May 2023, upon proposal of the works council of the company and at the proposal of the Board of Directors after suggestion of the Audit Committee.

[13] The Board of Directors of Elia Transmission Belgium SA/NV and Elia Asset SA/NV decided on 12 December 2023, upon proposal of the Corporate Governance Committee, to appoint Catherine Vandenborre as Chairwoman of the Executive Management Board (she continues to act as Chief Financial Officer) and Frédéric Dunon as vice-Chairman of the Executive Management Board of Elia Transmission Belgium SA/NV and Elia Asset SA/NV.

[14] The Board of Directors of Elia Transmission Belgium SA/NV and Elia Asset SA/NV decided on 12 December 2023 to appoint Frédéric Dunon as Chief Executive Officer of Elia Transmission Belgium SA/NV and Elia Asset SA/NV.

[15] Since the amendments to the Articles of Association of 16 May 2023, the Company is managed by a Board of Directors composed of twelve members instead of fourteen.

The Boards of Directors of Elia Transmission Belgium SA/NV and Elia Asset SA/NV consist of 12 members, none of whom performs an executive role within either of those two companies.

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

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

In accordance with provisions stipulated by legislation and the Articles of Association, these Boards of Directors are supported by three advisory committees – the Corporate Governance Committee[16], the Audit Committee and the Remuneration Committee – that are the same for Elia Transmission Belgium SA/NV and Elia Asset SA/NV. The Boards of Directors ensure that these committees operate in an efficient manner.

2.3. Diversity within the Board of Directors

Number of directors Transmission Belgium SA/NV as at 31 December 2023		
Men	35 - 54 years	1
	≥ 55 years	6
Women	35 - 54 years	1
	≥ 55 years	4

In accordance with article 9, § 2 of the Act of 29 April 1999 on the organisation of the electricity market, article 7:86 of the Code of Companies and article 12.6 of the Articles of Association of Elia Transmission Belgium SA/NV and Elias Asset SA/NV, at least one third (1/3) of the Board members must be of the opposite gender to the remaining two thirds.

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

2.4. Audit Committee competencies

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

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

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

Dominique Offergeld (non-executive non-independent director of Elia Group SA/NV, Elia Transmission Belgium SA/NV and Elia Asset SA/NV, appointed upon proposal of Publi-T SC/CV) has a degree in economics and social science (specialisation: public economics) from Université Notre Dame de la Paix in Namur. She has taken various extra-academic programmes, including the General Management Program at Cedep (INSEAD) in Fontainebleau (France). She started her career at Générale de Banque (now BNP Paribas Fortis) in the corporate finance department in 1988 and was subsequently appointed as specialist advisor to the vice-president and minister for economic affairs of the Walloon

[16] The Board of Directors decided on 20 October 2022 to establish a Corporate Governance Committee in accordance with the Flemish Government Decree of 19/11/2010 containing general provisions on energy policy. The creation of this committee was confirmed by the Extraordinary General Meeting of Elia Transmission Belgium SA on 14 December 2023.

Region in 1999. In 2001 she became advisor to the Deputy Prime Minister and Minister for Foreign Affairs. Between 2004 and 2005, she was deputy director of the office of the minister for energy, subsequently becoming general advisor to the SNCB holding company in 2005. She was previously director of (among others) Publigas and government commissioner at Fluxys. She was also Chairwoman of the Board of Directors and the Audit Committee of SNCB. Between 2014 and 2016, she was director of the Minister for Mobility's Strategy Unit, with responsibility for Belgocontrol and the SNCB. She has been CFO of ORES since August 2016, a position she also held between 2008 and 2014. She is also vice-President of Publi-T SC/CV.

2.5. Executive Management Board


Catherine Vandenborre


Frédéric Dunon


Patrick De Leener


• James Matthys-Donnadieu


Peter Michiels


Markus Berger


Pascale Fonck

Diversity within the Executive Management Board

Number of Executive Management Board of members of Elia Transmission Belgium SA/NV as at 31 December 2023		
Men	35 - 54 years	2
	≥ 55 years	3
Women	35 - 54 years	1
	≥ 55 years	1

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

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

2.6. Shareholder structure at the closing date

	Shares	% Shares	% Voting rights
Elia Group SA/NV	226,590,832	100.00	100.00
Publi-T SC/CV	1	0.00	0.00
Total	**226,590,833**	**100.00**	**100.00**

3. Features of Elia Transmission Belgium SA/NV's internal control and risk management systems

3.1. Risk and opportunities management system

3.1.1 Purpose of Risk Management

Elia Transmission Belgium SA/NV ambition to deliver the infrastructure of the future and ensure the energy transition is a success for the benefit of consumers is being fulfilled amidst a highly challenging context. The complexity of the company's activities - particularly those of its two transmission system operators - is characterized by the need to manage the 3 dimensions of the energy trilemma. This involves balancing energy sustainability, security and affordability.

Elia Transmission Belgium SA/NV's approach involves incorporating this complex environment and these issues into a risk intelligence system that helps the organisation to anticipate unwanted events, supports the prioritisation of resources and, ultimately, fosters the organisation's resilience.

Our risk and opportunity management system allows us to identify, understand and manage the effect uncertainties have on the achievement of our objectives. As explained by risk management expert James Lam[17]: "The only alternative to risk management is crisis management and crisis management is much more expensive, time consuming and embarrassing."

3.1.2 Outline of Elia Transmission Belgium SA/NV's approach to risk management

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

3.1.3 Risk management process and framework

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

Our risk management system is constantly being improved. It is adapted in line with the changing context and new insights. As an example, in 2023, the group conducted an exercise to improve our risk and opportunity disclosure and double materiality assessment in line with the upcoming Corporate Sustainability Reporting Directive (CSRD). The output of this exercise was fed back into our risk and opportunity process. This supports the group's ability to create and sustain value over time. This improved approach also demonstrates how the group is applying integrated thinking in its processes and activities. It is illustrated by the graph below.

3.1.4 Risk management governance

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

[17] James Lam (2014), Enterprise Risk Management, Wiley Finance

Risk Framework/ documents	Concerned actors	Action	Result
Risk policy **Risk report**	Board of Directors & Audit Committee	Challenge risk reporting Validation of the strategy	Oversight from the top of the organisation Tone setting
Risk policy **Group risk report**	Executive Management Boards (both at Group and TSO levels)	Challenge risk reporting Validation of the organisation's risk appetite Definition of the strategy	Oversight from the top Tone setting
Maintain corporate risk register	Group & local risk departments	Processing of contextual information Preparation of the Group's risk reporting exercise Support for risk assessment Advice to business Monitoring of progress on action plans	Holistic view of risks and uncertainties Consistent risk assessment
Management of business risks **Maintain business risk register** **Business continuity plans**	Accountable directors and senior management	Translation of strategy into roadmaps Oversight of business risks Input to Group risk reporting Coordination of action plans	More resilient processes
Maintain business risk register	Action owners	Carrying out action plans	Risk reduction

Simultaneously employing a top-down and bottom-up approach enables Elia Transmission Belgium SA/NV to identify and, where possible, anticipate forthcoming events and react to any incidents that occur inside or outside of the organisation which might affect the attainment of our objectives.

The Risk Reports were reviewed twice in 2023 by the Board of Directors and Audit Committee; alongside the Executive Management Boards, the latter contributed to the evaluation of the measures adopted in response to different risks. Action plans or specific, theme-based risk assessments were carried out whenever there was a perception of potential threats or opportunities.

In order to identify new risks or evaluate changes to existing risks, the Risk Manager and the Executive Management Board discuss and look out for any changes that may call for the relevant risk assessment and associated action plans to be amended. This dialogue takes place as part of the risk management process, typically during the presentation of the risk reports or during ad hoc risk exercises. Different criteria are used to determine the need to re-evaluate financial reporting procedures and associated risks. Operational management assesses the relevant risks and puts forward action plans. The Board of Directors, in line with advice from the Audit Committee, must approve any significant changes to assessment rules. Risk Management is instrumental for Elia Transmission Belgium SA/NV to maintain its value for its stakeholders and the communities it serves. The process involves work with all departments in order to optimise the organisation's ability to achieve its strategic objectives, and involves advising the company regarding the nature and potential effects of future risks.

3.1.5 Monitoring

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

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

3.2. Risks and opportunities facing the company

3.2.1 Contextual factors - the four megatrends

Our activities and ability to create value over the short, medium and long term are heavily influenced by the contexts we operate in, including the megatrends in the energy sector. Both European and national targets continued to be sharpened and translated into detailed objectives and plans throughout 2023.

ACCELERATE DECARBONISATION AND ELECTRIFICATION

The Russian invasion of Ukraine in February 2022 returned a sense of urgency to the European energy debate. The geopolitical crisis and extreme energy prices have prompted the European Union to take stronger ownership of its energy production and more rapidly fulfil its commitments to renewable energy, decarbonisation and electrification.

Following the start of war in Ukraine, therefore, the European Commission published its REPowerEU Plan (May 2022), which builds on the European Green Deal (2019) and 'Fit for 55' legislative package (2021). The plan aims to reduce Europe's dependence on Russian fossil fuels. It focuses on the diversification of Europe's energy supplies, energy saving measures and increasing clean power. It is in this vein that both the Belgian and German Governments have furthered their renewable energy targets, including through fora such as the second North Sea Summit in April 2023.

Accelerating the energy transition will reduce our dependence on fossil fuels, strengthen Europe's energy sovereignty and ensure more stable and affordable energy prices, helping to mitigate high inflation in gas and electricity markets. Offshore energy, generated in Europe's seas, is set to become a cornerstone of its future energy system.

However, the sharp rise in renewable energy and in electricity demand is triggering important consequences. The building of 'leading' grid infrastructure is critical for matching society's ambition to accelerate the transition. Since areas with high amounts of renewable energy sources ("RES") are often remote, the need for long-distance electricity transmission is rising. Moreover, areas with complementary production patterns need to be connected as the availability of RES is not equally distributed across Europe.

To ensure the secure and efficient operation of such a renewable and volatile electricity system, more flexibility should be unlocked from households and industry across all levels of the electricity system and via different electricity markets.

ELIA TRANSMISSION BELGIUM SA/NV'S RESPONSE

Throughout 2023, we:

- made good progress on projects that will integrate higher amounts of renewable energy into the system, such as the Princess Elisabeth Island.
- published Elia's fourth biennial Adequacy and Flexibility study for Belgium (2024-2034), which outlined that flexible consumption can both flatten consumption peaks related to the spread of electrification and manage the variability of RES.

FLEXIBLE ELECTRICITY CONSUMPTION

Flexible consumption is becoming increasingly important for supporting the grid as electrification spreads and renewable energy levels rise, and for controlling system costs.

Industrial electrification and the rise of electric vehicles, heat pumps and batteries are fundamentally changing the way consumers are interacting with the electricity system. Sector convergence is offering new opportunities for unlocking flexibility, meaning it is becoming an important accelerator for an efficient energy transition.

New flexible appliances will allow households to consume more electricity at lower costs when there is lots of wind and sunshine available and reduce or even shift their consumption in time when renewable generation is limited and energy use is more expensive. Existing and new energy service suppliers will be able to provide their customers with better products and incentives, allowing them to monetise their flexibility and lower electricity costs.

Moreover, industry will become a key provider of flexibility as it electrifies and decarbonises some of its processes. Today, the business case is mostly focused on industry providing ancillary services to the power system. However, much broader opportunities will be offered up in electricity markets provided we further develop these, allowing industry to better align its consumption with renewable generation patterns and optimise it against dynamic electricity prices.

ELIA TRANSMISSION BELGIUM SA/NV'S RESPONSE

Throughout 2023, we:

- focused on flexibility as the theme both of our annual stakeholder event in March and our annual viewpoint, which was published in November and explores barriers that lie in the way of unlocking flexibility across the energy system;
- furthered work on projects that aim to encourage the provision of consumer flexibility, including by launching our Watts.Happening simulation tool – which provides companies with information about their flexibility options – and by partnering up with Powerledger, a technology solutions provider for renewable energy trading, to explore the potential held in peer-to-peer energy trading.

SECTOR CONVERGENCE AND NEW TECHNOLOGIES

The development of new technologies and digitalisation has led to the power sector being increasingly coupled with other sectors, such as heating, transport and industry. The owners of flexible appliances like heat pumps, electric vehicles and small batteries can be encouraged to shift their electricity consumption in time, so contributing to a more efficient operation of the system.

The rise of new technologies that are used for monitoring and maintenance purposes is also contributing to system efficiency. The internet of things and artificial intelligence are leading to the establishment of smart grids (which can be monitored on a continuous basis), automatic decision-making and enhanced risk prediction and incident analysis. The use of blockchain for digital identities is enabling the trading of energy between different parties and the tracking of green energy from source to consumer.

Access to the right data and using it as part of real-time decision-making will be necessary for managing this more complex electricity system. In turn, this will lead to data security and consent management becoming key areas of responsibility and concern.

ELIA TRANSMISSION BELGIUM SA/NV'S RESPONSE

In 2023, we:

- promoted the importance of open data access and solid user authentication approaches for connecting disparate consumer assets to the grid and increasing transparency related to the origin of green electricity through research papers, projects and partnerships;
- explored the importance of interoperability through projects like the InterOPERA consortium, which is working to establish a meshed offshore multi-vendor multi-terminal HVDC grid in Europe;
- continued to explore the use of innovative devices, including remote inspection technology to increase the efficiency, safety and sustainability of our asset monitoring activities; in May, for example, an autonomous robot was deployed in ALEGrO's HDCV converter hall in Belgium, marking the first time that an autonomous robot has been used in this way in Europe.

INCREASING INTERNATIONAL COOPERATION

As described in Elia Group's 'Roadmap to Net Zero' study (November 2021), Europe's direct electricity demand can be met in 2050 – but only if Europe accelerates RES expansion by a factor of three, boosts electrification, increases efficiency and builds more on- and offshore interconnectors to balance out the uneven distribution of RES across Europe.

To make optimal use of the continent's RES, Europe needs to set up frameworks for partnerships between countries with different levels of RES potential. Moreover, the full potential of the North and Baltic seas will need to be harnessed through an international approach. The rise of hybrid interconnectors and energy islands will allow electricity to be exchanged between countries whilst also connecting them to offshore wind farms. These interconnectors and energy islands are forming the first building blocks of a European meshed offshore grid.

The increasing integration of the European power system is requiring a supranational approach to be supported by Member States. This can occur across European regions through Regional Coordination Centers (such as Coreso and TSCNET) or via continent-wide cooperation. For example, the Ten-Year Network Development Plan prepared by the European Network of Transmission System Operators (ENTSO-E) is helping to secure fully integrated European grid and energy markets.

ELIA TRANSMISSION BELGIUM SA/NV'S RESPONSE

Throughout 2023, we continued to further our partnerships with international stakeholders, helping, for example, to organise both the North Sea Summit in Ostend, bringing together politicians, heads of state and industry leaders in the name of harnessing the potential held in offshore renewables and establishing an integrated European grid and market;

3.2.2 Regulatory changes

In Belgium, the regulatory landscape has been affected by the recent approval of Elia's adjusted tariff proposal for the regulatory period which will run from 2024 to 2027. This approval from the Belgian regulator (CREG), marks a pivotal step in the shaping of the financial framework for energy transmission during this period.

These approved tariffs are set against the backdrop of a high-inflation context, reflecting the economic realities that influence the energy sector's financial dynamics. The primary objective of these tariffs is to equip Elia with the necessary financial resources to fulfil its crucial role in advancing the energy transition, notably through an ambitious investment programme. As part of regulatory considerations, electricity transmission tariffs are scheduled to experience an increase during the 2024-2027 time frame.

3.2.3 Main risks

CLIMATE RISKS

Description

Physical climate risks may lead to asset damage, business contingency events and disruptions to business continuity. The transition to a lower carbon economy is likely to involve extensive policy, legal, technology and market changes that should be adequately anticipated to avoid adverse reputational impacts.

Uncertainties

- Physical climate risks - Triggered by the occurrence of extreme weather events such as storms, heat waves or flooding ;
- Transitional risks & ESG regulatory environment- Examples include EU Taxonomy, CSRD, CBAM, EU F-GAS and PFAS REACH regulations.

Main affected time horizon

Short to mid-term time frame.

Responses

ACT NOW

- Elia Group's sustainability programme focuses on 5 key dimensions that are aligned with the United Nations Sustainable Development Goals.

INFRASTRUCTURE DESIGN

- Considering stringent climate conditions and rolled out across all our infrastructure projects.

CLIMATE VULNERABILITY ASSESSMENTS

- In line with EU Taxonomy requirements.

IMPROVEMENT OF OUR CLIMATE SCENARIOS

- Considering 3 scenarios RCP 2.6, 4.5 and 8.5 and two time horizons in line with the technical lifetime of our assets.

SECURITY OF SUPPLY

Description

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

Uncertainties

- Balancing risk - Growth in the number of renewable energy units & increased volatility of energy flows.
- Adequacy risk - Electrification, closure of some baseload production units & higher share of Renewable Energy Sources (RES).

Main affected time horizon

Short- and mid-term time frames.

Responses

- Integrated balancing market at EU level
- National & international collaboration for grid control
- Balancing risk stress tests at national & ENTSO-E levels
- Market reforms to unlock more flexibility
- Adequacy & flexibility studies
- Belgium: Capacity remuneration mechanism (CRM) & actions taken to increase success of CRM auctions

CONTINGENCY EVENTS AND BUSINESS CONTINUITY DISRUPTION

Description

Even if the transmission systems operated by Elia Transmission Belgium SA/NV is very reliable, the unavailability of one or more network elements (also called contingency events) may occur because of unforeseen events. In most cases, thanks to the meshed structure of our grid, the smooth operation of the network is challenged - and nothing more. However, in more exceptional cases, incidents across the electricity system can lead to business continuity being disrupted.

Uncertainties

- Extreme weather events (see climate risks).
- Cyber-attacks (see ICT risks).
- Sabotage and terrorism - The transmission grids are spread across a large geographical area;
- Equipment failure - Resource constraints for equipment maintenance & new technology may increase the probability of failure

Main affected time horizon

All time horizons

Responses

SABOTAGE AND TERRORISM

- Physical access management : security screening for critical functions, limited access to control and data rooms, additional security layers for critical infrastructure
- Implementation of (IT) security measures, such as redundancy, which is built in by design for physical infrastructure and servers or high availability of critical applications

EQUIPMENT FAILURE

- Asset condition monitoring to support timely maintenance action and reduce the risk of unplanned failure

PERMITTING

Description

Elia Transmission Belgium SA/NV is subject to environmental and zoning laws, and is managing increased public expectations and concerns. These may impair its ability to obtain relevant permits and realise its planned investment programme in a timely manner, or may result in additional costs.

Uncertainties

- Delay in permitting. - The timely approval of project permits is important for the prompt implementation of projects which support the energy transition
- Complex and changing environmental & wildlife protection regulations. - A stricter regulatory framework or enforcement policy may emerge, leading to additional costs for the group & delays to its projects.

Main affected time horizon

Short- and mid-term time frames.

Responses

- Contact with authorities and key stakeholders
- Frequent information sessions for communities impacted by our projects
- Transparency: external experts are responsible for demonstrating the relevance of our projects, validity of the technical choices made and management of environmental impacts. Cost & benefit analyses are made public
- Close follow-up of (emerging) regulations aiming to help speed up the realisation of projects
- Act Now includes concrete examples of actions that aim to avoid, reduce and offset the environmental impacts of our projects, such as bird diverters, ecological corridor management schemes, measures to enhance the biodiversity around the Princess Elisabeth Island, etc.

CYBER & ICT

Description

Despite all of the many precautions taken by Elia Transmission Belgium SA/NV, significant system hardware and software failures, compliance process failures, ICT failures, computer viruses, malware, cyber-attacks, accidents or security breaches could still occur. Such events would have an adverse impact on the continuity of supply or could result in a breach of the company's legal or contractual obligations

Uncertainties

- Digitalisation and the adoption of new technologies - Examples: IoT, more connectivity, long- distance drones, robots, etc
- Data protection - Elia Transmission Belgium SA/NV collects and stores sensitive data (its own data, that of its suppliers and business partners)
- Critical infrastructure - European, national and sector-specific regulations (EPCIP, NIS, directive on critical infrastructure, network code on cybersecurity…)

Main affected time horizon

All time horizons.

Responses

- See also 'Contingency events'
- Implementation of preventive, detective and response IT security measures (e.g.: IT segmentation, redundancy, backup, failover mechanisms)
- Compliance with relevant regulations and implementation of IT security frameworks such as ISO 27000 (Information Security)

SUPPLY CHAIN

Description

Elia Transmission Belgium SA/NV depends on a limited number of suppliers and their ability to deliver high-quality equipment and/or carry out infrastructure work in a timely manner. Any cancellation or delay in the completion of Elia Transmission Belgium SA/NV's projects could have an adverse effect on the company's contribution to the energy transition and ultimately impact its reputation. Increases in the price of equipment and works lead to higher project costs, which in turn result in higher financing needs.

Uncertainties

- Capacity risk - High demand, capacity bottleneck & long lead times and high dependence on some key suppliers
- Price risk - Significant price increases in 2023, especially for offshore equipment
- Delivery risk- Raw material and component risk, tense geopolitical context and dependencies on some countries

Main affected time horizon

Short term.

Responses

CAPACITY

- Forecast improvements
- Earlier order placement
- Transversal projects to enhance harmonisation, standardisation & coordination

PRICE

- Regulatory framework & pass-through costs
- Analysis of technical alternatives to reduce project costs

RAW MATERIAL & KEY COMPONENTS

- Risk analyses on the availability of raw materials to achieve the EU renewable energy targets
- Risk analysis of our direct and indirect suppliers across the value chain

REGULATORY

Description

Any modification to the tariff methodologies, the permits, certifications, laws and regulations needed to operate our grid or to Elia Transmission Belgium SA/NV's trusteeship obligations could affect the revenue, profits and/or financial position of the company. This could, in turn, have an adverse effect on the implementation of the company's infrastructure programme and its timely contribution to the energy transition.

Uncertainties

- Changes to the tariff methodologies- Some parameters used for the determination of the regulatory return are subject to uncertainties. Unfavorable changes to tariffs can adversely impact the energy transition infrastructure programme.
- Modification of TSO permits and certification processes - Withdrawal, amendment or the addition of new conditions in permits and certificates may impact the operation of regulated activities.

Main affected time horizon

Mid-long term time frame.

Responses

- Regular contact with European & national authorities
- Proactive anticipation of new directives & regulations
- Membership of ENTSO-E, that can advocate for changes which are aligned with our strategy
- Safeguarding security of supply and enhanced and accelerated CAPEX delivery are our top priorities
- Strong governance processes in place with a focus on compliance with regulatory decisions

FINANCING

Description

The ability of Elia Transmission Belgium SA/NV to access global sources of financing to cover its financing needs and fund its plans and refinance its existing indebtedness is a key component of the company's business and strategic plan. Finally, there may be an adverse impact on the company's working capital resulting from trustee obligations.

Uncertainties

- Long-term financing, attractiveness for investors & affordability- The capex plan for the next 5 years amounts to € 9.4billion.
- ST cashflow- Certain trustee obligations may temporarily impact the company's working capital.

Main affected time horizon

Short- and medium-term time frames.

Responses

LT FINANCING, ATTRACTIVENESS FOR INVESTORS & AFFORDABILITY

- Analysis of technical alternatives to reduce project costs
- Analysis of alternative funding options
- Diversified (including green) financing sources in equity and debt instruments and good balancing of the maturities of its funding
- Measures to improve profitability and intensive efforts to attract new investors
- In 2023, the rating of ETB remains at BBB+ with a stable outlook

ST CASH FLOW

- Close monitoring of liquidities
- Ring-fenced structure with separate S&P ratings for ETB, Elia Group and Eurogrid GmbH

TALENT

Description

A lack of qualified staff may result in insufficient expertise and know-how which is needed to realise Elia Transmission Belgium SA/NV's strategic objectives. Given the highly specialised and complex nature of the business, if the company does not manage to attract the human resources and expertise it needs, the risk of failing to implement its strategy will increase which will consequently impact the energy transition.

Uncertainties

- Talent attraction and retention - Specific technical expertise needed to support Elia Transmission Belgium SA/NV's development and digital transformation.
- Wellbeing - High societal expectations related to the energy transition place significant pressure on our teams.
- Alignment between culture and strategy.
- The Company's culture must be fully aligned with the Elia Transmission Belgium SA/NV's strategy and objectives, in order for it to be successfully implemented.

Main affected time horizon

Short- and mid-term time frames.

Responses

TALENT ATTRACTION AND RETENTION

- Updated hiring strategy
- Active promotion of Elia, job fairs held in schools, promotion of the organization via social media and prominent recruitment campaigns
    - New way of working policies
    - Diversity, equity & inclusion initiatives

WELLBEING

- Wellbeing initiatives & tailored support provided by a wellbeing officer & psychologists via platform

ALIGNMENT BETWEEN CULTURE AND STRATEGY

- Transformation journey and transformer community
- Leadership model
- Promotion of behaviours: feedback, simplification, impact ...

HEALTH AND SAFETY

Description

Accidents, asset failure or external attacks may cause harm to people which may lead to liabilities. The upcoming increase in infrastructure and maintenance projects may lead to a higher exposure of staff to health & safety risks.

Uncertainties

- Human errors Lower levels of general wellbeing and our staff's ability to focus may cause human errors, leading to health & safety incidents.
- Contractor's risk - Contractor safety cultures which are not aligned with the group's may lead to health & safety incidents.
- Offshore safety risk - Offshore assets and work require safety procedures to be adapted and updated.

Main affected time horizon

All.

Responses

- Global Prevention Plan: health and safety system, process and procedure management, unwanted event follow-up, proactive site visits
- ETB has been assessed as carrying a level 3 on the Safety Culture Ladder
- Safety cultural change initiative
- Continuation of the safety programme Go for Zero for contractors
- Trainings & certifications requested to internal & external workers
- Initiatives to decrease inherent safety risks by performing inspections with e.g. drones, robots etc
- Wellbeing initiatives & tailored support provided by a wellbeing officer & psychologists via platform

3.3. Internal control system

3.3.1 Organisation of internal control

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

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

The Audit Committee generally meets on a quarterly basis.

MAIN CONTROL ACTIVITIES

Elia Transmission Belgium SA/NV has established internal control mechanisms across different organisational levels to ensure compliance with standards and internal procedures that are geared towards the proper management of identified risks. These include:

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

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

Elia Transmission Belgium SA/NV's Financial reporting objectives include:

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

The activities undertaken by Elia Asset SA/NV contribute in a significant manner to the Elia Transmission Belgium SA/NV's financial results. Therefore, appropriate procedures and control systems have been established to ensure that an exhaustive and realistic inventory of physical assets can be drawn up.

ROLES AND RESPONSIBILITIES

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

The structured approach developed by the Elia Transmission Belgium SA/NV helps to ensure that financial data is both exhaustive and precise, and takes into account activity review deadlines and the actions of key players, so as to ensure that control and accounting processes are adequate.

RISK MANAGEMENT

Financial risk assessments primarily involve the identification of:

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

CONTROL ACTIVITIES

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

INFORMATION AND COMMUNICATION

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

MONITORING

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

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

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

3.3.3 Integrity and Ethics

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

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

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

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

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

Elia Transmission Belgium SA/NV offers its employees the opportunity to express their concerns about possible breaches of the Code of Ethics without fear of negative repercussions or unfair treatment. Issues can be also be raised with local management teams, HR, and the Compliance Officer or Internal Audit. In addition to internal reporting channels, external reporting systems exist that allow all internal employees and external stakeholders to anonymously raise issues about possible breaches of the Code of Ethics which may harm Elia Transmission Belgium SA/NV's reputation and/or its interests via a dedicated platform ('Ethics Alert'). All raised issues are handled in an objective and confidential manner, in line with the whistleblowing procedure, which was designed in compliance with EU Directive 2019/1937 and its transposition into national law.

The Internal Audit Team's annual activities include a number of actions and verification audits designed to act as specific safeguards against fraud. Any findings are reported to the Audit Committee. In 2023, no relevant findings relating to financial fraud were reported in the audits that were part of the 2023's annual audit plan.

4 Elia Transmission Belgium SA/NV sustainability report

4.1. General information

4.1.1 Basis for preparation

GENERAL BASIS FOR PREPARATION

This report provides transparency on Elia Transmission's (Belgium) sustainability performance in 2023 and describes the integration of sustainability into our business model and corporate strategy. According to the Corporate Sustainability Reporting Directive (CSRD), Elia Transmission (Belgium) is due to report in accordance with the European Sustainability Reporting Standards (ESRS) in the first wave, starting with reports published in 2025 (for financial year 2024).

We welcome these new developments and, accordingly, we have already moved into the transition process. This annual report partially reflects the rationale, structure and key disclosure requirements of the future ESRS. In parallel, we will gradually phase out the Global Reporting Initiative (GRI) disclosure requirements and replace them with the future-proofed ESRS. Selected GRI indicators will continue to be used throughout this report. In particular, we are maintaining the GRI Sector Standards for Electric Utilities until a corresponding ESRS Sector Standard is published.

In this annual report, we focus on the best level of fulfilment of ESRS 2 General Disclosures, ESRS E1 Climate Change and S1 Own Workforce. We indicate their use by naming the corresponding ESRS. If no ESRS is mentioned, we generally reference the GRI Standards. This is indicated by naming the corresponding GRI standard. In this way, we also ensure that we report comprehensively on environmental, social and governance matters during the transition phase.

Scope of consolidation

This report covers the period from 1 January 2023 to 31 December 2023.

In accordance with the ESRS guidelines, we began a process of aligning our sustainability reporting with the same scope used for financial reporting. Nevertheless, the specific nature of the company's structure and the mix of different business activities require more analysis of the feasibility of systematically applying the ESRS to all entities.

The correspondence with financial consolidation and the exceptions can be seen in the table below.

Sustainability consolidation	Financial consolidation
1. Elia Transmission (Belgium)	**1. Elia Transmission (Belgium)**
All activities of Elia Transmission Belgium SA/NV	The regulated activities of Elia Transmission Belgium SA/NV
Elia Engineering SA/NV	Elia Engineering SA/NV
Elia Asset SA/NV	Elia Asset SA/NV
Elia Re SA	Elia Re SA
Not included. They qualify as investments accounted for using the equity-method in the consolidated financial statements.	HGRT SAS and Coreso SA/NV

Our core business is electricity transmission. Accordingly, the first step was to best prepare the first two segments for reporting in accordance with the ESRS, focusing on E1 Climate Change and S1 Own Workforce.

External Assurance

A selection of 2023 key metrics were externally verified at Elia Group-level by one of Elia Group's joint financial auditors. The External Assurance report is available in the 2023 Annual Integrated Report'.

For an overview of the Disclosure Requirements (DR) prepared in accordance with the ESRS, see the correspondence table in section 'List of Disclosure Requirements prepared in accordance to the ESRS'.

No omissions were made regarding material sustainability topics for reasons of confidentiality of intellectual property, expertise or results from innovation processes.

SPECIFIC CIRCUMSTANCES

Various International Organization for Standardization (ISO) standards are used. There is a roadmap to obtain The 'environmental management' criterion certified in accordance with ISO 14001 in 2024.

4.1.2 Governance

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Sustainability is rooted in the very nature of the Elia Group holding business activities, as expressed in the Group's vision: 'A successful energy transition for a sustainable world'. To be able to fulfil this vision in the best possible way, we have clearly defined sustainability-related roles and responsibilities across the organisation. These enable sustainability-related targets and activities to be embedded across Elia Transmission (Belgium) and closely managed. Elia Group officers have been put in place at Group level for a number of key areas, including Security and Safety, Risk Management, Talent Management, Procurement, Strategy and EU Affairs.

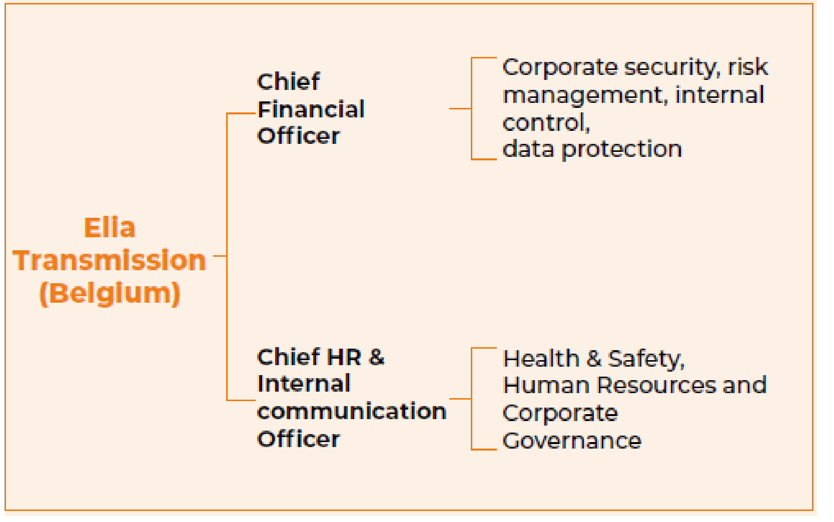
Elia Group's CEO is responsible for sustainability-related issues across the entire Group. At local level, the management of these areas and different responsibilities are described in the figures below.

Our sustainability programme, ActNow, and related ambitions are defined at Elia Group level by the Group Sustainability Office (GSO). The GSO then ensures the consistency of the actions taken by the Group and ensures it continuously improves its sustainability performance.

ActNow comprises five dimensions, each of which includes specific targets for the Group and Elia Transmission (Belgium) to reach.

For a detailed description of our ActNow programme and its dimensions, please see section '4.1.3. Strategy'.

At the local level, the respective Sustainability departments and their Sustainability Boards are accountable.



		Main tasks	Sustainability-related responsibilities
Group level	**Board of Directors (BoD)**	• The Strategy and Audit Committees validate the strategy (including sustainability targets) on a yearly basis and issue general recommendations in relation to these • Endorses the strategic changes that the Group undergoes, including in terms of its sustainability dimensions	• Endorses the sustainability-related areas of the Group's strategy
	Elia Group Management Board (EGMB)	• Undertakes regular strategy review to validate major changes in overall strategy, ambitions and targets • Takes key decisions relevant for Group strategy • Raises relevant topics with BoD • Provides sponsorship for sustainability aspects ◦ Chief Financial Officer for Dimensions Climate Action, Environment & Circularity ◦ Chief Alignment Officer for Dimensions H&S, DEI, Governance/Ethics/Compliance	• Endorses sustainability-related areas (such as top KPIs) in the Group's strategy • Develops ambition levels of ActNow over time
	Group Sustainability Office (GSO)	• Defines ESG vision, mission and targets & Adapts global strategy to reflect ESG • Discusses conceptual topics and development of respective approaches/positions (e.g. anticipated legislative requirements, reporting standard, application of voluntary frameworks) • Proposes changes to Group sustainability strategy & targets to EGMB • Monitors risks related to the implementation of the sustainability strategy • Serves as a sounding board for sustainability communication • Enriches discussion & fosters dialogue on sustainability issues Drives strategic initiatives • Sets up working groups to work on sustainability related topics • If needed, steers Group-level implementation projects Reviews progress of overall sustainability ambitions • Monitors overall progress in the various dimensions • Reviews Group-level ambitions for Act Now • Ensure group-wide consistency of sustainability efforts	• Coordinates Group-wide projects

Local level	**Local Executive Management Committees (ExCo)**	• Endorse action plans, implementation plans and roadmaps • Resolve local issues that cannot be decided by Local Sustainability Boards	• Local Sustainability Sponsorship
	Local Sustainability Boards	• Validate local roadmap & targets once a year • Take all decisions on local sustainability matters that don't need to be decided by local ExCo according to statutory • Give guidance & support on key sustainability matters (including local roadmaps) • Resolve local issues (key topics put on the agenda by Sustainability Manager) • Trigger bottom-up engagement from local departments • Get input and positions on high-level sustainability issues/ questions	• Local Sustainability Steering and Development
	Local Sustainability Managers	• Translate ESG requirements into needed local activities (roadmap, milestones, activities) • Track & report local progress with respect to ActNow ambitions • Coordinate local implementation projects & activities • Manage key implementation projects • Participate in and contribute to Group Sustainability Office • Ensure regular communication of successes, etc.	• Define Local Roadmaps (including KPIs, milestones & activities) • Coordinate local projects & activities • Secure local ESG Ratings
	Dimension leaders	These 5 staff members occupy various roles across the Group; they are each appointed to one of the ActNow dimensions. They monitor and steer the development and implementation of local action plans. • Support local Sustainability Managers in the development of dimension activity roadmaps & milestones • Facilitate activities and deliver on sustainability targets in their dimension • Measure performance and share progress made on their dimension	• Organise and ensure quality management of data collection • Define Local Roadmaps (including KPIs, milestones & activities) along with Sustainability Managers • Coordinate local projects & activities • Monitor progress of ActNow

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE ENTITY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Informative sessions and workshops are organised to increase the Executive Management Committee' awareness on various sustainability-related topics, e.g. current and emerging ESG regulations and their operational impact.

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

Sustainability matters are reflected in the variable remuneration schemes for the members of the Executive Committee.

STATEMENT ON DUE DILIGENCE

This disclosure requirement is currently in preparation as per ESRS guidelines.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

See section '3.3. Internal control system'.

4.1.3 Strategy

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

For an overview of the business model and business strategy of Elia Group, please refer to the 2023 Strategic Report.

Our sustainability programme

The value chain diagram can be found on our website.

INTERESTS AND VIEWS OF STAKEHOLDERS

The main categories of stakeholders with whom Elia Transmission (Belgium) engages are reflected in the table below with a detailed description of the engagement methods with each category.

Stakeholder groups	Why we interact	How we interact: Methods	How we interact: Frequency	How our performance is impacted by these interactions
Consumers	• To ensure our operating practices are open and transparent and meet consumer needs • To unlock additional flexibility in the system	• Consumer surveys • Working groups • Project-specific meetings	• Daily with direct customers • 1-2 times per year during conferences and information sessions	• Understanding future consumer needs means our activities can meet these early on, thus contributing to socioeconomic prosperity and enhancing our reputation • Unlocking flexibility in the system supports the balancing of the grid
Electricity system operators	• To safeguard system stability by aligning our activities with those of neighbouring DSOs and TSOs • To develop joint solutions for the (European) grid, system and market as electrification spreads	• Direct contact through control and regional centres • Working groups for TSOs/DSOs • Information sessions • Conferences and events	• Daily through system operations staff • Regular working groups • 1-2 times per year during main events	• The stability of our grid is maintained in real time around the clock • Our system operations activities are enhanced, particularly given the increasing amounts of RES
Energy producers	• To facilitate security of supply, maintain system reliability and coordinate the provision of system services • To connect RES to the grid	• Direct contact through control and regional centres • Working groups • Information sessions • Conferences and events	• Daily through system operations staff • 1-2 times per year during main events	• The stability of our grid is maintained in real time round the clock
Shareholders and investors	• To deliver the necessary infrastructure for a successful energy transition • To secure the Group's future growth and expansion	• External publications • Events	• Regularly through Investor Relations Team • At regular intervals, in line with external publication dates (i.e. quarterly, yearly) • 1-2 times per year during main events	• We secure the financing we need to carry out our activities and projects
Employees	• To strengthen cohesion, creativity and cooperation and enhance our effectiveness • To foster a shared sense of purpose and ensure the importance of our role in the energy transition is understood	• Performance management and training sessions • Internal communication campaigns • Internal events	• Daily	• Our staff share a strong sense of purpose, enhancing our work • Our staff are committed to our activities and business, contributing to the success of our work
Suppliers	• To ensure we have access to high-quality materials, tools and services at affordable prices • To meet our future needs for new materials and tools	• Ad hoc and direct contact, including through tenders and contracts • Meetings • Publications	• Regularly through procurement and project teams	• We have access to the technology and tools we need at the time we need them at affordable prices • The sustainability of our value chain is enhanced

Stakeholder groups	Why we interact	How we interact		How our performance is impacted by these interactions
		Methods	Frequency	
Local communities	• To design our projects with the needs and interests of local communities in mind • To keep local communities informed of the status of our projects and their relevance for the energy transition	• In-person and virtual information and consultation sessions during projects • Dedicated project websites and external publications	• Regularly through project communication teams	• Feedback from communities impacted by our projects is taken into account as we carry out our activities • Regular interactions with local communities ensure they understand how our activities are linked to decarbonisation, thus securing their commitment to our mission
Governments and public authorities	• To align our activities with government policy and act as a trusted advisor to policymakers • To ensure regulatory frameworks deliver value for end consumers and a fair return for our investors	• Meetings with regulatory authorities and policymakers • Publications and studies	• Frequent	• We provide governments and regulatory authorities with trusted advice and research related to decarbonisation and the energy system, supporting them in decision-making on issues such as security of supply
Press and the general public	• To maintain alignment with the interests of society and provide updates on our progress • To inform public debate about the best methods for reaching net zero	• Press conferences and site visits • External publications • Digital channels	• Daily with the press via direct contact with external communications team or digital channels • Regular publications	• The general public is kept informed of our work and its importance to the energy transition, securing their commitment to our activities, and thus enhancing our reputation
Federations, NGOs and academics	• To ensure our research is as rigorous as possible and share and test innovative technology and approaches • To minimise any negative impacts of our activities	• Membership organisations and associated meetings • Specific projects	• Daily contact during specific projects • Monthly or quarterly membership or partnership meetings	• The negative impacts of our projects (for example, on the environment) are minimised • Our activities are enhanced through innovation

4.1.4 Impact, risks and opportunity management

Note: the materiality analysis is done at Elia Group level.

DOUBLE MATERIALITY PROCESS

2018: first materiality exercise on sustainability-related matters

The holding's (Elia Group) material topics were assessed for the first time in 2018 and they have been monitored and reviewed regularly ever since. The reiterations of the material topics, their ranking and the process were a consequence of:

- trends and developments in the context in which we operate;
- internal assessments in the course of the recurrent review of our strategy;
- external interactions with stakeholders, such as government officials, authorities, associations, clients, Industry, DSOs and TSOs, Environmental NGOs, local communities, suppliers, academia and the media in our regular dialogue formats;
- developments in the reporting frameworks;
- materiality analysis by leading international organisations, such as the World Energy Council.

2022: From 'impact only' to 'impact and financial materiality'

Throughout 2022, we worked on updating our materiality matrix, taking into account two perspectives - impact and financial materiality - and screening our TSO activities.

The process and methodology that we used were aligned with the guiding principles of the GRI 2021 standards. In line with these, companies are expected to identify the topics which are relevant to both their business and their stakeholders.

The material topics that we identified were based on the following:

- the Group's 2021 materiality exercise;
- the GRI Sector Standards for Electric Utilities;
- the standards published by the Sustainability Accounting Standards Board (SASB);
- benchmarking exercises and round-tables with industry as well as our peer group of TSOs;
- analysis of media coverage and trend radars;

- draft ESRS guidance on double materiality.

The material topics identified in this way reflect our impact as well as the risks and opportunities in our business activities, including our upstream and downstream value chain. Accordingly, a stakeholder mapping exercise was carried out, taking into consideration stakeholders from across the Group's value chain. The 'shareholders and debt investors', 'government and public authorities', 'associations, NGOs and academics' as well as 'suppliers' and 'employees' stakeholder groups were identified as the most important interest groups. German and Belgian members of these groups were assigned to internal experts within the Group. Specific materiality interviews were then conducted with all stakeholders. In these interviews, the stakeholders assessed negative and, where applicable, positive impacts based on their severity and likelihood.

Based on these assessments, each topic was assigned a score along the two dimensions:

- 'financial' ('outside in': the extent to which the company's financial value can be influenced by the risks and opportunities linked to a topic);
- 'impact' ('inside out': effect of the company on the environment, people and society).

These scores were added together, resulting in a 'consolidated score' (representing their average). Senior management then prioritised the topics, ranking them in accordance with the final score of each topic.

The result was presented to the Group Sustainability Board and approved by the CEO.

2023: The matrix, a reflection of the times – Moving from GRI to ESRS

The sustainability reporting framework has gained greater clarity in the past year, indicating that ESRS principles and guidelines will become the future benchmark for European companies. For financial year 2023 we have taken steps in that direction by taking a more risk-centred approach when re-evaluating the materiality of the topics identified last year and, in so doing, enriched the existing materiality exercise. Sustainability aspects are embedded in our overall risk management process.

The materiality matrix and the material cards provide more insights on sustainability aspects. Compliance with the ESRS methodology for determining material topics is targeted for the reporting for financial year 2024. We have launched a dedicated internal task-force In order to implement this transition.

For reporting on 2023, the material topic cards have been restructured in line with ESRS in order to disclose the following information:

- Impact materiality (inside out)
- Financial materiality (outside in)
- Management's ambitions
- Actions and decisions

The past year has been one of exceptional challenges, especially for the energy sector. To accommodate the dynamic developments that we observe - based on internal assessments and numerous external interactions with our various stakeholder groups to ensure our activities remain aligned with the interests of society - it became necessary to re-assess the prioritisation of the 16 material topics. The assumptions taken for the reassessment were based on the implementation of the Federal Development Plan 2024-2034 and the Adequacy and Flexibility Study for Belgium 2024-2034.

We re-evaluated the naming of the topics and their descriptions and managed to boil them down to the 10 most material ones Elia Group can have an impact on by grouping them according to their influence on each other or on strongly interdependent risk influences. Based on international studies, dialogue with associations, clients, industry, DSOs, environmental NGOs, Unions, local communities, supplier, academia, media in our regular dialogue formats, our own research as well as close dialogue with government officials, authorities and TSO peers, we re-evaluated the risks and opportunities against the events of 2023 and decided to amend the positioning of the material topics.

As a result, four topics were identified as having a significantly higher impact on the company's materiality compared to 2022. Below we describe the rationale for the shift in priority for the relevant topics. Based on these findings, the 2022 materiality matrix was updated by adding arrows that indicate the shift towards higher financial materiality and higher impact for society for these specific material topics. A re-assessment of all material topics will be conducted as part of the CSRD-compliant exercise.

This updated matrix and the described updates were confirmed by the Group Sustainability Board.

Material topic: Affordability, financeability and cost of energy transition

- Impact on industry as well as citizens: The observed CAPEX increase, coupled with high inflation and a tight supplier market, drives up the cost of infrastructure development and as a result leads to an increase in energy bills for industry and citizens via tariffs. More generally, households as well as industry become increasingly worried about energy prices, putting quality of life and the competitiveness of European businesses at risk. The development of the grid will help to dampen the increase in energy prices. A cost-efficient energy transition will therefore be critically important to the acceptance and feasibility of the European Union's carbon-neutrality targets.
- Impact on Elia Group: Increased infrastructure costs and a growing portfolio of infrastructure to be built lead to higher funding needs, which represents a significant challenge for Elia Transmission (Belgium) and post an additional challenge to our ratings.

Material topic: Talent management and diverse workforce

- In order to realise our significantly increased CAPEX projects we need to make sure that we are able to hire all the additional experts needed. Given the scarcity of individuals with technical skills on the European market this will be a challenge. We will not only need to attract and recruit the talent, but also need to make sure that we onboard them efficiently without jeopardising ongoing processes and project execution. Another component is employee retention.
- At the same time, we see that our activities are becoming increasingly international. We consider this as an opportunity to leverage synergies and foster knowledge sharing across the Group.

Material topic: Procurement and supply chain

- The procurement of grid equipment and services for the Elia Group's investment plan is under pressure due to extensive competition from many European TSOs and other industries which have similar expansion plans. The unexpected surge in demand creates a discrepancy with existing manufacturing capacities, leading consequently to longer delivery times and limited room for negotiation, which in turn drives prices up.
- In order to master this challenge we are intensifying our partnerships with suppliers, simplifying our tendering procedures to broaden the supplier base and proactively reserving production slots for key assets across projects.
- Additionally, the change in the global environment is creating additional risks in the supply chain of the suppliers, further increasing the risk on delivery of the necessary grid equipment.

Material topic: Effective governance practices

- Good Governance and Compliance: Good corporate governance is aimed at ensuring the responsible conduct of corporate affairs and management of resources. The CSRD sets a new, very comprehensive ESG standard in Europe.
- Effective organisational structures: The digitalisation and acceleration of the energy transition has forced us to transition our organisational structures from a classical asset-driven company to an innovative and digital knowledge business.

Outlook for 2024 – Compliance with ESRS

After the approval of the ESRS in July 2023, we are working towards disclosing the financial year 2024 materiality matrix in line with the new requirements. The plan is to further enhance the materiality assessment already applied by introducing a risk-based financial impact analysis considering the following categories:

- Extent, scope and irreversibility of the impact;
- Likelihood and potential extent of risks and opportunities for financial development.

We will embed the materiality aspects with our risk management approach.

DOUBLE MATERIALITY RESULTS

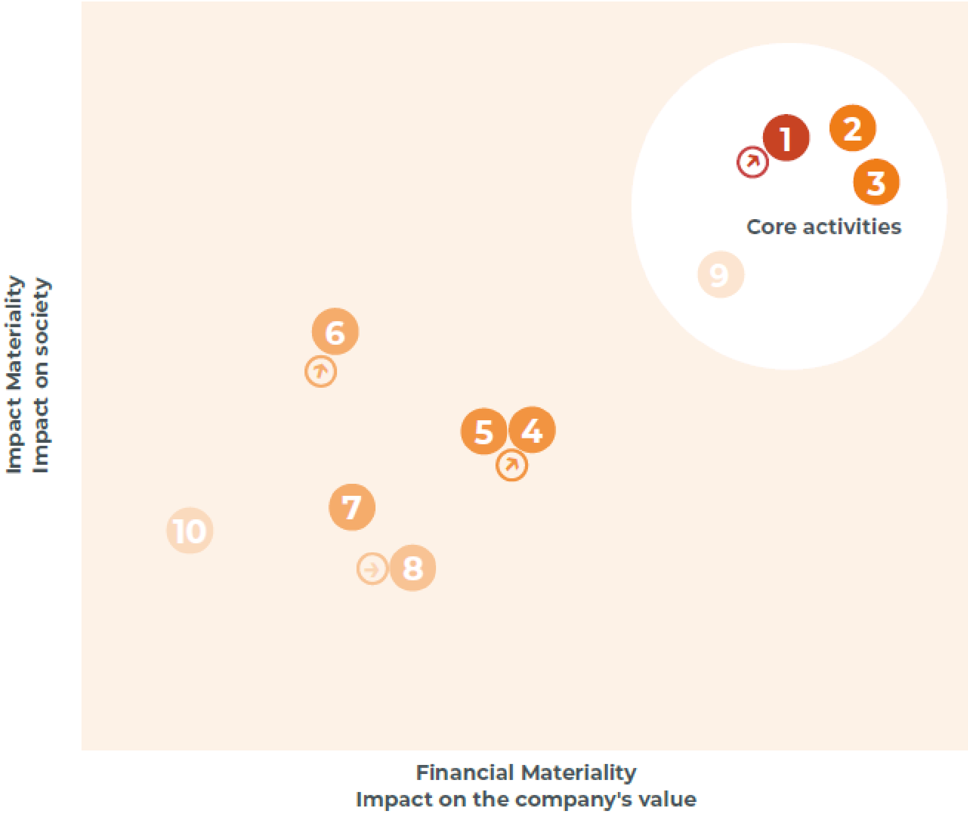
The results of the materiality assessment help confirm the relevance of our mission, vision and core values and guide us in operationalising our strategy.

The updated double materiality will serve:

- as a compass for strategic decision-making processes and the operationalisation of our strategic ambitions;
- as a means of revalidating Elia Group's mission and strategy;
- as a basis for the double materiality assessment for the Group's ESRS reporting.

As described in the previous section, four topics were re-assessed in 2023 due to the dynamic environment witnessed especially in the energy sector and the interactions with our stakeholders over the past year.

The four topics positioned highest are related to the Group's core businesses and are critically important in enabling the Group to fulfil its mission of driving a successful energy transition in order to decarbonise Europe. Nevertheless, we also consider the other topics as material, acknowledging that there are several interdependencies between them.



	Type of Capital	Trends	Material Topic and description
1	Financial	↗	Affordability, financeability and cost of the energy transition: We ensure investment in the transmission grid infrastructure needed to decarbonise society in a cost-effective way.
2	Assets		Security of supply: As TSOs in Belgium and Germany, we act on behalf of national authorities to ensure the adequacy of power systems and transition to a net zero society in a secure and affordable way.
3			Grid development and system operations: We deliver and operate a safe & reliable transmission grid infrastructure in line with the European Network Codes and national legislation.
4	Intellectual	↗	Procurement & supply chain: We secure the delivery of the critical assets which are needed to realise our CAPEX programme.
5			IT security: We protect our systems against cyber-attacks.
6	Employees and subcontractors	↑	Talent management & diverse workforce: We attract, develop & retain talent, providing equal opportunities for all staff.
7			Health & safety: We ensure the health, safety & wellbeing of our employees and subcontractors.
8	Society and relationships	→	Effective governance practices: We co-create with the society that we serve and future-proof our organisational structures and run our daily activities in a responsible and ethical way.
9	Environmental		Sustainable system and net zero society: We are driving the decarbonisation of the Belgian and German electricity systems by integrating renewable energy sources into our grids.
10			Sustainable corporate footprint: We are a good corporate citizen since we minimise the ecological footprint of our activities.

1 AFFORDABILITY, FINANCEABILITY AND COST OF ENERGY TRANSITION

We ensure investment in the transmission grid infrastructure needed to decarbonise society in a cost-effective way.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- Climate ambitions trigger a massive investment programme to deliver the energy transition, including grid investments that will be beneficial for society for several decades but have an immediate impact on the electricity bill via transmission tariffs.
- This is triggering legitimate concerns from our end users. Households are increasingly concerned about losing quality of life as the risk of fuel poverty increases, while our industry and businesses are afraid to lose competitiveness due to rising energy costs.
- Costs for technical assets has significantly increased due to a tight supplier market, high inflation and a surge in interest rates.
- Driven by the federal grid development plan in Belgium, we are looking at a CAPEX investment of €9.4 billion in Elia Transmission (Belgium) over the next 4 years. Funding this increased CAPEX will be one of the main challenges Elia Transmission (Belgium) has to face in the upcoming years.

CORRESPONDANCE WITH THE ESRS

The double materiality exercise in line with the ESRS methodology is due to be published in the next annual report. Consequently, the mapping of material topics in line with the ESRS is currently a work in progress and will be among the main outputs of this assessment.

MANAGEMENT'S AMBITION

- We anticipate and accelerate grid projects to lower system costs (especially congestion costs).
- We push activities to unlock more consumer flexibility at all levels to lower asset needs and congestion management activities.
- We ensure financing for our activities under the best possible conditions while leveraging various financing sources.
- We ensure a fair return for our shareholders supporting our growth path.
- We drive long-term sustainable value creation while ensuring strong governance and control.
- We ensure projects are delivered in a cost-effective way (on time, budget and quality) and submit proposals to adapt costly boundary conditions
- We push standardisation to lower asset costs.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Financing risk: The ability to access global sources of financing to cover the financing needs to fund our plans and refinance our existing debt is a key component of the company's business and strategic plan.
- Regulatory risk: Allowed return on equity in order to achieve investment plans does not reflect macro-economic environment.
- Affordability: Decreasing societal support for the energy transition due to the fear of an excessive cost burden.
- Lower competitiveness of industry and businesses if the costs of the transition are not kept under control.

OPPORTUNITIES

- Convince authorities to further accelerate grid projects to lower congestion costs
- Convince stakeholders to increase efficiencies and unlock more flexibility in the electricity system in order to lower overall transition costs
- Ensure scarce resources are spent where they make the biggest impact.
- Develop innovative solutions and proposals to lower overall grid project costs.
- Increase attractiveness via effective ESG activities.

ACTIONS AND DECISIONS IN 2023

INFRASTRUCTURE DELIVERY

- Several internal activities to speed up grid delivery (new matrix organisation, etc.).
- Contributing to an affordable energy system by integrating increasing amounts of RES in our system: In Belgium, renewable energy generation reached an all-time high in 2023 as wind and photovoltaic generation combined accounted for 28.2% of the country's electricity mix.
- Actively seeking to obtain capital grants linked to PCIs (projects of common interest) and PMIs (projects of mutual interest).

CAPITAL MARKETS & REGULATORY FRAMEWORK

- Diversification of our funding sources: First green bond issued by Elia Transmission (Belgium).
- Successful dialogue with regulators, followed by remuneration decisions that led to a recalibrated regulatory return for the period 2024-2027 (Belgium).

2 SECURITY OF SUPPLY

As TSO in Belgium, we act on behalf of national authorities to ensure adequate power systems and the transition to a net zero society in a secure and affordable manner.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- There is a structural gap in the current European market design for building adequate generation capacity or flexibility to ensure security of supply.
- Renewable targets and support schemes defined at national level impact the merit order of generation units, leading to an accelerated phase-out of fossil fuel-based generation capacity in favour of new renewables energy sources. However, their intermittent character does not fulfill the same adequacy need.
- At the same time, the electrification of additional sectors across society will lead to greater demand for electricity. The growth in renewable energy sources may be too slow to cover this increased demand. Similarly, barriers limiting the participation of decentralised energy resources remain.
- A higher short-term adequacy risk driven by the gas crisis and the unexpected unavailability of nuclear power plants in neighboring countries has emerged.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Climate Risk: Physical climate risks may lead to asset damage, business contingency events and disruptions to business continuity.
- Adequacy risk:
  - An adequacy issue would have severe negative consequences (load shedding) for the territories we serve. Elia Transmission (Belgium) has a central role in preparing the Belgian adequacy analysis, this would directly affect our reputation and relevance to society.
  - Whether or not this risk actually materialises, difficulties in implementing capacity remuneration schemes for legal and political reasons could negatively affect our reputation.
- Contingency events: Physical attacks, terror and sabotage against our infrastructure.

OPPORTUNITIES

- Acting as the trusted advisor to authorities makes us relevant to society and secures our rolse as system operator.
- Creating an enabling framework to unlock flexibilities allows us to shape the future rather than suffer from it.
- Better anticipating how the root causes are evolving allows us to better plan for market and infrastructure needs.

CORRESPONDANCE WITH THE ESRS

The double materiality exercise in line with the ESRS methodology is due to be published in the next annual report. Consequently, the mapping of material topics in line with the ESRS is currently a work in progress and will be among the main outputs of this assessment.

MANAGEMENT'S AMBITION

- Elia Transmission (Belgium) is the trusted policy advisor and market data provider for National Regulatory Authorities (NRAs) and ministries actively shaping an efficient energy transition.
- We play a leading role in shaping the market to ensure system adequacy and flexibility at the lowest possible cost, accommodating radical shifts in generation mix and accelerated demand due to electrification.
- We are implementing a robust, integrated and efficient European market design capable of accelerating the integration of RES that maximises EU socioeconomic welfare whilst ensuring secure system operations and stable investment signals.
- We enable a smooth integration of new and distributed e-usage (e.g., EVs, decentralised RES) to increase flexibility through an upgraded market design.

ACTIONS AND DECISIONS IN 2023

TRUSTED ADVISOR OF AUTHORITIES

- Winter, summer and emergency plans at national and ENTSO-E level.
- Adequacy and flexibility studies and the provision of highly relevant information to the authorities.
- Assessment of barriers to access small scale flexibilities.

MARKET FACILITATOR

- Implementing reforms to the European and national market design to unlock more flexibility for adequacy and balancing.
- Capacity remuneration mechanism in Belgium.

3 GRID DEVELOPMENT AND SYSTEM OPERATION

We deliver and operate a safe and reliable transmission grid infrastructure in line with the European Network Codes and national legislation.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- As a TSO we need to plan and build an efficient grid to serve our customers and society at large - in line with national and European climate targets - and operate it efficiently.
- Decarbonisation targets trigger massive grid investment, electrification and decentralisation of generation units (RES) and lead to increasing complexity in the system with potentially millions of small-scale active users whose behaviour will be much less predictable.
- The grid is operated more often up to its limit as a higher number of outages is requested for CAPEX delivery, thus requiring greater flexibility from our workforce.
- The occurrence of extreme weather events such as storms, cold snaps, heatwaves, flooding, drought and wildfires constrains grid operations and triggers risk factors related to contingency events and business continuity disruptions.

CORRESPONDANCE WITH THE ESRS

The double materiality exercise in line with the ESRS methodology is due to be published in the next annual report. Consequently, the mapping of material topics in line with the ESRS is currently a work in progress and will be among the main outputs of this assessment.

MANAGEMENT'S AMBITION

- We want to maximise infrastructure usage in line with desired risk levels and physical asset limits. This implies new IT solutions and further automation of control actions as well as appropriate specifications of assets, ancillary service products and grid connection rules.
- We want to unlock flexibility from consumers, producers and storage facilities in a world of rising production intermittency and rising electrification.
- We want to further evolve towards a dynamic condition-based and system risk-based asset management to enable fast CAPEX delivery (while maintaining efficiency, quality, sustainability and safety).
- We want to rely on a comprehensive approach towards optimising outage scheduling, leveraging system and workforce flexibilities.
- In Belgium, we aim to have a grid ready for a 50% increase in electrical consumption by 2032.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Climate Risk: Physical climate risks may lead to asset damage, business contingency events and disruptions to business continuity.
- High costs for redispatch and RES curtailment due to delayed grid expansion can lead to considerable reputational damage.
- Delayed grid expansion also leads to the inability to further connect new demand.
- Equipment failure, especially if insufficient means and resources are invested in the maintenance of equipment.
- Loss of system control and/or stability (e.g. due to significantly reduced inherent operational reserves, more complex behaviour of decentralised actors as well as dynamics and harmonics challenges due to power electronics, reduced inertia, etc.).

OPPORTUNITIES

- High societal relevance of power grid for energy transition is clearly acknowledged.
- Large growth potential in the core business.

ACTIONS AND DECISIONS IN 2023

GRID DEVELOPMENT

- Development of efficient project pipeline as a basis for shaping organic growth.
- Climate vulnerability assessment for future infrastructure design in line with EU taxonomy requirements.
- Quantification of future flexibility needs as a support for the development of a consumer centric market design.
- Elia Transmission (Belgium): Approval of the Federal Development plan 2024-2034.

SYSTEM AND GRID OPERATION

- Increased national and international collaboration for grid control.
- Tackling the challenges posed by new dynamic and harmonics phenomena.
- Unlocking small-scale flexibilities to keep the system balanced and adequate.

4 PROCUREMENT AND SUPPLY CHAIN

We secure the delivery of critical assets needed to realise our CAPEX programme.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- The procurement of equipment and services is essential to ensuring the maintenance and grid expansion needed to achieve our strategic objectives. Delays in delivery of critical projects, including due to supply chain issues, may have a significant impact on the pace of the integration of renewable energies as well as the electrification of industrial players.
- Our Procurement team has defined a Supplier Code of Conduct (SCoC) obliging our suppliers to comply with international standards in ethical conduct, health and safety, environmental and social aspects. In addition, our suppliers are requested to acquire an Ecovadis certification to demonstrate their commitments.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

Procurement

- The current competition on the equipment market is forcing TSOs to buy more in advance and at a premium, compared to the pre-Covid/Ukraine war period. In some categories of equipment, orders to be placed are beyond the regulatory period, which creates uncertainty.
- In addition, sustainability and other ESG criteria are creating additional constraints in an already cumbersome tendering process that TSOs are obliged to follow and making them less attractive administratively, especially when industrial and US players have greater financial resources.

Supply chain

- Global disruptions such as conflicts and trade tariffs create more strain for manufacturers due to complex supply chains, leading to greater uncertainty about price and delivery.
- Delays in critical projects due to supply chain risks may create a cascading effect in the delivery of the portfolio due to increasingly complex logistics as well as the interlinks between projects, leading directly to impacts on CAPEX plans

OPPORTUNITIES

Procurement

- Closer interaction and collaboration with OEMs and other TSOs in setting standards for new types of equipment (offshore HVDC platforms, 525kV cables, etc.) to benefit from economy of scale and other synergies (spare parts availability).

CORRESPONDANCE WITH THE ESRS

The double materiality exercise in line with the ESRS methodology is due to be published in the next annual report. Consequently, the mapping of material topics in line with the ESRS is currently a work in progress and will be among the main outputs of this assessment.

MANAGEMENT'S AMBITION

- We secure delivery of critical assets and the related supply chain by further diversifying the supply base geographically.
- Closer collaboration with suppliers to simplify contracts, processes and potentially technical standards to make Elia Transmission (Belgium) more attractive in a tight market.
- We ensure the robustness of the sourcing strategies of key suppliers and take necessary actions to mitigate identified risks.
- We ensure a seamless digital way of working and experience in the procurement process for our stakeholders to focus on.
- We streamline our specifications to make it easier for suppliers to submit offers.

ACTIONS AND DECISIONS IN 2023

PROCUREMENT

- InterOpera cooperation: defining technical frameworks and standards for electricity transmission to ensure that HVDC systems, HVDC transmission systems and HVDC components from different suppliers are interoperable.
- In addition, ordering critical assets with high delivery time or work activities with capacity risk, appropriate mitigation measures are being taken.

SUPPLY CHAIN

- Analysis of supply chain to identify future bottlenecks in order to be able to take early mitigation measures.
- Cooperation with other TSOs in discussing and mitigating risks linked to SF_6, HVAC and HVDC qualification standard, supply chain resilience.

5 IT SECURITY

We protect our systems from cyber attacks.

IMPACT MATERIALITY (INSIDE OUT)

Short term | Medium term | Long term

POTENTIAL IMPACTS

The power sector is especially vulnerable to cyber threats, taking into consideration the following drivers:

- As with most industries, grid operators increasingly use digital technologies to better manage grid and business operations, which is further reinforced by sustainability imperatives, enabled by a more decentralised energy system.
- Grid companies have an expansive and growing footprint arising from geographical and organisational complexity, which makes it harder to protect. Decentralisation is also adding to this dynamic. In the future, we will rely on energy and flexibility resources located at distribution level to keep the power system balanced, thereby increasing our cyber exposure to the distribution grid operators located in the territories we serve.
- Digital systems, IT/OT convergence and the growing number of devices and sensors relying on public Internet networks, throughout the grid and in homes, are increasing our exposure, as each element provides an additional entry point for cyber criminal organisations. This may affect our own workforce as well as end users within our grid areas.
- Increasing number of threat vectors, state(-sponsored) actors or cyber criminals seeking to cause security and economic disruption. There is growing evidence that cyber attacks against grid operators are growing rapidly.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term | Medium term | Long term

RISKS

- Cyber: Significant system hardware and software failures, compliance process failures, ICT failures, computer viruses, malware, cyber attacks, accidents or security breaches could occur, leading to an adverse impact on continuity of supply or could result in a breach of legal or contractual obligations.
- Compliance risk: We are seeing an increasingly demanding regulatory and legal framework for critical infrastructure with recent legislative initiatives at EU and national level with the addition of sector-specific requirements (EPCIP, NIS, directive on critical infrastructure, network code on cyber security, etc.). This increases the risk of non-compliance.

OPPORTUNITIES

- Establishing sound and secure digital foundations and harnessing the scalability and flexibility of cloud technology to secure our critical infrastructure.

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

Ensure inherent built-in security

- Since digital networks are becoming increasingly connected and exposed to the public Internet while the threat vector is intensifying, we need to ensure that our systems are protected from basic and more sophisticated cyber attacks.
- We aim to establish a security mindset – applications have security built-in, not as an add-on. We quickly adapt new cyber security frameworks.

Build and establish future-proof IT infrastructure

- We are facing the challenge of digitalising our critical infrastructure. We want to tap into the intrinsic benefits of cloud technology while remaining blackout proof and resilient to internet outages when needed.

ACTIONS AND DECISIONS IN 2023

- Implementation of preventive, detective and response IT security measures (e.g. IT segmentation, redundancy, backup, failover mechanisms).
- Compliance with relevant regulations and implementation of IT security frameworks, such as ISO 27001 (Information Security).
- Employee awareness raising and training.

6 TALENT MANAGEMENT AND DIVERSE WORKFORCE

We attract, develop and retain talent, providing equal opportunities for all staff.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- One of the challenges we are facing is a scarcity of individuals with technical skills in the European market. Other TSOs as well as energy service and infrastructure providers are competing with us to hire good talent.
- Demographic change heightens this challenge.
- Human capital is crucial to our success, in terms of both our organic and inorganic activities. In order to reach our CAPEX goals we need to be able to staff our infrastructure projects accordingly.
- Diversity is a crucial factor, not only to attract talent but also to achieve the best possible outcome/ solutions.
- We have a strong engineering focus with a predominantly male driven workforce, hence reaching gender diversity goals is a challenge.

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

- We are implementing the recruitment plan: Achieve a 40% growth of our FTEs over the next 4 years.
- We are continuing to professionalise our employer branding, also leveraging Elia Transmission's (Belgium) role as an important enabler of the energy transition.
- We ensure efficient onboarding in order to quickly put the additional resources to good use while ensuring ongoing activities are not slowed down.
- We are retaining and further developing our workforce by developing individual. development pathways, aligning their purpose with the company's goals.
- We are increasing the diversity of our workforce: 25% women in total workforce by 2028 and further increasing the percentage of women in leadership positions every year. We are dedicated to keeping our rate of female new hires above 30%.
- We are developing an Academy for most critical and scarce knowledge (especially in digital, offshore and project delivery) to speed up talent evolution.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Talent attraction: Not being able to find the talent needed will slow down the CAPEX plan and affect our reputation in the long run. Not being perceived as an attractive and sufficiently diverse employer will limit recruitment success.
- Talent retention: If onboarding does not happen efficiently we risk slowing down ongoing activities and negatively impacting the mental wellbeing of our employees. An alignment between culture and strategy is needed.
- Business transformation not adequately supported through upskilling and reskilling.

OPPORTUNITIES

- Being perceived as a good employer will secure our talent needs for the future.
- Being able to leverage expertise even outside of the Group may lead to new inorganic growth opportunities.
- A more diverse workforce makes us more resilient, able to adapt to the rapidly changing needs of society and will help us reach better outcomes.

ACTIONS AND DECISIONS IN 2023

- Actively enlarging the pool of candidates by working on different levels:
  - Tapping into international recruitment markets;
  - Improving our visibility in the market and our employer branding;
  - Assessing candidates' potential with a focus on their mindset and capacity to adapt;
  - Evolving instead of looking for candidates with the 'perfect' CV.
- Ensuring that we are growing in a sustainable way:
  - Growing project teams;
  - Upskilling employees on crucial capabilities;
  - Using digitalisation to leverage efficiencies;
- Emphasising knowledge management and learning communities;
- Centralising onboarding.

- 'Top Employer' label 2023 (6th year in a row) for Elia Transmission (Belgium).

7 HEALTH AND SAFETY

We ensure the health, safety and wellbeing of our employees and subcontractors.

IMPACT MATERIALITY (INSIDE OUT)

Short term | Medium term | **Long term**

POTENTIAL IMPACTS

- At Elia Transmission (Belgium), our staff work with high-voltage equipment, at height and increasingly in offshore environments. The safety of everyone, everywhere, is always our number one priority, be it for our own staff (in the field and at administrative sites) or our contractors, be it physical or mental health. Our people are the very assets that make the energy transition happen and we continuously invest in safety and work in a responsible and safe manner.
- Safety: The management of the power grid remains an industrial activity which can involve fatal risks. Elia Transmission (Belgium) strives to have zero accidents for all of our staff and contractors. Any fatal accident during our activities will have a devastating impact on the family involved, co-workers and the organisation and will have a detrimental impact on public trust and Elia Transmission's (Belgium) reputation.
- Health: Our very critical activities and the transformation of Elia Transmission (Belgium) may be a source of stress and mental burden for our employees. We cooperate constructively with our employee representatives and works councils to ensure a climate where everybody is ready to support the growth of the company while staying true to our core values and culture. This is of the utmost importance in ensuring that Elia Transmission (Belgium) remains an attractive employer.

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

- With our Go4Zero programme we strive to minimise our accidents as much as possible: all employees are true safety leaders who are concerned about the safety and wellbeing of their co-workers and contractors, based on a strong H&S culture.
- We place particular emphasis on the H&S of our contractors, integrating them into the Elia Transmission (Belgium) safety mindset : Group TRIR including contractors below 6.5 by 2030.
- We continue to make the wellbeing of employees a clear priority: we aim to keep the absenteeism rate below 5%.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term | Medium term | **Long term**

RISKS

- Health & Safety Risks: Accidents may harm one of our employees.
- Reputational risk: Safety incidents may call into question the reliability of the TSO as system operator licence holder. It will also be detrimental to the employer's branding and the attractiveness of working for Elia Transmission (Belgium) (as employee or contractor).

OPPORTUNITIES

- Promoting a safe work environment is essential in order to attract talents in an ever more dynamic market.

ACTIONS AND DECISIONS IN 2023

- Elia Transmission (Belgium) has been named as a Top Employer in Belgium several times now. This year, we also won the Belgian Trends Impact Award for our Let´s talk about burnout community. Safety is crucial, but so is wellbeing.
- Our 3.9% absenteeism rate is well below our target of 5%. We trace this success back to the numerous initiatives taken over the last couple of years: awareness campaigns, concrete guidance for our colleagues on how to avoid digital overload, stress or burn-out.

8 EFFECTIVE GOVERNANCE PRACTICES

We co-create with the society that we serve and future-proof our organisational structures and run our daily activities in a responsible and ethical way.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- Good Governance and Compliance: Good corporate governance is aimed at ensuring the responsible conduct of corporate affairs and management of resources. The CSRD sets a new, very comprehensive ESG standard in Europe.
- Effective organisational structures: A transformation towards a more appropriate organisational and digital structure is necessary to deliver our CAPEX program at reasonable costs and to pursue our organic and/or inorganic growth ambitions.
- Stakeholder engagement: We are in an ongoing dialogue with public and regulatory authorities to ensure the legal environment and regulatory framework necessary to achieve our climate objectives. We seek the support of a diverse group of stakeholders, including the communities around our infrastructure, to extend the grid in a sustainable manner. Our shareholders as well as investors of all kind are also key in providing the capital means.

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

- We rely on intensive dialogue with society to develop or co-create solutions, as trusted advisors in energy matters and policies on a European level .
- ESG risks and opportunities are embedded in our core strategy (through Governance Index, Compliance Index, etc.) and are a vital part of our corporate culture.
- We dialogue with local communities to de-risk and enhance our grid projects while considering earlier and better the local needs and limit (perceived) cost increases wherever possible.
- We are developing a matrix organisation to speed-up and scale project delivery capabilities, use scarce resources more effectively and increase cross-project learnings to speed-up delivery.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Reputational Risk: Risks of penalty payments and loss of reputation if we fail to meet legal obligations, co-creation with and support from diverse stakeholder groups needed to achieve objectives.
- Permitting risk: Timely permit approval is an important challenge for the timely implementation of projects supporting the energy transition. The rollout of new (critical) infrastructure is highly dependent on support from affected communities.
- Regulatory Risk: Modification of TSO permits and certification – keeping our licence to operate:
  - Slowing down CAPEX delivery due to inefficient processes and inadequate organisational structures;
  - Ineffective digital developments due to inadequate governance;
  - Ineffective planning and allocation of resources.

OPPORTUNITIES

- The organisational transformation future-proofs our business model, enable us to seize opportunities and scale further our organic and inorganic growth, attract new and more diverse investors.
- Close collaboration with local communities and industrial players allow a better understanding and anticipation of the needs and allow a faster grid development and to identify growth opportunities.
- Innovation is spurred by working together with peers, suppliers and academia.

ACTIONS AND DECISIONS IN 2023

COMPLIANCE

- Update to our whistleblowing procedure
- Commitment to Governance Index reached in 2023: Develop an ESG journey, including an annual sustainability governance workshop, with the Board.
- Commitment to Compliance Index reached in 2023: Annual Report according to IIRC as from 2023.

ORGANISATIONAL STRUCTURES

- Development of a new governance for the entire IT portfolio (encompassing run, project and product resources).
- Greater demarcation of tasks and activities between Elia Group and Elia Transmission (Belgium) reached through appointment of the Elia Transmission (Belgium) CEO.

STAKEHOLDER ENGAGEMENT

- Multilateral/Bilateral collaboration: North Sea Summit in Ostende.
- Innovation, Research & Development Hackathons; Launch of Elia Transmission (Belgium) Academic Board.
- Local communities and customers: Regular engagement (Dialog-Mobil, Information Fairs, etc.)

9 SUSTAINABLE SYSTEM AND NET ZERO SOCIETY

We are driving the decarbonisation of the Belgian electricity system by integrating renewable energy sources into our grids.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- European and national authorities are defining climate objectives in line with the Paris Agreement and defining pathways to achieve them. In this context, the critical role of electricity in the global energy mix to achieve net-zero targets has been recognised and confirmed.
- In the electricity sector, the transmission grid has a critical role to play in harvesting the potential of renewable energy resources that are often located far away from consumption centres. This includes the need to go offshore but also to develop stronger interconnections with neighbouring countries to accommodate the intermittent nature of the major renewable energy sources to make the green supply cheaper and safer.
- Last but not least, achieving a net-zero society makes the role of system operator even more relevant and critical for coping with the dramatic increase in the complexity and variability of the power system.

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

- Achieving a sustainable energy system is fundamentally changing every single part of the way we conduct our activities. We have therefore developed flagship programmes, directly endorsed at the highest executive level, in order to engage in a transformation journey and remain fit for the challenges ahead:
  - Accelerating grid development;
  - Ensuring the reliable integration of huge amounts of variable RES into the electricity market and real-time system operations;
  - Better anticipating the future electricity needs of society and industry;
  - Taking new and innovative approaches to ensure the higher utilisation of assets;
  - Reviewing our asset standards and maintenance policies.
- Strategic initiative that combines the various activities driving the above:

The +50% by 2032 strategic objective catalyses transformation internally and increases our collaboration with our key stakeholders (especially DSOs).

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	Long term

RISKS

- Climate Risk: Transitional risks and ESG regulatory environment.
- The transition to a lower-carbon economy implies extensive policy, legal, technology and market changes that should be adequately anticipated in order to avoid reputational impacts.
- Becoming a bottleneck in the energy transition: Achieving climate targets implies the development of several major projects related to infrastructure, market development and system operations.
- Being blamed for transformation costs.
- Difficulty acquiring the necessary regulatory leeway to transform and operate a reliable net-zero system.

OPPORTUNITIES

- Act in line with climate targets set by authorities and meet society's expectations in terms of sustainability to bolster our relevance and ultimately allow us to thrive and grow.
- Underline the relevance of TSOs by contributing solid proposals to speed up decarbonisation.
- Showcase how to run a system dominated by variable RES.
- Demonstrate that regions with high RES-penetration are attractive to future-proof businesses.

ACTIONS AND DECISIONS IN 2023

INFRASTRUCTURE DELIVERY AND MARKET FACILITATOR

- Development of required infrastructure to connect renewable energy sources and digital solutions to allow them to access markets.

TRUSTED ADVISOR

- Establishing SPOCs for industry wishing to decarbonise in our areas to speed up activities needed to electrify fast.
- Multilateral discussions around developing the offshore potential in the North Sea (summit in Ostende).

10 SUSTAINABLE CORPORATE FOOTPRINT

We are a good corporate citizen since we minimise the ecological footprint of our activities.

IMPACT MATERIALITY (INSIDE OUT)

Short term	Medium term	Long term

POTENTIAL IMPACTS

- While our activities contribute to the energy transition, they – and our infrastructure more generally – have a local impact on the environment, which we try to minimise. In line with our core value of Acting in the interest of society, we are committed to conducting its operations in a sustainable way, going beyond the legal minimum while ensuring the effectiveness of its initiatives.
- Two key aspects linked to our TSOs' activities can be highlighted:
  - Biodiversity and ecosystems are impacted by the presence of our grid infrastructure, e.g. birds by overhead lines or marine life by offshore cable and platform installations.
  - Carbon neutrality: our activities cause direct and indirect emissions, notably from emissions due to SF_6 leakages, grid losses, or in our value chain (scope 3).

CORRESPONDANCE WITH THE ESRS

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MANAGEMENT'S AMBITION

Preserve and strengthen ecosystems and biodiversity

- Manage 90% of all forest corridors in a way that supports biodiversity.
- Installation of bird beacons in all critical bird protection areas.
- Minimise impact on marine life.

Embed circular economy principles in our processes

- Maximise the utilisation of our assets in order to minimise the production of waste over time, e.g. lifetime extensions, reuse of assets before recycling, as a last resort.

Carbon Neutrality

- Reach carbon neutrality in own activities.
- Reach carbon neutrality in system operations.

FINANCIAL MATERIALITY (OUTSIDE IN)

Short term	Medium term	**Long term**

RISKS

- New regulations on SF_6 and PFAS impact directly the type of assets that can be integrated into the grid (e.g. gas-insulated switchgear).
- Depending on future political developments in the US, a strong ESG performance may not be beneficial to generating investments from US-based funds.

OPPORTUNITIES

- Sustainability is an important factor for local public acceptance of our projects, corporate reputation as well as attractiveness as an employer.
- A solid ESG performance broadens the spectrum of financing options and potentially lowers financing costs compared with conventional products, ultimately benefiting tariffs.
- Adoption of sustainable practices will lead to improved financial performance:
  - Better chances to win grants due to ESG criteria linked to them;
  - Recycling of materials lowers costs of decommissioning;
  - Positive business case for rooftop PV.

ACTIONS AND DECISIONS IN 2023

PRESERVE AND STRENGTHEN ECOSYSTEMS AND BIODIVERSITY

- Nature-inclusive design for the Princess Elisabeth Island
- Progress on Elia Transmission (Belgium) efforts to achieve ISO 14001 certification by 2024

CARBON NEUTRALITY

- Gradual integration of an Internal Carbon Price into tenders, e.g. Princess Elisabeth Island AC modules for Elia Transmission (Belgium).
- Successful launch of proprietary Scope 3 accounting platform enabling us to calculate upstream emissions based on physical data and estimations from suppliers.
- Target of increasing the maturity level of carbon footprint data to more than 60% of our investment activities has been reached.

LIST OF DISCLOSURE REQUIREMENTS PREPARED IN ACCORDANCE WITH THE ESRS

We consider this to be a transition year, marking the evolution that impacted the general European corporate sustainability reporting landscape. Accordingly, we strove to prepare our reporting 'in accordance with' for ESRS 2, E1 and S1, while reporting in compliance with the rest of the standards assessed to be material will remain a milestone for the next annual report.

Name of the standard	Disclosures prepared in accordance with ESRS guidelines
ESRS 2 - General information	Yes (self-assessed, to be prepared in a proportion of no more than 50%)
ESRS E1 – Climate change	Yes (self-assessed, to be prepared in a proportion of no more than 50%)
ESRS E2 - Pollution	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS E3 - Water and marine resources	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS E4 - Biodiversity and ecosystems	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS E5 - Resource use and circular economy	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS S1 - Own workforce	Yes (self-assessed, to be prepared in a proportion of no more than 50%)
ESRS S2 - Workers in the value chain	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS S3 - Affected communities	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS S4 - Consumers and end-users	No (subject to materiality. If material, compliance is planned for financial year 2024)
ESRS G1 - Business conduct	No (subject to materiality. If material, compliance is planned for financial year 2024)

4.1.5 Policies adopted to manage material sustainability matters

Elia Transmission's (Belgium) commitment to responsible corporate governance is described in its sustainability programme, ActNow, and set out in its Code of Ethics.

The Code of Ethics is based on the core labour standards of the International Labour Organization (ILO) and the ten principles of the UN Global Compact (UNGC), of which Elia Transmission (Belgium) is member.

Due to its legal status as transmission system operator, Elia Transmission (Belgium) is subject to a large number of legal and regulatory regulations. Elia Transmission (Belgium) always bases its actions on applicable law.

The following international frameworks lie at the core of our business:

International framework	Details
International Labour Organization	Core labour standards: ILO: C87, C98, C111, C135
UN Global Compact	10 Principles: Corporate governance, Anti-corruption, Labour standards, Environmental protection, Human Rights, Fulfilment of the 2030 Sustainable Development Goals.

Employees are provided with central access to the organisational principles, binding policies and valid company regulations via the company-wide intranet. The Code of Ethics and the guidelines derived from it specify what is meant by correct corporate behaviour and make it clear that all employees must comply with the law. These principles are also part of organisational regulations that apply throughout the company.

The previously listed international frameworks are translated into various policies.

Name of the policy	Topics covered	Environmental	Social	Governance
Code of Ethics	• Corporate governance • Anti-corruption • Labour standards • Environmental protection • Human Rights • Principles of International Labour Organisation	X	X	X
Remuneration policy	• Talent acquisition • Rewarding performance • Organisational culture • Staff development • Gender equality		X	
Whistleblowing policy	• Raising concerns • Ethics alert		X	X
Supplier code of conduct	• Ethical conduct: anti-corruption and bribery, conflict of interests, confidentiality of information, fair competition, appropriate handling of intellectual property rights and the anti-money laundering statement • Health and safety; • Environmental areas; • Child labour; • Human rights; • Anti-discriminatory behaviour; • Fair payment and legal compliance practices;	X	X	X
Human rights policy	• Health & Safety • Diversity • Equity and inclusion • Ethical behavior and compliance		X	X
Collective bargaining agreement	• Union coverage • Labour rights		X	

a. Code of Ethics

Integrity and ethics are a crucial aspect of our internal control environment. The Board of Directors and the Executive Management Board regularly communicate about these principles to clarify the mutual rights and responsibilities of the company and its employees. These rules are communicated to all new employees, and compliance with them is formally included in staff employment contracts. The Code of Ethics and all associated policies define what Elia Transmission (Belgium) considers to be proper ethical behaviour. They establish a set of clear principles which seek to avoid any conflicts of interest. They also seek to ensure that employees do not violate any laws regarding the use of privileged information, market manipulation or suspicious activities. Senior management consistently ensures that employees comply with internal values and procedures and, where applicable, takes appropriate action, as set out in company regulations and employment contracts

b. Human rights policy

We have a Human Rights Policy which outlines our commitment to human rights and explains how we implement this commitment in our business operations. Clear links are made with our ActNow programme and sustainability topics. Topics such as discrimination, data protection, working conditions and environmental impact are clearly addressed and their importance for our operations described. Furthermore, the policy explains how we take responsibility for our supply chain - a move which is also increasingly expected by political leaders and society. The Human Rights Policy is a further step towards the expected EU Directive on human rights due diligence. Within the framework of the EU Taxonomy, the required “minimum social safeguards” can thus continue to be addressed. We are also improving our human rights due diligence in general, including through systematic risk assessments, a grievance mechanism that is provided to staff, procedures for remediation and comprehensive reporting on our progress. Our commitment to human rights comprises an acknowledgement of and support for internationally recognized instruments, such as the

Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organization's Declaration on Fundamental Rights and Principles at Work. Our Human Rights Policy document was drawn up following guidance published by the UN Global Compact, to which we are a signatory. At Group level, the Chief Alignment Officer is responsible for implementing the policy.

c. Health and Safety policies

The prevention of accidents and work-related illnesses is a top priority at Elia Transmission (Belgium). Occupational health and safety are integrated into our strategy and form part of the Group-wide sustainability programme ActNow. Differentiated guidelines, which are binding for all employees, reinforce the obligations in the areas of health, occupational safety and environmental protection. Occupational health and safety in particular is continuously and systematically developed as part of a continuous improvement process. In addition to creating safe and healthy workplaces, the focus is on strengthening a culture of prevention by integrating occupational safety as a corporate value with the aim of anchoring the topic in the thoughts and actions of all employees and implementing it in all support and core functions. This commitment is reflected in the management system, the Safety Culture Ladder. The management system extend beyond the company's own workforce and include the labour force of external companies on construction sites.

d. Remuneration policies

Fair pay for employees is a matter of extreme importance for Elia Transmission (Belgium). Additional pension and health benefits round off our offering as an attractive employer. The remuneration systems are further developed in line with requirements in order to remain an attractive employer for our employees in the future.

The above listed policies are translated into various internal binding guidelines and internal procedures addressing matters such as:

- Crisis Management;
- Data Protection Management and Transparency;
- Information Security;
- Compliance, Anti-corruption and Whistleblowing;
- Grid Management;
- Asset Management;
- Incident Management;
- Procurement;
- Complaints Management;
- Internal Audit Charter;
- Mobility and fleet allocation;
- Education and training;

Elia Transmission (Belgium) actively monitors the emergence of European, national or local regulations and adapts the existing guidelines accordingly. Additional relevant information can be found in '2. Corporate Governance Statement'.

4.1.6 Additional disclosure requirements from sector-specific ESRS

The GRI sector-specific disclosure requirements for 'Electric Utilities' apply the most to Elia Transmission (Belgium), due to the fact that transmission of electricity is its core economic activity. Until the ESRS sector-specific requirements are adopted, we will continue to report in accordance with GRI for these requirements,in order to ensure a complete overview of our activity complementing the one provided by reporting along the sector-agnostic ESRS.

SECURITY AND EMERGENCY MANAGEMENT AND ASSET MANAGEMENT

For Elia Transmission (Belgium), security does not stop at company boundaries. For example, staff are trained in crisis management and crisis communication with internal and external stakeholders during regular crisis team exercises. Not only are the existing structures, processes and reporting channels reviewed and continuously improved, but crisis team members and employees are also intensively trained in the skills needed to deal with unexpected and high-stress events in a level-headed manner and are also trained to take quick and appropriate crisis management decisions. These and other measures serve to continuously increase Elia Transmission's (Belgium) resilience in a holistic manner. In addition to the training offered to all members of the crisis team, reviews are undertaken of property protection concepts and general corporate security is further developed.

Emergency and restoration

Should a crisis occur (as a result of e.g. a natural disaster, a malicious attack or a fuel shortage), Elia Transmission (Belgium) has crisis management procedures to follow which consist of three main plans, as outlined below.

a. Crisis management plan

This describes the roles, responsibilities and processes related to crisis management. Emergency management is planned for based on different emergency scenarios known as Standardised Emergency Preparedness Plans (SEPPs). The emergency plans contain appropriate measures and reporting and information processes which must be followed.

b. System defence plan

This includes automatic and manual measures which aim to prevent abnormal situations from developing (including blackouts), limit the impact of disturbances and stabilise the electric power system when it is in an 'Emergency' state. These measures aim to return the system to a 'Normal' or 'Alert' state as soon as possible with minimal impact on grid customers and society. In accordance with the system defence plan, Elia Transmission (Belgium) has established load shedding and other plans to be executed by themselves or associated distribution operators; these include demands which need to be manually or automatically performed to prevent the worsening of an electricity crisis.

c. Restoration plan

This includes a set of actions that can be used after a disturbance which has had large-scale consequences (e.g. a blackout). These actions are intended to return the electricity system to a 'Normal' state. Elia Transmission (Belgium) regularly trains its operator teams by organising simulated exercises with relevant stakeholders and partners (such as distribution system operators or generation companies). In general, system operators regularly practice handling abnormal and crisis situations by undertaking theoretical and practical training. TSOs must regularly test their ability to restart the system. These restart tests - also called black start tests - are part of TSO grid reconstruction plans. TSOs must regularly test this capability in their respective grid areas so that the power supply can be restored as quickly as possible after a power outage. Simulations and theoretical training sessions related to emergency and restoration plans are provided for the operators of the national control centre and the regional control centres.

Asset management

Our employees play an important role in the management of the life cycles of our assets, from their technical development through to the development of asset fleet strategies. Decisions regarding our assets are taken based on incident analyses, reviews, technical analyses, condition monitoring, risk analysis and associated impacts. Decisions are always based on technical expertise, taking into account the impact of costs (OPEX and CAPEX) and risks.

OTHER EMISSIONS

Electromagnetic fields (EMFs)

Electrical transmission and distribution systems in Europe are mainly operated with alternating voltage levels and a frequency of 50 Hz. They therefore emit electromagnetic fields (EMFs) which have an extremely low frequency, as is the case for all electrical devices, including domestic appliances.

Although no direct causal link can be established between exposure to such fields (through electricity transmission infrastructure) and human health, Elia Transmission (Belgium) takes EMFs very seriously, considering each grid project carefully and supporting scientific studies that improve understanding in this area. Elia Transmission (Belgium) makes annual financial contributions to scientific research on the subject. In this vein, it supports the Belgian Bio-ElectroMagnetics Group (BBEMG), whose scientific independence is enshrined in a cooperation agreement. At international level, Elia Transmission (Belgium) has signed a research contract with the Electric Power Research Institute (EPRI), a non-profit organisation that conducts research related to energy and the environment. This agreement grants Elia Transmission (Belgium) access to the results of international research studies carried out in the area. Elia Transmission (Belgium) communicates transparently on EMFs using a number of different channels: a dedicated website, information leaflets, a brochure, newsletters, information sessions (attended by independent experts where possible), and, following requests from local residents, it carries out free measurements of EMFs via its Contact Centre. As projects undertaken by Elia Transmission (Belgium) are assessed, this process must include an analysis of magnetic fields. In accordance with the precautionary policy established in Flanders and Brussels, Elia Transmission (Belgium) assesses future exposure to such fields by means of specific calculations (modelling); mitigation/reduction measures are applied where necessary.

Noise

Noise can be caused by transformers in high-voltage substations, high-voltage lines, pylons and other equipment.

Underground lines do not cause any noise. Strict guidelines apply to Elia Transmission (Belgium) (no noise pollution). The main source of noise pollution across the grid is associated with transformers. The purchase of transformers which produce a low level of noise has been part of Elia Transmission (Belgium) environmental policy for many years. If necessary, soundproofing measures, such as soundproof walls, are provided for in the design phase of the project so that our (new and existing) infrastructure meets the noise standards outlined in environmental regulations.

Elia Transmission (Belgium) always carries out soundscape studies prior to the realisation of its infrastructure projects to ensure that noise levels are not exceeded. In addition, when a new substation is built or the transforming capacity of an existing substation is increased, a noise study is carried out. Based on measurements of the noise emitted by existing transformers, a simulation is carried out of the situation after the construction or upgrade of a transformer in order to estimate the level of noise it will produce. Elia Transmission (Belgium) also conducts noise studies when it receives complaints.

LENGTH OF LINES AND SUBMARINE CABLES AND OTHER ASSETS IN OUR INFRASTRUCTURE

Elia Transmission (Belgium)	2023		2022		2021	
Voltage	Underground/submarine cables (km)	Overhead lines (km)	Underground /submarine cables (km)	Overhead lines (km)	Underground /submarine cables (km)	Overhead lines (km)
400 kV	69.50	—	69.50	—	70.00	—
380 kV	41.00	940.00	41.00	940.00	41.00	940.00
320 kV	49.00	—	49.00	—	49.00	—
220 kV	162.00	302.00	162.00	302.00	162.00	300.00
150 kV	776.00	1,878.00	749.00	1,926.00	717.00	1,926.00
110 kV	—	26.00	—	25.00	—	9.00
70 kV	337.00	2,298.00	331.00	2,316.00	324.00	2,370.00
36 kV	1,830.00	8.00	1,844.00	8.00	1,865.00	8.00
30 kV	64.00	22.00	64.00	22.00	64.00	22.00
Total lines/cables	**3328.50**	**5474.00**	**3309.50**	**5539.00**	**3292.00**	**5575.00**
Total		**8802.50**		**8848.50**		**8867.00**

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

SUBSTATIONS AND SWITCHES

Elia Transmission (Belgium)	2023	2022	2021
Substations >=150 kV (#)	337	300	300
Substations <150 kV (#)	474	505	507
HVDC* Converter station (#)	2	2	2
Total	**813**	**807**	**809**

GRID RELIABILITY

Elia Transmission (Belgium)	2023	2022	2021
Number of incidents >=150kV	7	5	6
Number of incidents <150kV	20.0	23.0	20.0
Number of exceptional events	0.0	0.0	1.0
Average Interruption time (minutes) >=150kV	0.7	0.4	0.3
Average Interruption time (minutes) <150kV	0.7	2.1	0.9
Maximum AIT for the current period	2.1	2.1	2.1
Energy not transmitted/ not served with internal responsibility	154.8	187.4	143.5
Onshore grid availability at connection points	100	100	100

Onshore availability = 1 – AIT (internal Elia Transmission (Belgium) + intrinsic risk) / (# minutes in the year)

Grid interruptions leading to long (>3') interruptions with internal responsibilities

ABSOLUTE VALUES OF GRID LOSSES

Elia Transmission (Belgium)	2023	2022	2021
Federal grid losses (>= 150 kV) (GWh)	853	838	918
Regional grid losses (<150 kV) (GWh)	520	515	559
Total grid losses (GWh)	**1,372**	**1,354**	**1,477**

CONNECTIVITY TABLE FOR OTHER SECTOR-SPECIFIC DISCLOSURES

Topic	Section containing the disclosures
Biodiversity	See section '4.2.5 Biodiversity and ecosystems'
GHG emissions	See section '4.2.2 ESRS E1 - Climate change'
Health & Safety	See section 'S1-14 Health and safety metrics'
Freedom of association and collective bargaining	See section 'S1-2 Processes for engaging with own workers and workers' representatives' and section 'S1-8. Collective bargaining coverage and social dialogue'
Local communities	See section '4.3.3 Affected communities'

4.1.7 Additional disclosure requirements from entity-specific ESRS

The majority of the disclosure requirements and the datapoints relevant to our business are covered by the sector-agnostic ESRS and the GRI sector-specific for 'Electric utilities'.

4.1.8 Table of all datapoints deriving from sustainability reference frameworks

The overview of the datapoints deriving from other sustainability reporting frameworks is availab[18]le here.

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4.2. Environmental information

4.2.1 Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

CONTEXT

The Taxonomy Regulation 2020/852 established a European classification system for economic activities that are environmentally sustainable and that substantially contribute to one or more of six environmental objectives, while not harming the other five objectives and in compliance with minimum social safeguards.

The EU Taxonomy and its disclosure requirements – which can be narrowed down to three main metrics or KPIs – provide a high-level view of a non-financial organisation's contribution to environmental objectives. They are also an opportunity for companies to demonstrate to market participants that their economic activities are in line with the transition to a net-zero society and are resilient in the long run.

Sustainable finance has a key role to play in the EU delivering on its climate and sustainability ambitions and policy objectives that it has outlined both in the Green Deal and in its international commitments.

By enabling businesses to thrive while disconnecting economic growth from environmental pressure, the EU Taxonomy channels financial flows into sustainable investments. Moreover, by defining what is environmentally sustainable, the Taxonomy Regulation helps financial stakeholders plan and report on their efforts to support the transition to a climate-neutral economy.

This chapter contains the disclosures for Elia Transmission's (Belgium) KPIs, as required by Regulation EU 2020/852 and the related Delegated Acts.

ELIA TRANSMISSION (BELGIUM), AN EARLY ADOPTER

Sustainability lies at the heart of our business activities and it is enshrined in our vision, our societal mission and our Group strategy. We are committed to operating a sustainable business, which involves transparency and taking a proactive approach in our reporting.

We followed the development of the EU Taxonomy very closely, from its inception until it became a regulation. We seized the opportunity to move to reporting in line with its requirements ahead of time, making us a front-runner among our European peers in this regard: in 2021, we published our EU Taxonomy Case Study, which assessed the Taxonomy alignment of our activities, and voluntarily disclosed our methodology and implementation process. EU Taxonomy has provided us with an opportunity to fine-tune our strategic approach and we are committed on a best-effort basis to maintaining strong alignment with it.

Elia Transmission (Belgium) key figures 2023
99.9% Taxonomy-aligned CAPEX
99.8% Taxonomy-aligned turnover
99.1% Taxonomy-aligned OPEX

Elia Transmission's (Belgium) detailed EU Taxonomy disclosures are available in the Excel table:

OUR PROCESS

The assessment of Elia Transmission's (Belgium) eligibility and alignment with the EU Taxonomy was prepared in line with the following:

- the EU Taxonomy Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020;
- the Climate Delegated Act and its amendments from the Sustainable finance package published on 13 June 2023;
- the Disclosure Delegated Act and Annex 1 (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021);
- the Report on Minimum Safeguards published by the Platform on Sustainable Finance in July 2022;
- the EU Commission FAQs on the EU Taxonomy published on 19 December 2022.

Our EU Taxonomy eligibility and alignment assessment incorporated a five-step approach. Economic activities that meet the requirements along these steps are considered 'aligned' with the Taxonomy. The last step involved the calculation of corresponding percentages for eligible and aligned turnover, CAPEX and OPEX.

1. Eligibility: the economic activity needs to be 'Taxonomy eligible' (i.e. covered by the criteria in the Climate Delegated Acts and its annexes);

2. Technical Screening Criteria (TSC): the economic activity is analysed based on the fulfilment of criteria for 'substantial contribution' to at least one environmental objective out of the following six:

a. Climate change mitigation;

b. Climate change adaptation;

c. Sustainable use and protection of water and marine resources;

d. Transition to a circular economy;

e. Pollution prevention and control;

f. Protection and restoration of biodiversity and ecosystems.

3. Do No Significant Harm analysis: while substantially contributing to one of the environmental objectives, the economic activity should not harm any of the other remaining five;

4. Compliance with Minimum Social Safeguards: the economic activity should respect social principles while contributing to environmental objectives;

5. KPI calculation: percentages for Taxonomy eligible and aligned turnover, CAPEX and OPEX are calculated based on compliance with the Technical Screening Criteria

TAXONOMY-ELIGIBLE AND NON-ELIGIBLE ECONOMIC ACTIVITIES

The decisions on eligibility and non-eligibility were based on comparing the economic activities of Elia Transmission (Belgium) with the activities described in the Climate Delegated Acts. Please see '1.2. Legal structure' for a full overview of Elia Transmission's (Belgium) legal structure.

This exercise was conducted in relation to affiliates reported in the different segments as explained in sections '4 Segment reporting' and '7 Group structure' of the Financial report. Based on Taxonomy guidelines and notices published by the European Commission, the legal entities Nemo Link, JAO, HGRT, Coreso were excluded from the eligibility and alignment assessment (both from the numerators and denominators of the KPIs), since they qualify as investments accounted for using the equity-method (joint ventures and associates) in the consolidated financial statements.

SEGMENT : ELIA TRANSMISSION (BELGIUM)

Entity	NACE code / description	Activity description	Correspondence with the Climate Delegated Acts	Decision on eligibility (Yes / No)
Elia Transmission Belgium SA/ NV	35120 Transmission of electricity	Elia Transmission Belgium is the Belgian transmission system operator for extra-high-voltage and high-voltage electricity (30,000–400,000 volts).	4.9 'Transmission and distribution of electricity'	Yes
Elia Transmission Belgium SA/NV	42220 Construction of electricity and telecommunications network	Construction activities	No perfect fit identified with the activities described in the Climate Delegated Regulation	No
Elia Asset SA/NV	35120 Transmission of electricity	Elia Asset is the company that owns all the assets across the high-voltage grid and is responsible for the development and maintenance of this grid. Elia Asset and Elia Transmission Belgium form a single economic entity and operate under the name Elia.	4.9 'Transmission and distribution of electricity'	Yes
Elia Engineering SA/ NV	71121 Engineering and technical consultancy activities, excluding surveying activities	Engineering and technical consultancy activities	No perfect fit identified with the activities described in the Climate Delegated Regulation	No
Elia RE SA	65200 Reinsurance	Elia RE is an insurance captive	No perfect fit identified with the activities described in the Climate Delegated Regulation	No

INTERPRETATION AND ASSESSMENT OF THE TECHNICAL SCREENING CRITERIA (TSC)

The Taxonomy regulation requires non-financial undertakings to assess the alignment of their business activities with at least one of the six environmental objectives.

Elia Transmission's (Belgium) main activity - "Transmission of electricity" - is eligible for climate change mitigation and climate change adaptation objectives. According to the amendments to the Delegated Act published in the EU Official Journal in November 2023, "where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective (...) while avoiding double counting. We followed thoroughly this rationale in order to avoid double counting and thus we disclosed 0% for CAPEX alignment to climate change adaptation. Corresponding OPEX is immaterial.

'Transmission of electricity' is not an eligible economic activity for the remaining four environmental objectives.

Eligibility to climate change adaptation

While we consider the transmission of electricity and the integration of renewable energy into the grid to be economic activities which drive the energy transition and the fight against climate change, we also take measures to increase the adaptation and the resilience of our assets against climate risks.

In particular, these measures include:

- ensuring compliance with construction standards;
- defining stringent climate parameters in electrical equipment specifications;
- enhanced climate scenarios for future assessments of grid and market needs;
- aligning with the risk preparedness plan for the electricity sector and with preventive, preparedness and emergency response measures (business continuity plan and restoration plan);
- implementing regular crisis exercises.

Climate change adaptation features are embedded into the construction of our grid from the design phases onwards. Grid reliability is one of the most important objectives for a TSO and many existing measures and processes foster climate change adaptation elements.

In alignment with the vulnerability assessment undertaken in 2023 and with the conclusions of the benchmark with peers from the sector, we identified CAPEX associated with projects that increase the resilience of our grid against storms and strong winds. The share out of the total Elia Transmission (Belgium) 2023 CAPEX is 4.3%, corresponding to a value of €32.36 million. Due to specific conditions in Belgium, the plan is to extend the scope of this reporting in the next years, to include also CAPEX dedicated to measures against flooding risk.

Substantial contribution to climate change mitigation

In accordance with the eligibility table of Elia Transmission's (Belgium) activities that we disclosed above, for assessing the alignment we considered the criteria outlined in section '4.9 Transmission and distribution of electricity' from Annex I and Annex II of the Climate Delegated Act.

According to criteria outlined in the Climate Delegated Act, 'Transmission and distribution infrastructure or equipment' is in an electricity system that complies with at least one of the following criteria:

a. the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;

b. more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;

c. the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period".

We opted for criteria (a), which is a direct fit for Elia Transmission's (Belgium) transmission activities. Interconnectors that link energy transmission grids in different countries together contribute to the sustainability of the European energy sector by enabling the trading of energy and increasing energy efficiency. Interconnectors do this by reducing the cost of meeting electricity demand while improving security of supply and facilitating the cost-effective integration of the growing amount of renewable energy sources into the system. A well-integrated energy market is a fundamental prerequisite to achieving the EU's energy and climate objectives in a cost-efficient way.

Furthermore, the TSC for transmission of electricity specifies which parts of the infrastructure should be considered as 'non-aligned'.

More precisely, the TSC refer to infrastructure dedicated to creating a direct connection or the expansion of an existing direct connection between a substation or network and a power generation plant that is more greenhouse gas-intensive than 100 gCO_2e/kWh (measured on a lifecycle basis). The revenues, CAPEX and OPEX associated with these identified connection parts were evaluated as 'non-aligned' and eliminated from the numerators of the KPIs during the assessment process.

The following TSC refers to the installation of metering infrastructure, which must meet the requirements of smart metering systems outlined in Article 20 of Directive (EU) 2019/944.

Article 20 of Directive 2019/944 provides that where the deployment of smart metering systems is positively assessed as a result of the cost-benefit assessment, or where smart metering systems are systematically deployed after 4 July 4 2019, Member States shall deploy smart meters in accordance with European standards that meet certain requirements. Elia Transmission's (Belgium) electricity transmission business activities in Belgium comply with European and national regulatory requirements regarding smart meter rollout and are aligned with the activities of our peers in this regard.

DO NO SIGNIFICANT HARM (DNSH)

Meeting the DNSH criteria means that an activity which significantly contributes to one of the environmental objectives does no significant harm to any of the other objectives. Once our electricity transmission activities were assessed against the climate change mitigation criteria for their significant contribution to it, we performed further assessments of the five remaining objectives in relation to DNSH. Note that the DNSH criteria for 'climate change mitigation' is not applicable, as we had already performed the substantial contribution analysis on this objective; moreover, the 'sustainable use and protection of water and marine resources' objective of '4.9. Transmission and distribution of electricity' had not been published by the EU at the time of our reporting, meaning it was not evaluated.

Climate change adaptation

Elia Transmission's (Belgium) vulnerability assessment

The physical climate risks to which Elia Transmission (Belgium) is subject fall into two categories: chronic and acute. Our climate risk and vulnerability assessment is carried out in line with the technical screening criteria of the EU Taxonomy Delegated Act. This assessment highlighted the possible harmful effect of heatwaves, cold snaps/winter incidents, storms, flooding, droughts and wildfires. All these phenomena are acute physical risks, which could lead to less favourable operating conditions for the Group's assets or even damage them. Such circumstances may trigger business continuity disruption and may need contingency plans to be activated. Given the critical nature of the Group's infrastructure and the fact that its assets are spread over a wide territory (in particular its overhead line infrastructure), the Group's assets are regarded as facing a heightened vulnerability to physical climate risks, as is the case for other system operators and utilities.

Local climate scenarios

In 2023, with the support of climatologists from the University of Hamburg (Hereon Climate Research Center), local climate scenarios were developed for Belgium, considering two time horizons chosen in line with the technical lifetime of our infrastructure: 2050 and 2085. Three state-of-the-art climate scenarios are considered: RCP 2.6, RCP 4.5 and RCP 8.5. The first scenario relates to a low-emission scenario and stringent policies, while the third scenario RCP 8.5 relates to a high-emission scenario and the least stringent policies. The aim was to check whether the main climate signals susceptible to impact the smooth operation of the grid will be modified by climate change and if so, to what extent. As of this writing, conclusions could be drawn for the heatwave, cold snap, flooding and wildfire risks. It was not possible however to provide a final conclusion on the extreme storm risk. This is due to the limitations of current climate models, notably in terms of resolution. We expect updates in our climate risk and vulnerability assessment, as new information becomes available. The assessment of the adaptation solutions is ongoing and a rolling plan for implementation will be set up.

Transition to a circular economy

For this objective, Elia Transmission (Belgium) applies a waste hierarchy criteria to the waste flow of maintenance and infrastructure works and has established a list of guidelines for subcontractors (general technical specifications) for different types of projects. Moreover, Elia Transmission (Belgium) has established a waste management policy for its administrative and local technical sites (service centres), which includes contracts with authorised collectors who specialise in the collection, transport and recycling of hazardous and non-hazardous waste. When required, Elia Transmission (Belgium) appoints an independent expert to draw up a demolition plan ('sloopopvolgingsplan') in line with relevant regulations. On its pathway to gaining ISO14001 certification by 2024, Elia Transmission (Belgium) is currently developing an environmental data management tool which covers waste management. The tool will allow us to track and report on the waste flows in our upstream and downstream value chain and provide information on related impacts, risks and opportunities. For example, the tool will provide visualisations of where and how much waste has been withdrawn, consumed or discharged during Elia Transmission's (Belgium) activities and services.

Pollution prevention and control

The activities of Elia Transmission (Belgium) are aligned with the International Finance Cooperation's (IFC) Environmental, Health and Safety Guidelines related to construction site activities for overhead high-voltage lines. Moreover, Elia Transmission (Belgium) complies with EU regulations 1999/519/EG and 2013/35/EU related to electromagnetic fields (0-300 GHz). Finally, less than 1% of Elia Transmission's (Belgium) transformers contain polychlorinated biphenyls (PCB) and a phasing-out plan is currently being implemented for its transformers to be PCB-free by 2024. The amounts related to transformers containing PCB were excluded from the calculations for the alignment KPIs.

Protection and restoration of biodiversity and ecosystems

Elia Transmission (Belgium) publishes Environmental Impact Assessments (EIA) or screening depending on the specific characteristics of a given project, an Appropriate Assessment (AA) where applicable in accordance with Directive 2011/92/EU, and carries out environmental assessments in accordance with Directive 2009/147/EC (Birds) and 92/43/EC (Habitats). Elia Transmission (Belgium) goes beyond merely respecting the associated obligations: it engages in dialogue with local communities, non-governmental organisations and different government organisations to define how each project should be realised in the most efficient and respectful way in terms of local and nature impacts. In the future, the status of compensation and mitigation measures will be followed up on by Elia Transmission (Belgium) 'staff based on a Community Relations Passport (CR Pass).

REQUIREMENTS OF THE MINIMUM SOCIAL SAFEGUARDS

In accordance with the Taxonomy Regulation, for a business activity to be considered as 'aligned', a process must be established to ensure compliance with the following guidelines and international legislation:

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;
- the fundamental conventions identified in the Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work;
- the International Bill of Human Rights.

The Minimum Social Safeguards set out social and governance criteria so that entities that carry out environmentally beneficial activities are not doing significant harm to the rest of the objectives.

This interpretation was strengthened by the draft report published by the Platform on Sustainable Finance. In this light, the substantive topics which are material for the analysis are:

- human rights (including labour and consumer rights);
- bribery, bribe solicitation and extortion;
- taxation;
- fair competition.

Elia Transmission (Belgium) complies with international guidelines which extend beyond its collective agreements and company agreements, such as the core labour standards of the International Labour Organization (ILO: C87, C98 and C135) and worker's rights set out in the UN Global Compact. Elia Transmission (Belgium) is also subject to the rules of good governance applicable to listed companies, including the Belgian Corporate Governance Code.

Elia Transmission's (Belgium) Code of Ethics and Human Rights Policy are available online.

Moreover, strategic suppliers entering into new framework agreements are required to have an EcoVadis rating, which evaluates how well a company has integrated the principles of sustainability and corporate social responsibility into its business activities. Most of Elia Transmission's (Belgium) suppliers are located inside the EU, which leads to a lower risk of violations of human and labour rights.

Other measures addressing human rights include:

- asking suppliers to sign a binding code of conduct before starting their mission;
- carrying out risk assessments for suppliers where necessary;
- introducing a functional grievance mechanism for bribery and corruption, which will be extended to other human rights issues in future.

Elia Transmission (Belgium) also confirmed it has good governance practices in place, in particular with respect to:

- sound management structures, as described in the 'Roles & Responsibilities' pages of the its website;
- employee relations: Elia Transmission (Belgium) 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;
- staff remuneration: Elia Transmission (Belgium) transparently discloses management team salaries in its remuneration report, including fixed and variable total remuneration as well as company pensions and other benefits for management;
- tax compliance and transparency as outlined in the company's Tax Guidelines, with a particular focus on a risk-averse tax strategy, which always aligns with our general conduct of business

TAXONOMY KPIS AND ACCOUNTING METHODS

The accounting methods for calculating the shares of eligible and aligned activities were based on the provisions of Annex 1 of Delegated Regulation 2178/2021.

The concepts of 'numerator' and 'denominator' apply as follows: if X/Y, then X = numerator and Y = denominator.

Double counting in the allocation in the numerator of turnover, CAPEX and OPEX across economic activities was avoided as each entity undertakes one economic activity only. Consequently, turnover, OPEX and CAPEX cover economic activities that are either completely Taxonomy-eligible or not at all. The only exception is Elia Transmission Belgium SA/NV, which undertakes two economic activities, out of which one is Taxonomy-eligible and the other one not, as reflected in the table above. The turnover of the activity that is not Taxonomy-eligible is well delineated, OPEX is not material and CAPEX does not exist for this activity.

There was no CAPEX allocated from green bonds in 2023 so there is no need to adjust it for the usage of the financial undertakings.

Turnover

The turnover used in the KPI calculation is based on the accounting policies mentioned in section 3.4.1 'Income' (IFRS 15 Revenues) of the Financial report and the consolidated results reported in 4.4 'Reconciliation of information on reportable segments to IFRS amounts' which report the revenues for the different segments under which the following items are considered:

	Numerator(*)	Denominator
Revenues (including grid revenues, last mile connection and other revenue)	Yes	Yes
Net income (expense) from settlement mechanism	Yes	Yes

(*) Numerator is adjusted for the legal entities / activities not qualifying as taxonomy-eligible.

Therefore, the total considered turnover in 2023 which was included in the denominator of the turnover KPI was €1,326.77 million

Capex

The CAPEX used in the KPI calculation is based on general accounting policies, as mentioned in the sections 3.3.1 'Property, plant and equipment' ('PPE') (IAS 16), 3.3.2 'Intangible assets' (IAS 38) and 3.3.16 'Leases' (IFRS 16) of the Financial report.

The movements related to these assets are disclosed in section 4.4 'Reconciliation of information on reportable segments to IFRS amounts' from the Financial Report, under the subtitle 'capital expenditures' and are included in the calculation as follows:

	Numerator(*)	Denominator
Additions for PPE (including leases)	Yes	Yes
Additions for intangible assets (including leases)	Yes	Yes

(*) Numerator is adjusted for the legal entities / activities not qualifying as taxonomy-eligible

The total considered CAPEX in 2023 which was included in the denominator of the CAPEX KPI was €747.49 million.

Opex

For determining the OPEX KPI, we applied the definition as described in the Reporting Delegated Regulation and the ESMA final report entitled 'Advice on Article 8 of the Taxonomy Regulation', which was published on 26 February 2021, according to which OPEX covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of items of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets.

The OPEX KPI in 2023 was €135.78 million

A correspondence table with the Financial Report is available below.

Denominator	Section from the Financial Report
Elia Transmission (Belgium) 2023 turnover	5.1. Revenue, net income (expense) from settlement mechanism and other income
Elia Transmission (Belgium) 2023 CAPEX	6.1. Propriety, plant and equipment and 6.2. Intangible assets

BREAKDOWN OF ELIA TRANSMISSION's (BELGIUM) KPIS FOR EU TAXONOMY ELIGIBILITY AND ALIGNMENT IN 2023

The last steps taken as part of the Taxonomy analysis was the calculation of the KPIs: Taxonomy-eligible and aligned turnover, CAPEX and OPEX.

A top-down approach was applied when calculating the KPIs, meaning non-eligible and non-aligned turnover. CAPEX and OPEX were excluded from the total figures disclosed in the financial statements. Elia Transmission's (Belgium) alignment with DNSH criteria and its compliance with the Minimum Social Safeguards lead to the conclusion that the KPIs are mainly impacted by:

- the non-alignment of the eligible transmission of electricity activities is due in particular to existing direct connections to power plants that do not meet the TSC;
- PCB-contaminated assets from our electricity transmission activities.

A detailed breakdown of the KPIs is available in the Excel table.

4.2.2 ESRS E1 Climate change

STRATEGY

E1-1 – Transition plan for climate change mitigation

Elia Transmission's (Belgium) core mission is to drive the energy transition by supporting the integration of RES into the electricity system in order to foster decarbonisation. Successfully achieving this will be the key to decarbonising industry and will thus benefit society as a whole and our own bottom line. It will also enable us to effectively and sustainably decarbonise our own operations. We therefore have a threefold interest in being successful in our core business.

To underline our commitment to decarbonisation, we have set a carbon neutrality target for 2030 for our own operations (i.e. Scope 1 & 2 emissions, excluding grid losses) at Elia Group level. This objective takes an avoid-reduce-offset approach. Furthermore, we have committed to an absolute GHG emissions reduction target for all Scope 1 & 2 emissions, including grid losses, of 28% by 2030 (taking 2019 as the benchmark year). The SBTi's Target validation team has determined that this target is in line with a 'well-below 2°C' trajectory. In addition, we aim to be fully carbon-neutral by 2040.

The challenge lies in grid losses from our lines and cables, which represent the biggest share of our carbon footprint, and currently hinder us from having a 1.5°C plan. Grid losses are an inevitable and inherent part of electricity transmission and their GHG emissions impact is dependent on the energy generation mix, the breakdown of which is legally outside our area of responsibility as a TSO[19] . In the short term, the required grid development described above and volatile renewable energies feed-in will lead to an increase in the volume of grid losses, which is not sufficiently offset by a decrease in the emission factor of the power mix to allow for even more ambitious decarbonisation goals. However, our contribution to societal decarbonisation far outweighs our own corporate carbon footprint. This effect will progressively disappear in the mid to long term. As the electricity generation structure evolves with increasing RES integration in our grid, it will eventually lead to a significant decrease in the electricity emission factor (see '4 Reduction of grid losses-related GHG emissions' in E1-3 'Actions and resources in relation to climate change policies').

Our transition plan explained (including drivers)

Our ActNow sustainability programme is a key part of our strategy and fully embeds sustainability into our business activities. We are working towards meeting these targets via our five-year business roadmaps and plans and revise them regularly, for example when EU requirements are updated.

As outlined in section 'Strategy, business model and value chain' of the Strategic Report, Climate Action - which is Dimension 1 of our ActNow sustainability programme - is both the first and most consequential dimension of the programme. The table below outlines the objectives included in this dimension and the decarbonisation drivers that were identified. Please see 'E1-3 Actions and resources' for more details regarding the associated actions.

[19] In Europe, under the Third Energy Package, energy networks are subject to unbundling requirements which oblige Member States to ensure the separation of vertically integrated energy companies, resulting in the separation of the various stages of energy supply (generation, transmission, distribution, and retail). Consequently, Elia Transmission's (Belgium) scope of activities include only transmission of electricity, and not generation, which means it cannot influence the energy mix.

ACTNOW DIMENSION 1 CLIMATE ACTION					
Challenge	OUR SOCIETAL CHALLENGE Speed up the decarbonisation of the power sector	OUR CORPORATE CHALLENGE Decarbonisation of our own activities			
Objective	Objective 1 Enabling the decarbonisation of the power sector	Objective 2 Reach carbon neutrality in system operations by 2040	Objective 3 Reach carbon neutrality in our own activities by 2030	Objective 4 Transition to a carbon-neutral value chain for new assets & construction work	Objective 5 Increase climate resilience
Focus of action	Climate change mitigation				Climate change adaptation
	• Grid development • Market development and system operations • Electrification	• Reduction of grid losses-related GHG emissions • Evaluate impact of balancing and redispatching	• Strategy for phasing-out SF6 • Sustainable substations • Low-carbon mobility	Upstream value chain (scope 3) actions	• Climate change scenarios • Grid and asset planning and dimensioning • Anticipation and handling of extreme weather disasters

Locked-in GHG emissions

Grid losses: Please refer to the above text where we explain the unavoidable nature of grid losses and the dependency of grid losses-related emissions on the energy mix.

SF_6 [20]: Due to the long lifetime (55 years) of our equipment, there will still be equipment using SF_6 gas by 2030 and 2040, yet an increasingly reduced one. It is worth noting that what generates emissions are leakages. Hence our SF_6 phase-out strategy also focuses on leakage management, thereby minimising and/or mitigating our impact.

Substations: Our substations, as elements enabling us to operate the grid, consume electricity. Solar panels will be installed (see below under actions). Therefore, as for grid losses, the reduction in associated emissions will align with the decarbonisation of our power mix.

Financial resources

According to the EU Taxonomy reporting methodology, Elia Transmission's (Belgium) economic activities had been identified as eligible are aligned at a very high level with the technical screening criteria (TSC). High alignment clearly underlines the Group's ongoing contribution to the energy transition. We do not foresee major deviations in the future.

Please refer to '4.2.1 Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)', where the EU Taxonomy Regulation alignment of our eligible activities is disclosed.Further investment and funding are integrated in the five-year business plan, but are either impossible to disaggregate from the overall business plan or are not significant enough to be disclosed here.

There were no significant CAPEX amounts invested during the reporting period related to coal, oil and gas-related economic activities.

Embedding the transition plan in our overall strategy and financial planning

Elia Transmission (Belgium) does not fall under the exclusion for EU Paris-aligned benchmarks[21] .

Since our core business is inherently linked to driving the energy transition, sustainability and climate-related responsibilities lie with our executive bodies: they drive the implementation of our strategy and oversee the progress. Moreover, specific arrangements have been put in place, including ones which affect our Board of Directors, to ensure that our ActNow sustainability programme - which includes climate change aspects in its

[20] Chemical formula of 'sulphur hexafluoride'. SF_6 is used as an insulation and switching gas in gas-insulated high-voltage switchgear. It has excellent electrical properties, is non-toxic and is chemically stable. However, the global warming potential of SF_6 is 23,500 times higher than CO_2.
[21] In accordance with the exclusion criteria stated in Articles 12.1 (d) to (g) 53 and 12.2 of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation).

Dimension 1 - is fully embedded across the organisation. Please refer to 'The role of the administrative, management and supervisory bodies' for further information.

Our climate transition plan is voted on at annual general meetings (AGMs). Feedback is collected during these meetings, but it is collected more frequently than annually. We have established processes and controls that ensure regular monitoring, measuring, validating and reporting of these KPIs.

Our progress in implementing the transition plan is overseen by the GSO and a local sustainability board at Elia Transmission (Belgium) and is tracked through KPIs, the most relevant of which we publish for our stakeholders.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

With climate change as a main concern and our societal role in climate change mitigation at the core of our business activities, climate-related risks and opportunities in all their subcategories had already been integrated into every corporate risk and opportunity of our corporate risk register. They are extensively described in the risks and opportunities cards in section '3.1. Risk and opportunities management system' of the Strategic Report', where the link to any type of climate-related risk (as detailed in the TCFD) is also identified. The main climate-related risks and opportunities for our activities are detailed in the table below.

Main climate-related risks and opportunities	Risks		Opportunities
	Regulation(s)	Physical climate threats	Energy transition grid infrastructure projects
Risk/opportunity type	Transition	Physical	Energy source
Description	Strengthening of current and/or emerging new regulations	Physical damage to assets and infrastructure	Investment programme in grid infrastructure projects
Nature of risk/opportunity	• SF6 and potential PFAS ban • Carbon taxing • Reporting	• Extreme weather events • More frequent or severe heatwaves	• New offshore and onshore infrastructure • Reinforcement of onshore infrastructure • Development of interconnections
Criticality	High	Medium	High Virtually certain
Main affected time horizon	Mid- to long-term	Mid- to long-term	Short- and mid-term
Financial impacts	Increased cost Quantified	Business continuity, increased costs quantified on the basis of historical information	Returns on investment in low-emission technology Quantified
Methodology	Cost analysis in light of regulated framework	Implementation of scenario analysis	Cost estimation
Management response	ActNow Dimension 1 Objective 3, Dimension 5	ActNow Dimension 1 Objective 5	Investment programme (ActNow Dimension 1, Objective 1)

Climate resilience is embedded in our strategy and business models as our societal challenge. Elia Transmission (Belgium) is both shaping and driving the energy transition, playing a leading role in the integration of RES into energy systems, responding to the demand for electrification and working with players from across the sector to identify and address additional means of decarbonising society.

As transmission system operator (TSO), Elia Transmission (Belgium) is responsible for aligning its activities with the ambitions of the Belgian government, respectively (known as the Nationally Determined Contributions). The main grid development and reinforcement needs are identified and described in the Belgian Federal Development Plan that the TSO is legally required to publish at regular intervals (its frequency is dictated by the regulatory law applicable in the electricity grid). At the same time, Elia Transmission (Belgium) has initiated closer exchanges with RES developers and industry to better anticipate its grid needs that often materialise within fewer years than the target dates set out in the Belgian Federal Development Plan. In order to develop a grid which is capable of meeting future challenges, we analysed multiple scenarios to better understand the impact on the grid and to better foresee the investments needed. The scenarios encompass those developed by ENTSO-E & ENTSO-G, the European association of electricity (and gas) transmission system operators, in the context of the TYNDP (Ten-Year Network Development Plan), which are supported by future climate projections, considering two possible scenarios for 2050: RCP 4.5 and RCP 8.5.

Our ability to respond and adapt to climate-related transition risks is described as our corporate challenge in our ActNow sustainability programme and focuses on our own operations. A well-below 2°C emissions reduction target (at Elia Group level) has been validated by the SBTi. The associated decarbonisation drivers are the reduction of grid losses-related emissions, SF_6 phase-out, the sustainable substations programme and low-carbon mobility (see further details in 'E1-3 Actions and resources').

Regarding the resilience of our assets to climate-related physical risks, Elia Transmission (Belgium) has taken an in-depth long-term look at climate scenarios (RCP 2.6, RCP 4.5 and RCP 8.5) with support from the Climate Service Center Germany GERICS, an independent scientific organisational entity of the Helmholtz-Zentrum Hereon, to challenge existing assumptions about the need to adapt its infrastructure in order to protect it from physical climate risks. The RCP 8.5 scenario provides insight on the most stringent heatwave conditions, while other scenarios are useful for sensitivity analysis. RCP 2.6 is the most stringent scenario in terms of policies to limit climate change (for transition climate-related risks).

The physical climate-related risks to which the Group is subject fall into two categories: chronic and acute. Based on the best climate scenario information available to us, our vulnerability assessment of our activities was furthered in 2023, in line with the technical screening criteria of the EU Taxonomy Delegated Act. This assessment highlighted the possible harmful effect of heatwaves, cold snaps/winter incidents, storms, flooding, droughts and wildfires. All these phenomena are acute physical risks, which could lead to less favourable operating conditions for Elia Transmission's (Belgium) assets or even damage them. Such circumstances may trigger business continuity disruption and may require the activation of contingency plans. Given the critical nature of Elia Transmission's (Belgium) infrastructure and the fact that its assets are spread over a wide territory (in particular its overhead line infrastructure), our assets are deemed to be facing a heightened vulnerability to physical climate risks, as is the case for other system operators and utilities.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E1-2 – Policies related to climate change mitigation and adaptation

In our Purchasing Conditions, we explain our expectations from our suppliers regarding efficient energy use and energy use reduction.

In our General Safety, Health and Environment Rules for Contractors Performing Assignments, we require them to make rational use of energy. These elements are also included in our Supplier Code of Conduct. All these documents are signed off by our Head of Purchasing and are available on our website. These rules form an integral part of every contract that Elia Transmission (Belgium) concludes with contractors, i.e. our upstream value chain. Regarding our own operations, our asset management policy on substations includes energy consumption reduction aspects related to our emissions reduction transition plan. No third-party standard or initiative is used in the making of those policies.

E1-3 – Actions and resources in relation to climate change policies

Please refer to section 'E1-4 Targets related to climate change mitigation and adaptation' to read how these actions translate into targets.

All the actions described below are climate change mitigation actions.

The decarbonisation of the electricity sector and the emission factor of the power mix (downstream value chain) occur through actions such as:

1. Grid development and RES integration: please refer to the above description of Elia Transmission's (Belgium) corporate challenge.

2. Market development and system operations

We are constantly working with other market players, political decision-makers and regulators on further developing electricity market design to facilitate the integration of variable RES into the grid and unlock consumer flexibility. The adoption of electric vehicles (EVs) and heat pumps is accelerating and opening the door to new ways for consumers to interact with the electricity system. However, the large-scale participation of demand-side flexibility is slow. One key reason for this is that the current market design includes multiple barriers which prevent the active participation of small flexibility assets. Our efforts address these barriers and will facilitate the efficient integration of more renewable energy into the system. This, in turn, will allow consumers to reap the benefits of their investments in flexible assets (such as heat pumps, EVs, solar PV and electrical boilers).

By upgrading our system operations technologies and processes, we are paving the way for further strong increases in intermittent renewable energies in the system.

In order to manage the grid of the future, which integrates more renewables and decentralised units, we are developing a Supervisory Control and Data Acquisition system - internally called Modular Control Center System (MCCS) - to deal with the growing amount of data and managing the increasing need for system and grid monitoring. This cutting-edge technology, as a platform, is our answer to managing increased complexity and enables flexibility, adaptability and scalability over time. Modularisation is key for fast developments and differentiated solutions. Automated processes and algorithms will support the operators of the future in decision making. In the longer term, we aim to evolve towards an autopilot equipped with all required capabilities so that operators can focus on supervising but are able to (re)take control if needed. The MCCS vision, architecture and product solutions are meant to be shared and co-developed with peers (e.g. other international TSOs) as part of an MCCS NextGen community.

3. Electrification and sector coupling

A core element of European decarbonisation involves the electrification of industry and society at large. Leveraging our enabler role in the European power sector, we are collaborating with industrial players such as ArcelorMittal, and Total (who are active players in our grid regions) to assess electrification potentials and to identify the best possible ways to meet their growing electricity needs. We are also proactively developing and promoting suitable locations for e.g. new data centres, industrial sites and hydrogen production facilities in order to speed up their deployment and ensure the system is ready to cope with those loads.

The scope addressed by the following actions is our own operations:

4. Reduction of grid losses-related GHG emissions

Grid losses from lines and cables are an inevitable and inherent part of electricity transmission. They depend on factors such as the distance electricity has to be transmitted, its current and its voltage. Grid losses are a source of GHG emissions related to grid operation that depend on the CO_2 intensity of the national energy mix. As higher amounts of renewable energy are integrated into the system, the amount of CO_2 associated with these losses will decrease over time. However, at the same time, grid losses will increase as electrification is accelerating and the related GHG emissions will consequently also increase. Indirect GHG emissions (Scope 2) are most material for electricity transmission activities, but setting reduction pathways conflicts with our societal role of decarbonising society by electrification (increasing grid losses) and strongly depends on national energy mix policies. Our focus is therefore on integrating ever larger amounts of RES into the system.

5. Actions for phasing out SF_6

We have designed and approved a new asset policy that favours alternatives to SF_6. In the short term, we have set ourselves the target of seeing to it that 50% of all new facilities will use SF_6-free solutions by 2030. In the long term, we will stop using it completely in new installations in accordance with the recently adopted EU F-gas regulation. At the same time, we will continue to focus on keeping SF_6 leakages as low as possible. We were able to successfully do this in 2023, when the rate was only 0.15%, well below our objective of 0.25%.

6. Sustainable substations

With the goal of making our substations more sustainable and energy-efficient, we have developed new building standards for our substations, including those related to heating and cooling installations and smart temperature control. In addition, we are also renovating our existing substation buildings to further increase their efficiency. We have taken the decision to install approximately 45,000 m^2 of solar panels across our premises by 2030, which will have a peak load of 7 MW of solar energy. This energy will then be used to meet some of our own consumption needs. Another action is the installation of remote heating control and monitoring systems in around 600 existing substation buildings by 2030, representing a total heated area of approximately 130,000 m^2.

7. Low-carbon mobility

We are electrifying our fleet (both company cars and our technical vans). In 2025, 75% of travel between home and work will be low-carbon. A mobility budget was introduced in 2022.

The scope addressed by the following actions is the upstream side of our value chain (impact on our scope 3 footprint):

8. Creating a fit-for-our-business CO_2 accounting platform for our suppliers

Emissions related to new assets and construction work are categorised as Scope 3 emissions 'category 1 - Purchased Goods' and 'Services and category 2 - Capital Goods'. They are related to upstream value chain emissions categories that are more challenging to accurately calculate since the relevant information has to be gathered and sent to us by our suppliers. We developed a CO_2 accounting platform to increase our data maturity that went live in late 2023. Green procurement is carried out in close collaboration with our suppliers. In the future, we will closely track the improvements that our suppliers apply to their designs, production methods and project execution methods. Precise data will allow us to concentrate on those actions which have the biggest potential impact and will enable us to set scope 3-related targets.

9. Setting up an Internal Carbon Price (ICP)

Please refer to 'E1-8 Internal carbon pricing' for more information.

10. Green works

We engaged with several of the suppliers who execute infrastructure works. The objective is, alongside the accounting platform, to quantify emissions related to the different types of standard works and identify impactful drivers in order to establish reduction measures. Several projects covering the main types of infrastructure works (lines, cables, substations) for building grid assets were selected as pilot projects and data (civil works materials, waste, on-site fuel and electricity consumption, upstream and downstream transportation and commuting) were collected in order to gain an initial overview of our infrastructure works' carbon footprint, replacing the current spend-based approach. The main drivers in the footprint of each type work were identified and potential reduction emissions practices were listed in order to lead to the launch of a series of proof-of-concept projects to validate their relevance. This information will also be relevant to us in setting Scope 3-related targets. The collection of data regarding the capture of GHG emissions from our offshore projects is ongoing.

METRICS AND TARGETS

E1-4 – Targets related to climate change mitigation and adaptation

E1-4. AR 31	Elia Transmission (Belgium)						
GHG emission reduction targets by decarbonization levers	**2019**		**2023**		**2030 target**		**Actions**
Decarbonization of the grid mix (RES integration) - Elia Transmission (Belgium)	16.60	%	28.20	%	no target		Grid development Market development and system operations Electrification
Reduction of grid losses-related GHG emissions	91,128.32	tCO2eq	71,151.40	tCO2eq	84,000.00	tCO2eq	Greening the energy mix through grid reinforcement and expansion
	100.00	%	78.08	%	92.18	%	
SF6 leakage rate	0.22	%	0.15	%	below 0.25	%	SF6 leakage management system in place
SF6 phase-out	not started in 2019	%	44.00	%	50.00	%	Progressive SF6 phase-out in new assets
Carbon-free fleet	4,164.68	tCO2eq	3,670.39	tCO2eq	382.00	tCO2eq	Fleet (company cars and technical vans) electrification
	100.00	%	88.13	%	9.17	%	

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

SF_6 leakage rate = amount of SF_6 leaked during the year/the average amount of SF_6 gas stored in the compartments. The SF_6 leakage is calculated based on the weight registration of SF_6 bottles and containers when transactions (e.g. refills) with SF_6 gas are done..

For a description of how the targets were set and which stakeholders were involved in their validation, see section 'E1-4 Targets related to climate change mitigation and adaptation'.

E1-5 – Energy consumption and mix

E1-5. AR 34		Elia Transmission (Belgium)
Energy consumption and mix		**2023**
(1) Fuel consumption from coal and coal products (MWh)		Not applicable
(2) Fuel consumption from crude oil and petroleum products (MWh)		15,214.00
(3) Fuel consumption from natural gas (MWh)		2,880.82
(4) Fuel consumption from other fossil sources (MWh)		Not applicable
(5a) Consumption of purchased or acquired electricity from fossil sources (MWh)	Measured	Not applicable
	Estimated	8,309.89
(5b) Consumption of purchased or acquired heat/steam/cooling from fossil sources (MWh)	Measured	Not applicable
	Estimated	Not applicable
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)		**26,404.72**
Share of fossil sources in total energy consumption		0.52
(7) Consumption from nuclear sources (MWh)	Measured	Not applicable
	Estimated	10,249.74
Share of consumption from nuclear sources in total energy consumption		0.20
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)		Not applicable
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	Measured	6,253.23
	Estimated	7,654.54
(10) The consumption of self-generated non-fuel renewable energy (MWh)		Not applicable
(11) Total renewable and low carbon energy consumption (MWh) (calculated as the sum of lines 8 to 10)		**13,907.77**
Share of renewable and low carbon sources in total energy consumption		0.28
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)		**50,562.23**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

Comments:

The electricity consumption is – to a minor extent – based on physical values and on estimated consumption. The estimated electricity consumption is the consumption from high-voltage substations not equipped with meters. For 2023, the estimation was adjusted to fit to an increased scope (number of batteries, buildings area and number of fieldboxes) compared to 2022.

The gasoline and diesel consumption were converted to MWh using conversion factors from the IEA Statistics Manual.

E1-5. AR 37	Elia Transmission (Belgium)
Energy intensity per net revenue	**2023**
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€ million)	**38.11**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

E1-5. AR 37	Elia Transmission (Belgium)
Energy intensity per net revenue	**2023**
Net revenue from activities in high climate impact sectors (€ million)	1,326.74
Net revenue (other) (€ million)	0.04
Total net revenue (financial statements) (€ million)	**1,326.77**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The activities of Elia Transmission Belgium SA/NV and Elia Asset SA/NV are identified as activities in high climate impact sectors.

The activities of Elia Engineering SA/NV, Elia Re SA and the 'Non-regulated activities' belonging to the financial segment are considered not to belong to high climate impact sectors.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

E1-6. AR 48			Elia Transmission (Belgium)					
			Retrospective				Milestones and target years	
GHG emissions			2019	2022	2023	% 2023/2022	2030	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO2eq)	**total Gross Scope 1 GHG emissions (tCO2eq)**		**10,936.50**	**10,283.35**	**10,649.97**	**103.57 %**	**10,698.00**	**97.82 %**
	SF6 leakages		5,875.00	5,488.90	6,333.02	115.38 %	9,635.00	164.00 %
	fleet (diesel)		3,815.47	3,333.36	2,978.97	89.37 %	382.00	10.01 %
	fleet (gasoline)		349.21	611.03	691.42	113.16 %	0.00	0.00 %
	heating (natural gas)		782.14	665.72	532.95	80.06 %	499.00	63.80 %
	heating (diesel)		43.23	22.13	44.81	202.47 %	14.00	32.38 %
	backup systems (diesel)		not available	40.00	54.50	136.26 %	46.00	Not Applicable
	airco leakages (R407C)		71.46	0.00	0.00	— %	0.00	0.00 %
	airco leakages (R134A)		0.00	122.20	14.30	11.70 %	122.00	0.00 %
	airco leakages (R410A)		0.00	0.00	0.00	— %	0.00	0.00 %
Percentage of Scope 1 GHG emissions from regulated emission trading			Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)*	**total Gross location-based Scope 2 GHG emissions (tCO2eq)**		**95,415.18**	**84,154.99**	**75,598.14**	**89.83 %**	**87,902.00**	**92.13 %**
	grid losses		91,128.32	79,432.50	71,151.40	89.57 %	84,000.00	92.18 %
	electricity consumption	measured	not available	932.80	856.44	91.81 %	595.00	not available
		estimated	4,286.86	3,789.69	3,590.29	94.74 %	3,307.00	0.77
	heating		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Gross market-based Scope 2 GHG emissions (tCO2eq)*	**total Gross market-based Scope 2 GHG emissions (tCO2eq)**		**107,559.87**	**78,781.37**	**not available**	**not available**	**no target**	**no target**
	grid losses		102,727.37	74,346.23	not available	not available	no target	no target
	electricity consumption	measured	0.00	888.12	not available	not available	no target	no target
		estimated	4,832.50	3,547.02	not available	not available	no target	no target
	heating		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

Definitions:

SF_6: Chemical formula of 'sulphur hexafluoride'. SF_6 is used as an insulation and switching gas in gas-insulated high-voltage switchgear. It has excellent electrical properties, is non-toxic and is chemically stable. However, the global warming potential of SF_6 is 23,500 times higher than CO_2.

SF_6 leakage is calculated based on the weight registration of SF_6 bottles and containers when transactions (e.g. refills) with SF_6 gas are done.

Comments:

The emissions related to backup systems are included as of 2022.

Only regional grid losses are taken into account. Federal grid losses are excluded from the CO_2 emissions calculation in accordance with Art. 104 of the Code of Conduct (Gedragscode) stipulated by CREG.

The electricity consumption-related emissions are – to a minor extent – based on physical values and on estimated electricity consumption. The estimated electricity consumption-related emissions are related to high-voltage substations not equipped with meters. For 2023, the estimation was adjusted to fit to an increased scope (number of batteries, buildings area and number of fieldboxes) compared to 2022.

The following calculation standards and emission factors were used to determine the GHG emissions:

For SF_6: Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard /IPCC 5th ARS

For gasoline, diesel, natural gas, air conditioning leakages: Bilan GES Ademe (as of 29 March 2019)

For electricity:

The location-based scope 2 emissions for all years are calculated using the emission factors based on Belgium's annual energy mix published on the Portal 'eCO_2grid'.

The market-based scope 2 emissions for 2019 and 2022 are calculated using the AIB European Residual Mixes emission factors for Belgium. The 2023 value is not published yet.

Restatements:

Due to an alignment in the data collection of the technical fleet gasoline and diesel consumption, the 2022-related emissions have been recalculated

Due to the use of a new source of information (see above) for the location-based electricity emission factor, location-based scope 2 emissions have been restated for 2019 and 2022.

E1-6. AR 48	Elia Transmission (Belgium)				
GHG emissions	Retrospective			Milestones and target years	
	2022	2023	% 2023/2022	2030	Annual % target / Base year
Significant Scope 3 GHG emissions					
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	**528,601.26**	**2,560,244.32**	**484.34 %**	**no target**	**Not Applicable**
Purchased goods and services	287,624.49	1,657,226.23	576.18 %	no target	Not Applicable
Capital goods	240,518.14	902,427.29	375.20 %	no target	Not Applicable
Fuel and energy-related activities	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Upstream leased assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Waste generated in operations	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Processing of sold products	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Use of sold products	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
End-of-life treatment of sold products	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Downstream leased assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Franchises	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Upstream transportation and distribution	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Downstream transportation and distribution	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Business travels	458.63	590.80	128.82 %	no target	Not Applicable
Employee commuting	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Financial investments	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

Definitions:

The scope 3 values are calculated with two methods: the spend-based methodology using external, category-specific emission factors (no supplier data) and physical values using information coming from our suppliers.

Comments:

Scope 3 GHG emissions are calculated using the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard.

Restatements:

Due to the implementation of our internal scope 3 CO_2 platform, the values have been recalculated leading to a restatement of the 2022 values.

Total GHG emissions (Scope 1 , Scope 2 , Scope 3)	Elia Transmission (Belgium)				
	2022	2023	% 2023/2022	2030	Annual % target / Base year
Total GHG emissions (location-based) (tCO2eq)	**623,039.60**	**2,646,492.43**	**424.77 %**	**Not applicable**	**Not Applicable**
Total GHG emissions (market-based) (tCO2eq)	**617,665.97**	**not available**	**Not applicable**	**Not applicable**	**Not Applicable**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

E1-6. AR 48 Non-disclosed scope 3 categories	Motivation
[Optional sub-category: Cloud computing and data centre services]	Not applicable
Fuel and energy-related activities	This is not a significant scope 3 GHG emissions category for our activities.
Upstream leased assets	No upstream leased assets could be identified.
Waste generated in operations	This is not a significant scope 3 GHG emissions category for our activities.
Processing of sold products	Our business does not include the sale of products. Electricity transported is used directly with no further processing.
Use of sold products	Our business does not include the sale of products.
End-of-life treatment of sold products	Our business does not include the sale of products.
Downstream leased assets	There are no downstream leased assets within our financial control boundary for which we could identify emissions.
Franchises	There are no franchises within our financial control boundary for which we could identify emissions.
Upstream transportation and distribution	There are no significant upstream transportation and distribution activities, emissions related to the transport of consumed electricity are reported in Scope 2.
Downstream transportation and distribution	No downstream transportation and distribution activities could be identified. We do not sell any physical product that is not distributed through the energy networks.
Employee commuting	This is not a significant scope 3 GHG emissions category for our activities.
Financial investments	Investment in the sense of the provision of capital or financing is not included in our business.

E1-6. AR 53	Elia Transmission (Belgium) 2023
Total GHG emissions (location-based) per net revenue (tCO2eq/€ million)	**1,994.7**
Total GHG emissions (market-based) per net revenue (tCO2eq/€ million)	**not available**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

E1-6. AR 53 GHG intensity per net revenue	Elia Transmission (Belgium) 2023
Net revenue used to calculate GHG intensity (€ million)	1,326.74
Net revenue (other) (€ million)	0.04
Total net revenue (Financial statements) (€ million)	**1,326.77**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

We do not have GHG removal and storage resulting from projects developed in own operations or contributed to in upstream and downstream value chain.

We purchase project-based carbon credits (verified to Gold Standard) to offset GHG emissions related to SF_6 leakages and business flights from the previous year.

As of 2021, we buy credits from the voluntary market to offset the previous year's GHG emissions associated with the above-mentioned categories. The carbon credits are used to financially support a climate change mitigation project, i.e. Solar Systems Supply of Senegalese households.

Elia Transmission (Belgium)	2022	2023
Total (tCO2eq)	3,526	5,703
Share from removal projects (%)	0	0
Share from reduction projects (%)	100	100
Recognised quality standard Gold Standard (%)	100	100
Share from projects within the EU (%)	0	0
Share of carbon credits that qualify as corresponding adjustments (%)	0	0

We are currently rethinking our GHG emissions offset approach and therefore cannot currently disclose any future carbon credits planned to be cancelled outside the undertaking's value chain.

E1-8 – Internal carbon pricing

We use several internal carbon prices to drive important internal business decisions:

- Investment decisions: cost-benefit analyses for grid planning that show the variation in total CO_2 emissions from the power system due to the implementation of a certain project.
- Supply chain decisions: in tenders in order to impact the Total Cost of Ownership (TCO) and thus the ranking of suppliers.

We use shadow pricing aligned with the price of allowances under the EU Emissions Trading Scheme, and the social cost of carbon. Depending on the decision, we use a differentiated pricing approach. Scope 1, 2 and 3 are covered.

We have opted to use a 'flat' pricing model for internal carbon pricing that uses a constant (after actualisation of future costs) price. However, we expect the price to increase significantly over the coming years, both through market pressure (scarcity of emission rights etc.) and through increased awareness of the true cost of carbon emissions for society.

No internal carbon pricing scheme is used in our financial statements.

	Prices applied (€/tCO2eq)
Electrical equipment tenders	200.00
Large infrastructure projects tenders	200-300

E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

This disclosure requirement is currently in preparation as per ESRS guidelines.

TCFD (Task force on climate-related disclosures) report

Governance	Strategy	Risk Management	Metrics and targets
a) Board's oversight of climate-related risks and opportunities Please refer to 4. Sustainability report - The role of the administrative, management and supervisory bodies	a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term Please refer to 4. Sustainability report - Strategy	a) Organisation's processes for identifying and assessing climate-related risks Please refer to 3.1. Risks and opportunities management system	a) Metrics used by the organisation to assess climate-related R&O in line with its strategy and risk management process Please refer to 4. Sustainability report - Metrics and targets
b) Management's role in assessing & managing climate-related risks and opportunities Please refer to 4. Sustainability report - The role of the administrative, management and supervisory bodies	b) Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning Please refer to 4. Sustainability report - Impact, Risk and Opportunity Management	b) Organisation's processes for managing climate-related risks Please refer to 3.1. Risks and Opportunities Management System	b) Scope 1, scope 2 and, if appropriate scope 3 GHG emissions and the related risks Please refer to 4. Sustainability report - Metrics and targets
	c) Resilience of the organisation's strategy taking into consideration different climate-related scenarios, incl. a 2°C or lower scenario Please refer to 4. Sustainability report - Strategy	c) How processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management Please refer to 3.1. Risks and opportunities management system	c) Targets used by the organisation to manage climate-related R&O and performance against targets Please refer to 4. Sustainability report - Metrics and targets

4.2.3 Pollution

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise. Nevertheless, existing information related to pollution was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

POLICIES RELATED TO POLLUTION PREVENTION

An overview of policies can be consulted at '4.1.5. Policies adopted to manage material sustainability matters'. In terms of prevention, Elia Transmission (Belgium) is committed to pursuing effective groundwater and soil conservation measures. The company's business activities do not involve the regular release of process-linked effluents. We must focus on preventing water and soil pollution through accidental leaks of hazardous substances used in our equipment.

Accidental leakage remediation policy: We have developed processes to immediately cope with the impacts of leakages in the event of accidental hazardous substance leaks and employees are trained to detect early signs of these types of events. Substation building policy: The main potential source of soil, ground and surface water pollution is the large volume of mineral oil in our transformers. The standard solution for combatting this consists of equipping our transformers with a liquid-tight concrete tank, which, in the event of an oil spill, can contain all leaks. The tanks are fitted with a hydrocarbon separator and an additional coalescence filter with an automatic shut-off valve to ensure that rainwater that falls on the facilities can be drained without causing pollution.

Another water management aspect relates to rainwater that ends up on our high-voltage facilities (transformers) as well as on impermeable (roofs, asphalt roads) and permeable surfaces (gravel roads). When building new substations and when expanding or renovating existing substations, we ensure that rainwater that ends up on the installations (transformers) is always drained without any (oil) contamination, we increase the permeability of surfaces[22] and we explore reuse and infiltration solutions (some of which can have a positive impact on biodiversity).

In our Purchasing Conditions, our suppliers are required to comply with all the applicable laws and regulations related among others to soil pollution. In our General Safety, Health and Environment Rules for Contractors Performing Assignments, we require them to take all necessary preventive measures to avoid contaminating the soil, groundwater and surface water.

ACTIONS RELATED TO POLLUTION PREVENTION

A significant part of Belgian soil is polluted as a direct result of nearby or in situ (prior use) industrial activities or the backfilling of areas with polluted soil. Elia Transmission (Belgium) has mapped the soil condition of its own land in order to plan out remediation activities. These are being conducted according to the local environmental regulations.

[22] This is carried out by constructing roadways with reinforced gravel pits (asphalt on concrete is no longer used). Drainage gutters are avoided for existing paving and natural run-off and infiltration are provided next to the road.

4.2.4 Water and marine resources

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise. Nevertheless, existing information related to water and marine resources was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

POLICIES RELATED TO WATER AND MARINE RESOURCES

In terms of prevention, Elia Transmission (Belgium) is committed to pursuing effective groundwater and soil conservation measures (see the previous section 'Policies related to pollution prevention'). The company's business activities do not involve significant amounts of water consumption or the regular release of process-linked effluents.

Regarding marine resources, the impacts of our offshore projects are assessed during their permitting phase in an environmental impact assessment executed by external environmental experts.

ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

Please refer to the actions described in the previous section regarding water management to prevent pollution from accidental leakages.

With regard to our offshore projects, permits are granted provided an extensive list of conditions are met relating to the work phase and the exploitation of the offshore installation, including a series of measures relating to the marine environment, e.g. monitoring the evolution of sand piles and the minimum burial depth for cables in order to mitigate the impact on the marine environment. Some of these mitigation measures aim in particular to reduce the impacts of such projects on marine life and are therefore described in the next section entitled '4.2.5 Biodiversity and Ecosystems'.

4.2.5 Biodiversity and ecosystems

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise. Nevertheless, existing information related to biodiversity and ecosystems was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

We strive to limit the impact of our projects on the areas we work in, and either refrain from causing avoidable disturbances to nature and landscapes, or to ensure such disturbances are reduced to a minimum using the 'mitigation hierarchy', which aims to prevent or avoid negative impacts on nature. It also provides advice about protecting biodiversity throughout project lifecycles, from early planning through to decommissioning and repowering. The application of this mitigation hierarchy means we can avoid, minimise, restore and – where necessary – offset negative impacts on biodiversity.

We have set ourselves a series of objectives in terms of environmental protection and fostering biodiversity in our own operations. Please see the next section for more information.

Elia Transmission (Belgium) has sites located in or near biodiversity-sensitive areas (see 'Targets and metrics related to biodiversity and ecosystems'). We take appropriate measures during the construction phase to prevent and mitigate any negative impact.

POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

The impacts of our infrastructure projects (both onshore and offshore) are assessed during their permitting phase in an environmental impact assessment executed by external environmental experts, in line with our legal requirements to minimise the potential disturbances we could cause to nature. A Strategic Environmental Assessment (SEA) also has to accompany the Belgian Federal Development Plan when it is published.

We have several policies regarding biodiversity and ecosystem protection. In our Purchasing Conditions, our suppliers are required to comply with all the applicable laws and regulations relating, among other things, to impact on biodiversity. In our General Safety, Health and Environment Rules for Contractors Performing Assignments for Elia Transmission (Belgium), we require them to take all the necessary preventive measures related to respect for nature. We also have specific policies relating to the proper handling of invasive alien species and a policy to clarify how and where bird beacons should be placed.

ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS

Bird protection: With the help of leading European and local environmental organisations, Elia Transmission (Belgium) has identified the sections of its grid that pose the greatest danger to birds. These are gradually being fitted with bird markers, which reduce the probability of bird collisions by making them more visible to birds.We want to have 100% of our overhead lines identified as critical for birds equipped with bird markers by 2030. Nesting boxes are also being installed along the bottom or the top of our pylons, depending on the species we are aiming to protect.

Ecological corridor management: We implement this policy under our overhead lines that run through forests. Whilst ensuring that our grid can be safely operated, we either minimise our interventions in these areas so that natural habitats can once again flourish under our lines or implement management measures that benefit biodiversity. Since 2012, Elia Transmission (Belgium) has been a front-runner in this area. Indeed, we developed a seven-year LIFE project (EU-funded and together with French TSO, RTE). In 2018, we decided to continue this project for another five years – under the name Life2 – without receiving any subsidies by adding more green corridors around its lines. The other objective of this project was to further monitor the improvement in biodiversity. The results are highly encouraging, with 98% of evaluated sites showing conclusive outcomes. By 2030, our aim is for Elia Transmission (Belgium) to manage 90% of all of our forest corridors in a way that supports biodiversity. Further information about these projects can be found at: http://www.life-elia.eu/

Substations: We foster green areas around our existing infrastructure to encourage biodiversity and reduce the negative impacts of our assets on the ecosystem. By the end of 2022, we banned the use of all herbicides on all of our sites in Belgium. In 2023 we also published an internal invasive alien species policy in order to have a unified way of preventing the spread of such species and practices to remove them permanently from our sites.

Offshore: (see also 'Actions and resources related to water and marine resources') With regard to our offshore projects, mitigation measures are principally implemented during the construction phase of our projects. These aim to reduce the impacts of such projects on marine life (for example, measures aimed at limiting the impact of any noise created and acoustic deterrents to prevent marine life from coming close to our assets during their construction

The future artificial Princess Elisabeth Island in the North Sea is designed with the additional objective of implementing measures to enhance the marine environment. Elia Transmission (Belgium) worked with a range of experts to shape this nature-inclusive design (NID). The NID was developed in partnership with experts in nature conservation and the marine environment. From the design and construction phase onwards, every effort will be made to strengthen the marine ecosystem. The company wants to minimise the disruptive effects on the marine environment while seizing the momentum to add ecological and environmental value to the project. The NID partnership also aims to enhance scientific knowledge in this area. An overview of the envisioned biodiversity measures is available on our website.

TARGETS AND METRICS RELATED TO BIODIVERSITY AND ECOSYSTEMS

We currently have two biodiversity-related targets that are aligned with the implementation of the actions explained above.

Both of these targets are related to our own operations and their geographical scope is our respective grid areas.

Elia Transmission (Belgium)	2019	2022	2023
% of forested areas managed through ecological aisles	54	63	68
% of HV lines identified as critical for birds equipped (km) with bird anti-collision devices	19	61	73

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

The total length of Elia Transmission (Belgium) located in Natura 2000 areas (on land and sea) is 665 km.

Elia Transmission (Belgium) - Measure	Unit	Surface/Number - Status 2023
Grazing pastures	ha	83.1
Restored forest edges	ha	223.2
Planted forest edges	ha	132.0
Forest edges – restoration and plantation	ha	76.5
Dry grasslands	ha	7.5
Wet meadows	ha	16.9
Dry meadows	ha	106.8
Dry heaths	ha	20.8
Orchards	ha	27.5
Ponds	number	176.0

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

4.2.6 Resource use and circular economy

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise. Nevertheless, existing information related to resource use and circular economy was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

Please refer to following section to read more about our waste management within the Taxonomy regulation framework: 'Do Not Significant Harm (DNSH)'.

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

We apply circular business practices to the management of our HV and linear equipment.

We have asset management policies that prioritise avoidance/minimisation of waste over waste treatment (reuse, repair, refurbish). For more information on these asset management practices, see below in Actions.

Regarding waste from our own operations and the upstream value chain, we comply with all national and federal laws and regulations. On our construction sites (value chain upstream), contractors must apply the waste hierarchy and comply with the applicable environmental legislation to remove and sort the waste generated on site and have it collected by a registered waste collector. Waste management companies provide information about the way our waste is disposed of (and necessary certificates). Depending on the operating zone, we are also required to report periodically the yearly quantities of specific waste types we produce to the authorities.

Regarding the waste produced by Elia Transmission (Belgium) on its own sites (own operations), waste is removed by authorised waste management companies, which collect, transport and recycle hazardous and non-hazardous waste.

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Circular business practices in asset management: We have developed methods to optimise the replacement management of our linear (lines, cables) and high-voltage equipment. We monitor our equipment using health indicators in order to keep a close eye on the condition of the equipment and adjust its service life accordingly.

We also analyse the level of risk associated with the equipment by assigning a grid impact score to every piece of equipment, enabling us to keep less critical equipment on the grid for longer, while maintaining the right level of attention for the most critical equipment. Even more importantly, equipment failure rates are closely monitored for equipment in service so that the most appropriate actions can be taken at the right time. This approach enables us to optimise maintenance and replacement management decisions.

When the equipment reaches the end of its life, we also analyse whether it is possible to postpone this end-of-life by carrying out a retrofit[23].

We are deploying new approaches based on digital technology to maximise the efficiency of our projects and improve our risk management models in order to achieve closer-to-real-time monitoring.

When we dismantle substations and lines, that equipment which is still functional is set aside and stored in a pool of equipment in order to replace any failing or obsolete equipment on another site.

Another future development of the CO_2 accounting platform mentioned in 'E1-3 Actions and resources in relation to climate change policies' will be to expand its use to collect waste volumes generated by our suppliers.

RESOURCE OUTFLOWS

	Elia Transmission (Belgium)		
Waste	**2021**	**2022**	**2023**
Hazardous waste (tonnes)	535.54	936.12	725.64
Non-hazardous waste (tonnes)	646.51	196.42	375.88
Waste total (tonnes)	1,182.05	1,132.54	1,101.51
Recycling rate (%)	100 %	100 %	100 %

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

Definitions:

Hazardous and non-hazardous waste are identified based on their EURAL/CED (European waste classification), which is a legally required mention on the waste collection documents.

Comments:

All recovery and disposal operations happen offsite.

The data provided in the table covers the waste collected in the administrative and technical centres. Waste from construction sites is not included.

[23] Retrofitting involves replacing old or end-of-life components with newer ones, generally using more recent technology, while retaining the same function.

4.3. Social information

4.3.1 ESRS S1 Own Workforce

The success of Elia Transmission's (Belgium) operations depends significantly on the work and commitment of its workforce. When transitioning towards an ESRS-compliant Sustainability Report, the Group decided to prioritise reporting related to its impact on its workforce and the related risks and opportunities. Although some disclosure requirements were phased in, section S1 Own Workforce was deliberately given special attention in order to reach maturity early in the overall reporting process.

STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders

Elia Transmission's (Belgium) mission can only be achieved thanks to its staff. It is part of our corporate responsibility to develop our own workforce, promote their health and safety, involve them in decision-making and guarantee equal opportunities for all. As part of the Group-wide ActNow sustainability programme, we have set ourselves specific targets in the areas of 'diversity, equal opportunities and inclusion' and 'occupational health and safety' and measures derived from these (see sections 'Double materiality process' and 'Material Topic Cards'). Maintaining and further developing our value-based, open and inclusive corporate culture and creating a good work-life balance are among Elia Transmission's (Belgium) top objectives and form the strategic basis for all personnel-related decisions.

The indicators below (from the GRI standards) display relevant strategic trends for talent management.

New hires number and rate

Elia Transmission (Belgium)	2023		2022		2021	
	Number	Rate	Number	Rate	Number	Rate
Total new hires	**149**	**9.38 %**	**178**	**11.61 %**	**127**	**8.55 %**
Breakdown by gender						
Male	103	69.13 %	130	73.03 %	101	79.53 %
Female	46	30.87 %	48	26.97 %	26	20.47 %

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

The methodology includes workers who have joined any entity in the reporting scope without distinguishing if they were coming from outside the Group or transitioning from another entity within the Group. The inaccuracy induced is considered negligible and immaterial. The methodology takes into account the guidance provided by ESRS standards.

Total rate formula: (number of workers hired/((number of employees beginning of year + number of employees end of year)/2) * 100))

Gender rate formula: (new hires (male or female)/total new hires)

Where number of employees beginning of the year = contractual headcount on 1 January of the reporting year

Where number of employees end of the year = contractual headcount on 31 December of the reporting year

Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors but does not encompass suspended contracts to avoid double counting.

The Group's targets for diversity, equity and inclusion for new hires can be found in section S1-5 'Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities'.

Retirement

Retirement	Elia Transmission (Belgium)	
	In 5 years	In 10 years
Directors	0.00%	0.25%
Senior managers	0.06%	0.25%

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

The methodology for calculating this datapoint assumes that workers will retire at the age of 67. Actual career paths may differ depending on various factors, but the inaccuracy induced in the retirement trend pictured in the table is considered negligible and immaterial. The projection is made for own employees at year-end of the reporting period.

Formula: (number of workers entitled to retirement/contractual headcount)

Where the contractual headcount is the figure as at 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

This disclosure requirement is currently under preparation as per ESRS guidelines.

IMPACTS, RISKS AND OPPORTUNITY MANAGEMENT

S1-1 Policies related to own workforce

For an overview of Elia Transmission's (Belgium) policies for its own workforce see section '4.1.5 Policies adopted to manage material sustainability matters'.

In accordance with the impact, risks and opportunities of our economic activities, the following matters are addressed by policies, procedures or certified management systems:

- respect for human and labour rights, including child labour;
- health and safety of our employees and of our contractors;
- diversity, equity and inclusion;
- ethical behaviour and compliance;

Human and labour rights

To emphasise the importance of human rights and make sure they form part of our corporate culture, we have codified our commitments in Elia Transmission's (Belgium) Code of Ethics, which we expect all employees to follow.

Our commitment to human rights comprises an acknowledgement of and support for internationally recognised instruments, such as the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organization's Declaration (ILO: C87, C98 and C135) on Fundamental Rights and Principles at Work. Our human rights policy document was drawn up following guidance published by the UN Global Compact, to which we are a signatory. Our commitment to labour rights is reflected in our Code of Ethics, which is based on the ILO's core labour standards and the ten principles set out in the UN Global Compact.

Health and Safety

Elia Transmission's (Belgium) subsidiaries have adopted a Health and Safety policy. They undertake regular safety analyses and promote a culture of safety across the entire organisation. Elia Transmission (Belgium) has high safety standards in place which all its employees, subcontractors and everyone who comes into contact with its infrastructure are required to follow. The Health and Safety at Work Guideline is binding on all employees. Elia Transmission (Belgium) holds a Safety Culture Ladder certification.

Diversity, equity and inclusion

In accordance with Convention 111 of the International Labour Organization (ILO), we are committed to promoting diversity and strongly condemn any discriminatory act at work. This commitment is enshrined in our Diversity, Equity and Inclusion Charter. Accordingly, all employees are equal regardless of their racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national origin or social origin, or any other characteristic. The company has established procedures which aim to eliminate any form of discrimination, including harassment, and to promote equal opportunities. Furthermore, these topics are managed via a dedicated part of our ActNow sustainability programme.

Engagement methods with own workforce

Elia Transmission (Belgium) sees open and truthful communication with its stakeholders as an integral part of its business success. Accordingly, Elia Transmission (Belgium) regularly engages with all its stakeholders, including people in its own workforce (see the table in the section 'Interests and views of stakeholders').

Elia Transmission (Belgium) offers its employees the opportunity to express their concerns about alleged breaches of its Code of Ethics (including human rights matters) without fear of reprisal and/or unfair treatment through an established whistleblowing policy. An external Ethics Alert system is available for reporting possible breaches of integrity that is compliant with the EU Whistleblowing Directive. Internal employees as well as external stakeholders can anonymously raise their concerns via this platform. Violations of these codes can also be reported to management, HR or the Compliance Officer. Their concerns will be handled in an objective and confidential manner, in line with the whistleblowing procedure.

In accordance with the objectives of our ActNow sustainability programme (dimension: Governance, Ethics and Compliance), management has appointed a member of staff to act as a confidential point of contact for anti-discrimination issues, anti-corruption measures and human rights violations. This person can be contacted anonymously.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Engagement with own workforce on impacts occurs both directly and through workers' representatives, which for Elia Transmission (Belgium) are organised in the form of workers' councils. Further information on the interaction between Elia Transmission (Belgium) and its employees can be found in section 'Interests and views of stakeholders'.

Elia Transmission (Belgium) is committed to freedom of association, collective bargaining and the protection of workers' representatives. Emphasis is placed on trust and ongoing cooperation with all trade unions.

Elia Transmission (Belgium) has a General Works Council that is responsible for the interests of employees. The Group's Chief Alignment Officer – Peter Michiels - is responsible for the implementation of employee matters.

Elia Transmission (Belgium) ensures that employment-related decisions are taken in an impartial and non-discriminatory manner through monthly meetings and preliminary consultations with union representatives.

Current topics are discussed and driven forward in regular meetings of the works councils. The programmes are presented and discussed with the workforce at an annual general works meeting.

Beyond collective bargaining agreements and company agreements, Elia Transmission (Belgium) is also committed to internationally established guidelines, such as the core labour standards of the International Labour Organization (ILO: C87, C98 and C135) and the labour rights set out in the UN Global Compact. Elia Transmission (Belgium) is committed to promoting diversity out of conviction and in accordance with ILO Convention 111. Each employee pledges to comply with these standards and principles when entering the company by signing the individual working contract.

Different networks exist throughout the organisation (Women Forum Initiative), whose members meet regularly to dialogue about management and leadership topics. These ensure that women's voices are heard and that engagement processes are adapted, job recruitment descriptions include references to diversity when looking for profiles to fill vacancies, in order to promote equal opportunities). For diversity targets, see section 'S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities'.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Elia Transmission (Belgium) sees open and truthful communication with its stakeholders as an integral part of its business success. Early and open communication with all stakeholders - both from across society and those affected by our projects - enhances the realisation of our infrastructure projects.

Elia Transmission (Belgium) offers its employees the opportunity to express their concerns about alleged breaches of the Code of Ethics without fear of reprisal and/or unfair treatment.

There is an external system EthicsAlert for reporting possible breaches of integrity that is compliant with the EU Whistleblowing Directive. Employees and external stakeholders can anonymously raise their concerns via this platform. Violations of these codes can also be reported to management, HR or the independent representatives for equity and inclusion, as well as to the employee and trainee representatives and the Compliance Officer. Their concerns are handled in an objective and confidential manner, in line with the whistleblowing procedure.

(See also the section on 'Risk management and internal controls')

Number of incidents

2023	Elia Transmission (Belgium)			
	Total	Breakdown		
Discrimination, DE&I		Reviewed	Treated	Resolved
	1	1	1	1

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The following actions addressing own workforce were taken in order to reach the objectives defined in section 'S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities':

Diversity, equity and inclusion

1. Inclusive leadership across the organisation and engagement of all staff.

• Elia Transmission (Belgium) has published a Diversity, Equity and Inclusion (DEI) Charter outlining the management team's commitment to further embedding DEI across the organisation.

2. Awareness about DEI issues is raised amongst staff through ambassadors, training sessions, events and internal communication.

This year, we particularly focused on addressing micro-aggressions at Elia Transmission (Belgium). Inclusive recruitment and selection practices in hiring processes are practised.

• Increase the proportion of women in the workforce (both in directors' positions and in senior management positions)

3. Equal opportunities for all staff

• Women in Leadership initiative

- Open and inclusive company culture and healthy work-life balance measures

4. Recognition of societal DEI role

- Elia Transmission (Belgium) (via Elia Group) is a member of the Equality Platform for the energy sector, established by the European Commission. This Platform unites different actors from across the sector who want to create an environment in which everyone has equal chances to succeed. It involves working with other partners and sharing best practice.

Health and Safety

1. The Go for Zero programme

- Since 2015, all safety-related improvement initiatives and projects have been integrated in the Go for Zero programme. In 2023, the structure of the programme was updated and now revolves around three pillars: continuous improvement, skills and behaviour. The aim is to develop our working methods, skills and culture in a coherent way, with safety at the core.

- Workers are trained to adopt the right behaviour and be responsible for their safety and that of others. They are encouraged to give each other feedback to promote and embed safety in their actions. Safety awareness events are organised for Elia Transmission (Belgium) workers throughout the year.

- Elia Transmission (Belgium) has a strong Safety Management Programme ensuring the consistency and impact of safety projects carried out by the various departments. The Safety Culture Ladder is part of the Programme and sets out an evaluation method for measuring and assessing companies' health and safety awareness, with a view to reducing the number of risk situations.

2. Health and Safety information

- All Health and Safety indicators are closely monitored internally and via dedicated dashboards.

- Health and Safety information is regularly shared with workers via Safety Flashes and Safety Shares

- All workers can easily report any dangerous situation they encounter via a dedicated application

3. Well-being

- Elia Transmission (Belgium) has a Committee for Prevention and Protection at Work. This committee serves as a consultative body for employers and employees and makes an active contribution to improving well-being in the workplace. Workers can also make use of internal and external prevention services.

- Elia Transmission (Belgium) establishes a Global Prevention Plan every five years.

- Health and Safety initiatives at Elia Transmission (Belgium) also cover the mental health of workers and aim to promote resilience. Elia Transmission (Belgium) has a Right to Disconnect charter that was drawn up in close collaboration with the social partners and is now formally part of the internal working regulations of Elia Transmission (Belgium).

METRICS AND TARGETS

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Note: the targets are the same at Elia Group level

Material topic	Risk/opportunity	KPI	Target	Time-bound
Diversity, equity and inclusion	Opportunity	New hires (breakdown per female gender)	At least 30% of the total annual new hires	Annual target each year up to 2030
	Opportunity	Women in leadership positions (Director and Senior Managers)	At least 10%	Yearly
	Opportunity	Women in total workforce	At least 25%	Target for 2028

Material topic	Risk/opportunity	KPI	Target	Time-bound
Health and Safety	Risk	Total Recordable Injury Rate (TRIR) of employees	2023: Below 6.5 2024: Below 6.30	Annual decreasing target until 2030
	Risk	Total Recordable Injury Rate (TRIR) of contractors	2023: Below 16 2024: Below 15.5	Annual decreasing target until 2030
	Risk	Total Recordable Injury Rate (TRIR) of non-employees	2024: Below 1	New metric and hence new annual decreasing target until 2030
	Risk	Total Recordable Injury Rate (TRIR) of employees, non employees and contractors	2030: Below 6,5	Annual decreasing target until 2030
	Risk	Rolling average of the last 3 years for Total Recordable Injury Rate (TRIR) of employees, non-employees and contractors	2023: Below 8.95	Annual decreasing target each year up to 2030 (when forecasted to be 7.7)

S1-6 Characteristics of employees

Number of employees (headcount) per gender

Gender	Elia Transmission (Belgium)		
	2021	2022	2023
Male	1,172	1,202	1,270
Female	286	305	347
Other	Non-available	Non-available	Non-available
Not disclosed	Non-available	Non-available	Non-available
Total	**1,458**	**1,507**	**1,617**

Gender as specified by employees themselves.

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting. Note that the headcount methodology has been adjusted for 2023, but does not apply to historical data (2022 and 2021).

In our HR system, only male and female genders can be assigned to employees, as the law does not require us to provide other options. This implies that the data related to 'Other' and 'Not disclosed' will be marked as non-available.

Number of employees (headcount) per country

Country	Elia Transmission (Belgium)		
	2021	2022	2023
Belgium	1458	1507	1617

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting. Note that the headcount methodology has been adjusted for 2023, but does not apply to historical data (2022 and 2021).

Breakdown of type of employees per gender

Elia Transmission (Belgium)	2023				
	Male	Female	Other	Not disclosed	Total
Number of employees (headcount)	**1,270**	**347**	**Non-available**	**Non-available**	**1,617**
Number of permanent employees (headcount)	1,269	347	Non-available	Non-available	1,616
Number of temporary employees (headcount)	1	0	Non-available	Non-available	1
Number of non-guaranteed employees (headcount)	0	0	Non-available	Non-available	0

Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting.

In our HR system, only male and female genders can be assigned to employees, as the law does not require us to provide other options. This implies that the data related to 'Other' and 'Not disclosed' will be marked as non-available for those entities.

No non-guaranteed employees are working for the Elia Transmission (Belgium) in the scope of the reporting. All related data are thus marked as zero for that category.

Turnover rate

Elia Transmission (Belgium)	2023	
	Number	Rate
Total	88	5.54

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

The methodology includes workers who have left any entity in the reporting scope without distinguishing if they were exiting the company or transitioning to another entity within Elia

Transmission (Belgium). For intercompany ins and outs, each legal entity must categorise them as either inflows or outflows. The inaccuracy induced is considered negligible and immaterial. The methodology takes into account the guidance set out in ESRS standards.

Formula: Turnover rate (%) = (annual number of leavers) / ((number of employees beginning of year + number of employees end of year)/2) * 100

Where the annual number of leavers relate to all employees (defined as contractual headcount from 1 January to 31 December) leaving the company due to voluntary and involuntary reasons - resignation, end of temporary contract, dismissal, retirement or death - for 1 January to 31 December of the reporting year. Employees are counted as leavers on the first calendar day after the last day of their employment contract.

Where number of employees beginning of the year = contractual headcount on 1 January of the reporting year

Where number of employees end of the year = contractual headcount on 31 December of the reporting year

Breakdown of type of employees per region

Elia Transmission Belgium 2023	2023 Belgium
Number of employees (headcount)	**1,617**
Number of permanent employees (headcount)	1,616
Number of temporary employees (headcount)	1
Number of non-guaranteed employees (headcount)	0

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting.

Employee headcount by contract type, broken down by region

	Elia Transmission (Belgium)		
	2023	2022	2021
	Belgium	Belgium	Belgium
Number of full-time employees	1447	1383	1314
Number of part-time employees	170	124	144

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting. Note that the headcount methodology has been adjusted for 2023, but does not apply to historical data (2022 and 2021).

S1-7 Characteristics of non-employee workers in the own workforce

This disclosure requirement is currently under preparation as per ESRS guidelines

S1-8 Collective bargaining coverage and social dialogue

100% of Elia Transmission (Belgium) employees are covered by collective bargaining agreements.

The company has a strong policy on freedom of association and the right to collective bargaining.

S1-9 Diversity metrics

Gender distribution at top management level

Elia Transmission Belgium		2023		2022		2021	
		Headcount	%	Headcount	%	Headcount	%
Directors	**Total**	**7**	**100.00%**	**8**	**100.00%**	**8**	**100.00%**
	Male	5	71.43%	6	75.00%	5	62.50%
	Female	2	28.57%	2	25.00%	3	37.50%
	Other	Non-available	0.00%	Non-available	0.00%	Non-available	0.00%
	Not disclosed	Non-available	0.00%	Non-available	0.00%	Non-available	0.00%
Senior managers	**Total**	**40**	**100.00%**	**41**	**100.00%**	**42**	**100.00%**
	Male	33	82.50%	33	80.49%	35	83.33%
	Female	7	17.50%	8	19.51%	7	16.67%
	Other	Non-available	0.00%	Non-available	0.00%	Non-available	0.00%
	Not disclosed	Non-available	0.00%	Non-available	0.00%	Non-available	0.00%

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting. Note that the headcount methodology has been adjusted for 2023, 2022 and 2021.

In our HR system, only male and female genders can be assigned to employees, as the law does not require us to provide other options. This implies that the data related to 'Other' and 'Not disclosed' will be marked as non-available for those entities.

Age distribution amongst employees

Age	Elia Transmission (Belgium)					
	2021		2022		2023	
	Headcount	%	Headcount	%	Headcount	%
<30	154	10.56%	175	11.61%	195	12.06%
30-50	900	61.73%	930	61.71%	1003	62.03%
>50	404	27.71%	402	26.68%	419	25.91%

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The methodology considers that employee headcount = total contractual headcount on 31 December of the reporting year. Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting. Note that the headcount methodology has been adjusted for 2023, 2022 and 2021.

S1-10 Adequate wages

This disclosure requirement is currently in preparation as per ESRS guidelines.

S1-11 Social protection

Under Belgian law, employers are required to provide their employees with social protection against loss of income due to specific events, including :

a. Sickness

b. Unemployment

c. Employment injury and acquired disability

d. Parental leave

e. Retirement

Accordingly, all Elia Transmission (Belgium) employees are protected against loss of income stemming from these events. These policies are developed and enforced in compliance with the applicable laws of the countries included in this reporting.

Elia Transmission (Belgium) complies with the Social Security Code (Code de la sécurité sociale), which outlines the framework for social protection in Belgium.

In addition to local laws and EU legal frameworks, Elia Transmission (Belgium) takes part in and applies industry-specific collective bargaining agreements which may also relate to these topics.

S1-12 Persons with disabilities

This disclosure requirement is currently in preparation as per ESRS guidelines.

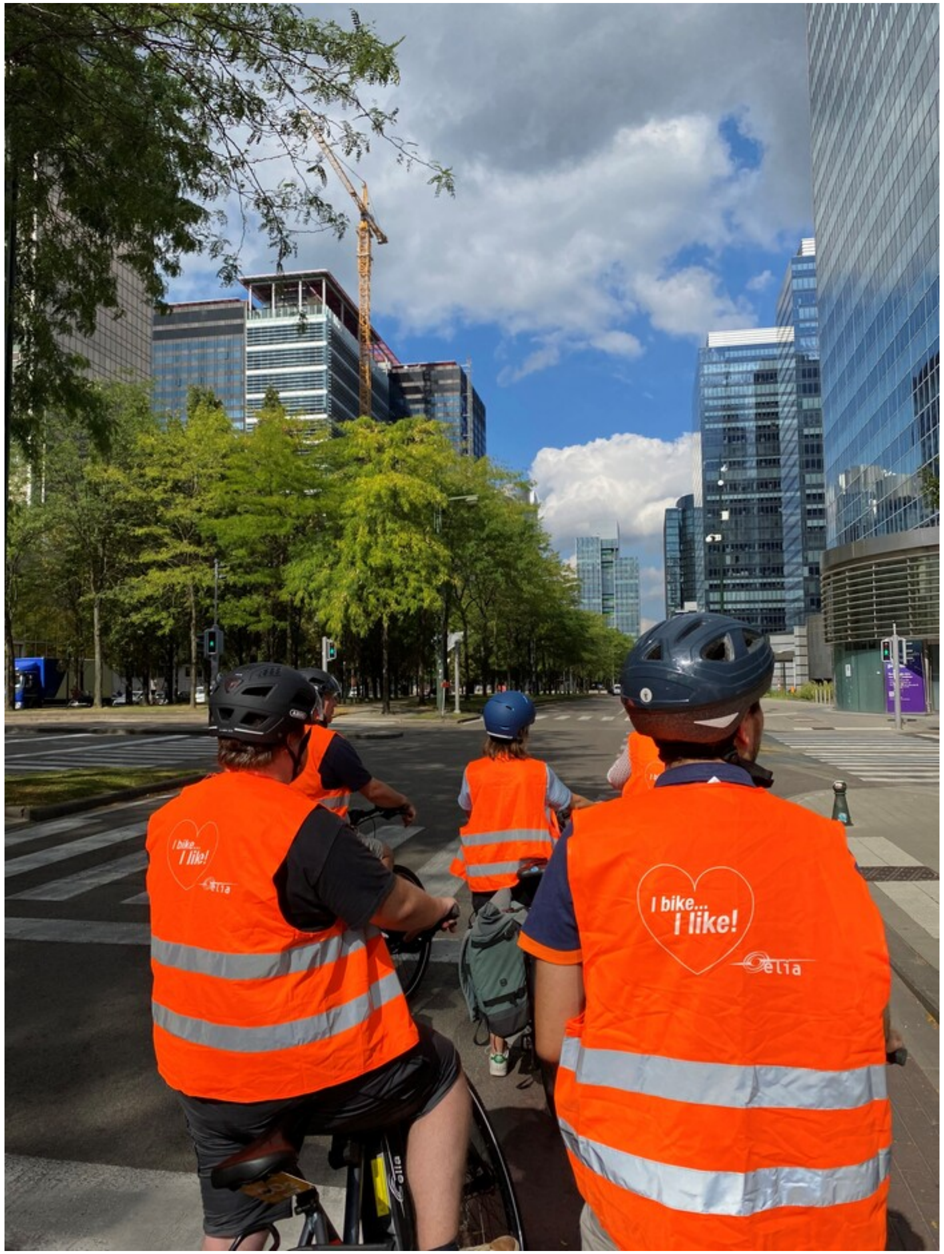
S1-13 Training and skills development metrics

This disclosure is in preparation with ESRS guidelines and the information below is presented as per the GRI standard.

Average yearly training hours per employee

	Elia Transmission Belgium
	2023
Average hours of training per year per employee	29.71

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.



S1-14 Health and safety metrics

S14.88 TRIR	Elia Transmission (Belgium)		
Employees	**2021**	**2022**	**2023**
1. The percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	100	100	100
2. The total number of fatalities	1	0	0
2.1. The number of fatalities resulting from work-related injuries	1	0	0
2.2 The number of fatalities resulting from work-related ill health	0	0	0
3. The number of recordable work-related accidents	15	10	9
4. The rate of recordable work-related accidents (TRIR)	6.79	4.37	3.85
5. The number of cases of recordable work-related ill health	0	0	0
6. The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	315	154	98
6.1. The number of days lost from work-related accidents	315	154	98
6.2. The number of days lost from work-related ill health	0	0	0
6.3. The number of days lost from fatalities from ill health	0	0	0
Non-employees			
1. The percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	100	100	100
2. The total number of fatalities	0	0	0
The number of fatalities resulting from work-related injuries	0	0	0
The number of fatalities resulting from work-related ill health	0	0	0
3. The number of recordable work-related accidents	1	0	1
4. The rate of recordable work-related accidents (TRIR)	1.06	0.00	0.76

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV, Elia Asset SA/NV and Elia Group SA/NV

All workers are covered by our health and safety management system.

TRIR = number of recordable injuries*1.000.000/number of hours worked.

Recordable injury = any work-related injury or illness that requires more than first-aid treatment and/or restriction of work motion.

For contractors, the worked hours are estimated starting from actual invoices and based on an allocation key for labor cost in function of material groups and a monthly indexed hourly rate (for FY2023: 62,21 EUR/hour)

ESRS DR S2-5	Elia Transmission (Belgium)		
Contractors	2021	2022	2023
1. The total number of fatalities	0	0	0
1.1. The number of fatalities resulting from work-related injuries	0	0	0
1.2 The number of fatalities resulting from work-related ill health	0	0	0
2. The rate of recordable work-related accidents (TRIR)	18.84	16.01	11.16

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV, Elia Asset SA/NV and Elia Group SA/NV.

TRIR = number of recordable injuries*1.000.000/number of hours worked.

Recordable injury = any work-related injury or illness that requires more than first-aid treatment and/or restriction of work motion. For contractors, the worked hours are estimated starting from actual invoices and based on an allocation key for labor cost in function of material groups and a monthly indexed hourly rate (for FY2023: 62,21 EUR/hour)

Additional information on targets related to the health and safety of our contractors can be found in the section on 'Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities'.

Financial-linked disclosures for Elia Transmission (Belgium)	2021	2022	2023
The rate of recordable work-related accidents of employees, non-employees and contractors	8.76	8.87	9.09

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV, Elia Asset SA/NV and Elia Group SA/NV.

S1-15 Work-life balance metrics

All employees of Elia Transmission (Belgium) are entitled to family-related leave through related internal policies and as per applicable legislations.

Elia Transmission (Belgium) and all entities under Belgian law comply with the EU Working Time Directive and Belgian employment legislation, which establishes a comprehensive framework for employment and working conditions, including provisions for family-related leave. Eligible employees are entitled to paid leave for maternity leave, paternity leave, pregnancy and parental leave, adoption leave, care leave and temporary employment benefits.

In addition to local law and EU legal frameworks, Elia Transmission (Belgium) takes part in and applies industry-specific collective bargaining agreements which also may relate to these topics.

	Elia Transmission (Belgium)					
Gender	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate
Male	63	4.20 %	62	3.98 %	94	5.81 %
Female	33	2.20 %	40	2.57 %	33	2.04 %
Other	Non-available	0.00 %	Non-available	0.00 %	Non-available	0.00 %
Not disclosed	Non-available	0.00 %	Non-available	0.00 %	Non-available	0.00 %
Total	**96**	**6.40 %**	**102**	**6.56 %**	**127**	**7.85 %**

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

Rate formula: (Entitled employees that took family-related leave/total contractual headcount)

The methodology considers 'Entitled employees who took family-related leave' as the headcount of workers who activated their right to parental leave during the reporting period, even if the leave is not completed on 31 December or if one takes leave twice in one year.

Contractual headcount refers to the overall count of individuals holding active contracts within an organisation on a specified date, encompassing all employees, including those on sick leave and directors, but does not encompass suspended contracts to avoid double counting.

In our HR system, only male and female genders can be assigned to employees, as the law does not require us to provide other options. This implies that the data related to 'Other' and 'Not disclosed' will be marked as non-available for those entities.

S1-16 Compensation metrics

	Elia Transmission (Belgium)
	2023
Gender pay gap (%)	0.16

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV.

The gender pay gap is reported for all employees as of the director level. The methodology takes into account the guidance set out in ESRS standards:

Formula: Gender pay gap = ((Average gross hourly pay level of male employees - average gross hourly pay level of female employees)/ Average gross hourly pay level of male employees)*100

S1-17 Incidents, complaints, and severe human rights impacts

This disclosure requirement is currently in preparation as per ESRS guidelines.

4.3.2 Workers in the value chain

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise. Nevertheless, existing information related to workers in the value chain was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

We can distinguish two types of value chain workers for our company:

- (Sub)contractors working on our sites either for infrastructure projects or for maintenance activities
- Workers working for entities in our upstream value chain

POLICIES RELATED TO VALUE CHAIN WORKERS

The health and safety policies enforced for our employees also apply to the contractors working on our sites.

Elia Transmission's (Belgium) direct operations take place in Belgium where strict national and European laws regarding human rights are enforced. Furthermore, Elia Transmission (Belgium) requires its suppliers to behave lawfully and ethically in order to protect human and labour rights. This is set out in the Supplier Code of Conduct (SCoC), which is attached to all tender and contract documents and with which suppliers are required to comply.

PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

Safety for Contractors programme: Elia Transmission (Belgium) also provides training materials, training and tests for subcontractors. We want to invest in good safety behaviour and support our suppliers in encouraging this in their staff, too. We want to grow together by taking joint measures to prevent accidents and ensure all of our onshore and offshore sites are safe places for people to work.

Strategic suppliers are surveyed by an external service provider (EcoVadis) on sustainability aspects, including human rights due diligence, and the result is expressed in an overall score: the ESG rating. In new framework agreements, suppliers will be required to undergo an annual EcoVadis rating during the term of the contract, which will be reviewed by the purchasing department.

The long-term goal is to include all strategic suppliers in an uniform ESG rating such as Ecovadis.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

We conduct regular site inspections. As part of these inspections, human rights due diligence is carried out in addition to reviews of risks related to accidents and employee health. Sanctions are imposed in instances where violations are found to have occurred.

Measures aimed at avoiding such risks are also implemented, primarily through discussions with the partners involved.

TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

As mentioned above, our health and safety management system also covers our contractors working on our sites.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

A series of metrics related to the health and safety of our contractors are monitored. They are disclosed alongside the KPIs related to our own workforce in section 'S1-5 Targets related to managing negative impacts, advancing positive impacts and managing material risks and opportunities'.

At Elia Transmission (Belgium), the adherence to the supplier code of conduct is above 80%.

4.3.3 Affected communities

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise.

Nevertheless, existing information related to affected communities was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

For the transmission of electricity activities of Elia Transmission (Belgium), the understanding of 'affected communities' is similar to the one used in the ESRS: people and groups living and working in areas (local communities) that have been or may be affected by our own operations or through the upstream and downstream value chain.

POLICIES RELATED TO AFFECTED COMMUNITIES

The involvement of affected communities plays an important role in sustainable grid expansion.

Involving stakeholders as early as possible in our infrastructure projects helps to improve their understanding of society's need for a grid and optimises its approval and development.

Internal, project-related guidelines regulate timelines and the dissemination of information regarding project planning, approval processes, public participation and stakeholder management.

PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS

Our approach is to contact and inform all parties of upcoming projects from the outset to ensure their voices are heard and community concerns can be addressed. To achieve this objective, the relevant department has developed a communication and public acceptance methodology; this ensures that stakeholder engagement and communication is embedded into the grid development process.

As a new project is being explored, discussions with relevant stakeholders are held during the very early stages of project planning. During the design phase of our projects, we mainly work with civil society, local municipalities and representatives from academia. Public consultations are also held regarding grid development plans. As projects become more concrete, discussions and information exchange are organised for local citizens and communities. In addition to holding legally required preliminary public information meetings, we also organise information sessions for local residents. We have adapted how we inform citizens and local authorities of our plans: we now employ digital communication channels more frequently than we used to. This includes hosting webinars and one-to-one consultations. It is crucial for us to make sure interested stakeholders are able to find the information they need. Our website includes a specific section dedicated to providing information about our current and future infrastructure projects.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

Elia Transmission (Belgium) keeps in constant touch with its customers and partners through its Users Group, which comprises grid user representatives.

Elia Transmission's (Belgium) two contact centres receive and handle requests for information from various sources, including local residents, contractors, engineering firms, public authorities, utilities and project developers.

Anyone wishing to submit a report can do so via the external ethical notification system EthicsAlert, a secure web application managed by an independent third party specialising in these matters. The system is safe, easy to use, confidential and, if so desired, anonymous.

TAKING ACTION ON MATERIAL IMPACTS ON AFFECTED COMMUNITIES AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES, AND EFFECTIVENESS OF THOSE ACTIONS

Elia Transmission (Belgium) has developed a compensation policy. Measures and compensation are available to those in the vicinity of our works i.e. local residents, businesses and farms (link).

An additional approach was developed to compensate local communities for any disruptions caused during work on high-impact projects. This involves making a financial contribution to community funds, the aim being to support local communities affected by infrastructure work.

In 2017, Elia Transmission (Belgium) established a partnership with Be Planet to develop and support citizen-led ecological transition projects in municipalities where infrastructure projects are underway. The organisation, which has been recognised as an organisation that works in the interest of the general public, manages the funding, ensures it is used in line with its objectives and oversees the careful selection of the citizen projects which will receive the funding. Through this partnership, we are setting up a system whereby citizen projects are funded in order to compensate municipalities for the impacts associated with the construction of overhead lines.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

In-kind donations (especially IT equipment) are regularly made to community partners (especially NGOs and local authorities).

There are no related metrics.

4.4. Governance information

4.4.1 Business Conduct

This standard and its disclosure requirements are still being assessed from the perspective of the double materiality exercise.

Nevertheless, existing information related to business conduct was integrated to ensure the coherency compared to previous annual reports and the transparency over our activities.

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

The environment in which Elia Transmission (Belgium) operates is facing numerous changes and challenges and it is becoming increasingly important to be able to deal with uncertainty and insecurity. We have an ambitious strategy that defines the framework for our actions in the interests of society.

Furthermore, to be able to steer the strategy we rely on a solid governance structure (see '2. Corporate Governance Statement'). In the same time, 'Governance' is one of the dimensions of our ActNow sustainability programme, whose steering structure can be consulted in '4.1.2 Governance'.

In particular, to address in the best possible way the forecast increase in CAPEX needs for infrastructure development (see 'Double materiality process'), in 2023 the governance and business conduct practices took centre stage.

In case there are breaches that violate our Code of Ethics, these can be brought to the attention of internal and external parties via the Ethics Alert channel.

In terms of corporate culture, six behavioural anchors form the basis for collaboration and the shared vision within Elia Transmission (Belgium):

- Impact,
- Simplification,
- Co-Creating the future,
- Feedback,
- One Voice,
- One Company.

We aim to harness these behavioural anchors to actively shape change. This is what the 'Make A Difference' internal communication programme stands for: to promote change leading towards a common culture within Elia Transmission (Belgium). We are integrating the six Make A Difference behavioural anchors into our daily work so that we can realise our ambitious strategy.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Due to its legal status as electricity TSO, Elia Transmission (Belgium) is subject to a wide range of legal and regulatory rules. This stipulates three basic principles:

- non-discriminatory behaviour;
- confidential treatment of information;
- transparency towards all electricity market participants with regard to non-confidential market information.

We have company charters, guidelines and other documents that outline the behaviour we expect our employees to demonstrate and embody. These documents set outthe company's understanding of correct ethical conduct and make it clear that the company complies with the law and does not tolerate corruption. These principles are translated into organisational measures that must be adhered to. A policy defining and addressing bribery and corruption was published as part of our Code of Ethics.

Elia Transmission's (Belgium) strategic suppliers are committed to a Supplier Code of Conduct (SCOC). This is an integral part of our supplier contracts.

Other purchasing initiatives are also implemented. For example, strategic suppliers are surveyed by an external service provider (EcoVadis) on sustainability matters, including environmental and social issues as well as human rights due diligence. The result is expressed in an overall score: the ESG rating. In the future, new framework agreements will require strategic suppliers to undergo an annual EcoVadis assessment during the term of the contract, which will be reviewed by the purchasing department. Weak points highlighted by the rating will form the basis for action plans, which are requested by Purchasing if necessary.

In addition, Purchasing raises awareness of sustainable behaviour in regular discussions and thus conveys an understanding of compliance with ethical principles and guidelines for sustainable development.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

An external system, EthicsAlert, is available for reporting alleged breaches of integrity. This system is compliant with the EU Whistleblowing Directive.

Employees as well as external stakeholders can anonymously raise their concerns through this platform using a link which can be found on our website. Violations of these codes can also be reported to management, HR, the Compliance Officer and the Internal Audit team.

Their concerns will be handled in an objective and confidential manner, in line with the whistleblowing procedure (more about this in 2. Corporate Governance Statement' and in the 'Requirements of the Minimum social safeguards'.

During the reporting period, there were no violations of corruption and bribery regulations by Elia Transmission (Belgium or their employees. Furthermore, no contracts with suppliers were terminated or not renewed in connection with corruption or bribery issues.

2023	Elia Transmission (Belgium)			
	Total	Breakdown		
		Reviewed	Treated	Resolved
Fraud, non-compliance with internal policies and procedures	2	2	2	2
Non-compliance with laws and regulations	0	0	0	0
Corruption	0	0	0	0
Other	0	0	0	0

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

Elia Transmission (Belgium) is responsible for contributing to political debate and to the development of legislation.

We carry out our advisory role in a transparent manner. As legal monopolies with public responsibilities, we communicate our viewpoint with the best interests of society in mind. Elia Transmission (Belgium) is a trusted advisor when it comes to topics such as the implementation of the energy transition, ensuring a secure supply of electricity as renewable energy levels increase, and the expansion of the grid.

Elia Transmission SA/NV is listed in the EU Transparency Register and is committed to its Code of Conduct. The correspondent webpage is Elia Transmission Belgium SA/NV.

In 2023, Elia Transmission Belgium SA/NV did not make any direct donations to politicians or political parties.

Elia Transmission (Belgium) is committed to renewable energy, climate and environmental protection, human rights and the integration of European electricity markets. It furthers its work in these areas via active memberships in various associations and initiatives.

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

'Elia Transmission (Belgium)' = Elia Transmission Belgium SA/NV, Elia Engineering SA/NV and Elia Asset SA/NV

5. Elia Transmission Belgium Consolidated Financial Statements

Consolidated statement of profit or loss

(in € million) - Year ended 31 December	Notes	2023	2022
Revenue	(5.1)	1,276.4	1,420.4
Raw materials, consumables and goods for resale	(5.2)	(4.4)	(5.0)
Other income	(5.1)	96.8	180.0
Net income (expense) from settlement mechanism	(5.1)	50.4	(6.7)
Services and other goods	(5.2)	(685.0)	(894.2)
Personnel expenses	(5.2)	(201.1)	(193.9)
Depreciation, amortisation and impairment	(5.2)	(224.4)	(215.5)
Changes in provisions	(5.2)	4.6	1.1
Other expenses	(5.2)	(25.3)	(26.6)
Results from operating activities		**288.0**	**259.7**
Share of profit of equity method entitites (net of tax)	(6.5)	30.1	39.5
Earnings before interest and tax (EBIT)		**318.2**	**299.2**
Net finance costs	(5.3)	(57.3)	(65.2)
Finance income		19.2	1.3
Finance costs		(76.5)	(66.6)
Profit before income tax		260.8	233.9
Income tax expense	(5.4)	(54.4)	(42.0)
Profit for the year		**206.4**	**191.9**
Net profit attributable to:			
The group		206.4	191.9
Non-controlling interests		0.0	0.0
Profit for the year		**206.4**	**191.9**
Earnings per share (in €)	(5.5)		
Basic earnings per share		0.91	0.89
Diluted earnings per share		0.91	0.89

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

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

Consolidated statement of profit or loss and comprehensive income

(in € million) – Year ended 31 December	Notes	2023	2022
Profit for the year		**206.4**	**191.9**
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	(5.6)	(25.1)	65.3
Effective portion of changes in fair value of investments		0.0	0.1
Related tax		6.3	(16.3)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	(6.14)	(3.8)	(1.1)
Related tax		0.9	0.3
Other comprehensive income for the year, net of tax		**(21.7)**	**48.2**
Total comprehensive income for the year		**184.8**	**240.1**
Total comprehensive income attributable to:			
Equity holders of ordinary shares		184.8	240.1
Non-controlling interest		0.0	0.0
Total comprehensive income for the year		**184.8**	**240.1**

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

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

Consolidated statement of financial position

(in € million) - As at	Notes	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS		**7,481.2**	**6,990.7**
Property, plant and equipment	(6.1)	5,255.6	4,785.3
Goodwill	(6.3)	1,707.8	1,707.8
Intangible assets	(6.2)	148.8	100.4
Trade and other receivables non-current	(6.4)	55.0	95.0
Equity-accounted investees	(6.5)	268.8	260.9
Other financial assets	(6.6)	44.2	41.0
Deferred tax assets	(6.7)	1.0	0.3
CURRENT ASSETS		**1,038.3**	**1,101.5**
Inventories	(6.8)	15.7	14.4
Trade and other receivables	(6.9)	450.3	399.1
Current tax assets	(6.10)	16.0	14.4
Other financial assets	(6.6)	7.2	65.3
Cash and cash equivalents	(6.11)	537.1	601.6
Deferred charges and accrued revenues	(6.9)	12.0	6.7
Total assets		**8,519.4**	**8,092.1**
EQUITY AND LIABILITIES			
EQUITY		**2,962.1**	**2,946.1**
Equity attributable to owners of the Company	(6.12)	2,962.1	2,946.1
Share capital		2,265.3	2,264.7
Share premium		91.2	91.0
Reserves		21.2	13.0
Hedging reserve		30.2	49.0
Retained earnings		554.3	528.4
Non-controlling interest		0.0	0.0
NON-CURRENT LIABILITIES		**3,917.0**	**3,920.8**
Loans and borrowings	(6.13)	3,560.1	3,582.6
Employee benefits	(6.14)	56.1	51.5
Provisions	(6.15)	33.9	30.6
Deferred tax liabilities	(6.7)	63.0	67.3
Other liabilities	(6.16)	203.9	188.8

(in € million) - As at	Notes	31 December 2023	31 December 2022
CURRENT LIABILITIES		**1,640.3**	**1,225.2**
Loans and borrowings	(6.13)	593.9	76.2
Provisions	(6.15)	1.2	1.3
Trade and other payables	(6.17)	628.8	697.6
Current tax liabilities	(6.10)	2.9	2.6
Accruals and deferred income	(6.20)	413.5	447.5
Total equity and liabilities		**8,519.4**	**8,092.1**

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

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

Consolidated statement of changes in equity

(in € million) - Year ended 31 December	Share capital	Share premium	Hedging reserve	Reserves	Retained earnings	Equity attributable to ordinary shares	Non-controlling interests	Total equity
Balance at 1 January 2022	**2,062.5**			**9.1**	**428.3**	**2,499.9**		**2,499.9**
Profit for the period					191.9	191.9		191.9
Other comprehensive income			49.0		(0.8)	48.2		48.2
Total comprehensive income for the year			**49.0**		**191.1**	**240.1**		**240.1**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Shares issued	204.1	91.0				295.1		295.1
Issuance costs	(3.6)					(3.6)		(3.6)
Share-based payment expenses	1.7					1.7		1.7
Transfer to legal reserves				3.9	(3.9)			
Dividends					(87.1)	(87.1)		(87.1)
Total contributions and distributions	**202.2**	**91.0**		**3.9**	**(91.0)**	**206.1**		**206.1**
Total transactions with Owners	202.2	91.0		3.9	(91.0)	206.1		206.1
Balance at 31 December 2022	**2,264.7**	**91.0**	**49.0**	**13.0**	**528.4**	**2,946.1**		**2,946.1**
Balance at 1 January 2023	**2,264.7**	**91.0**	**49.0**	**13.0**	**528.4**	**2,946.1**		**2,946.1**
Profit for the year					206.4	206.4		206.4
Other comprehensive income			(18.8)		(2.8)	(21.7)		(21.7)
Total comprehensive income for the year			**(18.8)**		**203.6**	**184.8**		**184.8**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to Owners								
Shares issued	0.5	0.2				0.6		0.6
Issuance costs	0.0					0.0		0.0
Share-based payment expenses	0.1					0.1		0.1
Transfer to legal reserves				8.2	(8.2)			
Dividends					(169.5)	(169.5)		(169.5)
Total contributions and distributions	**0.6**	**0.2**		**8.2**	**(177.7)**	**(168.7)**		**(168.7)**
Total transactions with Owners	0.6	0.2		8.2	(177.7)	(168.7)		(168.7)
Balance at 31 December 2023	**2,265.3**	**91.2**	**30.2**	**21.2**	**554.3**	**2,962.1**		**2,962.1**

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

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

Consolidated statement of cash flows

(in € million) – period ended 31 December	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		**206.4**	**191.9**
Adjustments for:			
Net finance costs	(5.3)	57.3	65.2
Other non-cash items		0.1	1.7
Current income tax expense	(5.4)	52.1	41.6
Profit or loss of equity accounted investees, net of tax		(30.1)	(39.5)
Depreciation of property, plant and equipment and amortisation of intangible assets	(5.2)	224.3	215.6
Loss / proceeds on sale of property, plant and equipment and intangible assets		9.4	(11.3)
Impairment losses of current assets		2.2	0.2
Change in provisions		(9.0)	(5.8)
Change in deferred taxes		2.2	0.5
Changes in fair value of financial assets through profit or loss		(0.2)	0.0
Cash flow from operating activities		**514.7**	**460.1**
Change in inventories		(1.7)	0.2
Change in trade and other receivables		(53.1)	117.0
Change in other current assets		(2.5)	3.1
Change in trade and other payables		(68.8)	135.3
Change in other current liabilities		54.4	79.6
Changes in working capital		**(71.7)**	**335.2**
Interest paid	(6.13)	(68.6)	(70.3)
Interest received	(5.3)	19.2	1.3
Income tax paid		(53.4)	(47.8)
Net cash from operating activities		**340.2**	**678.5**
Acquisition of intangible assets	(6.2)	(63.6)	(45.3)
Acquisition of property, plant and equipment	(6.1)	(666.1)	(396.8)
Proceeds from sale of property, plant and equipment		2.4	23.9
Proceeds from capital decrease from equity accounted investees	(6.5)	0.0	53.8
Dividend received	(6.5)	22.2	34.2
Net cash used in investing activities		**(705.1)**	**(330.2)**
Proceeds from the issue of share capital	(6.12)	0.6	295.1
Expenses related to the issue of share capital	(6.12)	0.0	(3.6)

(in € million) – period ended 31 December	Notes	2023	2022
Dividends paid (-)	(6.12)	(169.5)	(87.1)
Repayment of borrowings (-)	(6.13)	(29.5)	(88.5)
Proceeds from withdrawal of borrowings (+)	(6.13)	498.6	0.0
Net cash flow from (used in) financing activities		**300.3**	**115.9**
Net increase (decrease) in cash and cash equivalents		**(64.6)**	**464.2**
Cash & Cash equivalents at 1 January		601.6	137.4
Cash & Cash equivalents at 31 December		537.1	601.6
Net variations in cash & cash equivalents		**(64.6)**	**464.2**

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

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

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Established in Belgium, Elia Transmission Belgium SA/NV (the 'Company' or 'Elia') has its registered office at Boulevard de l'Empereur 20, B-1000 Brussels. The consolidated financial statements for the financial year 2023 include those of Elia Transmission Belgium SA/NV and its subsidiaries (together referred to as the 'Group' or 'Elia Transmission Belgium Group') and the Group's interest in joint ventures and associates.

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

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

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

Elia Transmission Belgium Group has around 1,600 employees and a transmission grid comprising whole Belgium of high-voltage connections serving 11 million consumers. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources. Elia 's mission is to realise the climate ambitions of the European Green Deal. Energy transition represents a challenge, but also opportunities.

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. In doing so, the Group applied all new and revised standards and interpretations published by the International Accounting Standards Board (IASB), including those which came into effect for the financial year starting on 1 January 2023, which are applicable to the Group's activities.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The standards, amendments and interpretations listed below came into effect in 2023, with little or limited impact on the Group:

• IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17

• Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies;

• Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;

• Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

• Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately but not yet endorsed in the EU – disclosures are required for annual periods beginning on or after 1 January 2023).

The standards, amendments and interpretations listed below did not yet take effect in by 2023. The changes to the standards, amendments and interpretations listed below are not expected to have a material impact on the annual accounts and are therefore not outlined in any great detail:

• Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU);

• Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU);

• Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU).

• Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

- Equity accounted investees: the equity method was applied to determine the value of a shareholding over which the Group has a significant influence;
- Current and non-current receivables are valued at the lowest of the carrying amount and the recoverable amount.
- Employee benefits were valued at the present value of the defined benefit obligations, minus the fair value of the plan assets (see also Note 6.14);
- Derivative financial instruments were measured at fair value through OCI or profit and loss (P&L), depending on whether the derivative could be designated as a hedging instrument (see also Note 8.1);
- Decommissioning provisions were valued at present value.

2.4. Going concern

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

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

2.5. Use of estimates and judgements

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

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

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

required in establishing fair values. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income (OCI) to the extent that the hedge is effective. If the hedge is ineffective, changes in fair value are recognised in profit or loss (see Note 6.18).

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

The Group is attentive to the effects that current challenges like geopolitical risks, macro economic events and climate change may have on these financial statements and gives an overview of the potential impacts in the table below:

Type of risk /change	General description	Impact for the group	Reference to the notes
Increasing interest rates - financing	Interest rates globally rose in 2023 due to increased market risk and central banks' actions to slow down inflation.	As Elia Transmission Belgium has substantial financing needs, it is faced with an increased cost of debt and borrowing costs and higher refinancing costs. However, these factors have no direct impact on profitability, as long as they are taken into account in the remuneration mechanism.	Note 5.3 - Net Finance costs
Increasing interest rates - discounting	According to IFRS, Elia Transmission Belgium use discounting to account for the time value of money in measuring non-current assets and liabilities: When interest rates increase, the present value of those assets and liabilities will decrease.	This may mainly affect Elia Transmission Belgium in the following areas of financial reporting: - impairment calculations: even if the new tariff methodology in both countries has been amended to better protect the group against a rise of interest rates - dismantling provisions - retirement obligations	Note 6.15 - Provisions Note 6.3 - Goodwill Note 6.14 - Employee Benefits
High and volatile commodity prices	High volatility in commodity prices has resulted driven in particular by the war in Ukraine.	The main impacts for Elia Transmission Belgium : - fair value of the derivatives contracted by the group for the purpose of reducing the risk of fluctuations in the expected amount of grid losses (impact in OCI) and increased margin calls - impact on revenue and costs directly linked to energy prices, with a limited net impact on profitability due to the regulatory mechanism. This can make more complex the calculation of some incentives - level of trade receivables (and payables), including levies (pass through), without the Group noting any increase in credit risk on its external debtors since the crisis	Note 5.6, 6.6 and 6.16 - Derivatives Note 4.2/4.3 , 5.1 and 5.2 and 6.20 - Revenue and costs Note 6.9 - Trade receivables
Inflation	There is a general business risk that inflation increases direct costs while lowering consumer demand. High inflation can also trigger some significant changes in key input to assess the carrying amount of assets and liabilities	Elia Transmission Belgium is not exposed to a significant risk of onerous contract due to the regulatory nature of its main activities. Inflation was carefully considered in the calculation of : - Retirement obligations (and corresponding reimbursement rights) - Goodwill - Credit risk and has not adversely impacted the group in 2023	Note 6.3 - Goodwill Note 6.9 - Trade receivables Note 6.14 - Employee Benefits
Geopolitical tensions	The year 2023 was marked by heightened geopolitical tensions with the war in Ukraine and Middle East.	Given the nature and location of its operations and the fact that Elia Transmission Belgium does not currently have activities in Russia nor in Ukraine or with Russian companies, Elia Transmission Belgium has not observed a direct impact of the Ukrainian conflict on its business. However, there was a strong push at the European level to become less dependent from Russian gas and fossil fuels with a willingness among the authorities in Belgium to accelerate the energy transition. This led to an increase of the Group's investment program over the mid-term. The Group sees no impact from tensions in the middle east on its business performance.	
Climate change	Elia Transmission Belgium's mission is to realise the climate ambitions of the European Green Deal. For the group as a whole, energy transition represents a challenge, but also opportunities.	Climate goals merely confirms the strategic and economic value of the current asset base without significant impact on the useful life of the existing assets. Asset base will continue to be modernised and developed, as demonstrated by the various projects that got underway in 2023.	Note 6.1 - PPE

Additional information are also provided in Note 8.1 - Financial risk management

2.6. Approval by the responsible persons

These consolidated financial statements were authorised for publication by the Board of Directors on 29 March 2024.

The undersigned declare that to the best of their knowledge :

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

Brussels, 29 March 2024

Frédéric Dunon	Bernard Gustin
Chief Executive Officer	President of the Board of Directors

3. Material accounting policies

3.1. Basis of consolidation

SUBSIDIARIES

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

ASSOCIATES

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

INTERESTS IN JOINT VENTURES

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

NON-CONTROLING INTERESTS

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

ELIMINATION OF INTRA-GROUP TRANSACTIONS

Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements.

Unrealised gains from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign currency translation

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

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

FOREIGN OPERATIONS

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

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

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

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

3.3. Statement of financial position

3.3.1 Property, plant and equipment

The Group has opted for the historical cost model.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. The useful lives are determined by the regulatory frameworks in Belgium , which are considered to be the best possible approximation of expected economic lives in the light of current events.

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

TYPE OF ASSETS	CATEGORY	RATE
• Administrative buildings	Land and buildings	1.67 - 2.00%
• Industrial buildings	Land and buildings	2.00 - 4.00%
• Overhead lines	Machinery and equip.	2.00 - 4.00%
• Underground cables	Machinery and equip.	2.00 - 5.00%
• Substations (facilities and machines)	Machinery and equip.	2.50 - 6.67%
• Remote control	Machinery and equip.	3.00 - 12.50%
• Dispatching	Machinery and equip.	4.00 - 10.00%
• Other PPE (fitting out rented buildings)	Other	contractual period
• Vehicles	Furniture and vehicles	6.67 - 20.00%
• Tools and office furniture	Furniture and vehicles	6.67 - 20.00%
• Hardware	Furniture and vehicles	25.00 - 33.00%
• Right of use assets	Leasing	contractual period

These different types of assets are divided into four main classes: (i) Land and buildings, (ii) Machinery and equipment, (iii) Furniture and vehicles, (iv) Leasing, (v) Other tangible assets and (vi) Assets under construction.

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

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

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

3.3.2 Intangible assets

COMPUTER SOFTWARE

Software licences acquired by the Group are stated at cost less accumulated amortization and impairment.

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

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

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

LICENCES, PATENTS AND SIMILAR RIGHTS

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

AMORTISATION

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

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

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

3.3.3 Goodwill

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

3.3.4 Trade and other receivables

LEVIES

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

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

See also Note 9.1.4.

TRADE AND OTHER RECEIVABLES

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

IMPAIRMENT

For trade receivables and contract assets, the impairment model is based on the expected credit loss model (ECLs). Under IFRS 9 standard, the Group applies a group-wide methodology when calculating the Expected Credit Losses (ECLs). An individual approach is used for customers and other counterparties, for which the change in credit risk is monitored on an individual basis

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

3.3.5 Inventories

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

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

3.3.6 Cash and cash equivalents

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

3.3.7 Impairment of non-financial assets

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

The recoverable amount of goodwill is estimated at the end of each reporting period.

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

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

CALCULATION OF THE RECOVERABLE AMOUNT

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

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

REVERSALS OF IMPAIRMENT

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

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

3.3.8 Financial Assets

INITIAL RECOGNITION AND MEASUREMENT

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value (for financial assets measured at FVTOCI transaction costs are added).

SUBSEQUENT MEASUREMENT

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

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

Financial assets at amortised cost

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. At Elia, this mainly concerns equity instruments (SICAVs) at fair value trough income.

IMPAIRMENT OF FINANCIAL ASSETS

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

3.3.9 Derivative financial instruments and hedge accounting

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

DERIVATIVES USED AS HEDGING INSTRUMENTS

Cash flow hedges

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

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

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

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

Hedging of monetary assets and liabilities

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

3.3.10 Equity

SHARE CAPITAL - TRANSACTION COSTS

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

DIVIDENDS

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

3.3.11 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.3.12 Employee benefits

DEFINED CONTRIBUTION PLANS

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

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

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

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

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

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

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

The calculation is performed by an accredited actuary.

DEFINED BENEFIT PLANS

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

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

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

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

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

REIMBURSEMENT RIGHTS (BELGIUM)

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

OTHER LONG-TERM EMPLOYEE BENEFITS

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

SHORT-TERM EMPLOYEE BENEFITS

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

3.3.13 Provisions

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

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

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

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

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

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

3.3.14 Trade and other payables

Trade and other payables are stated at amortised cost.

LEVIES

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

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

See also Note 9.1.4.

3.3.15 Other non-current liabilities

GOVERNMENT GRANTS

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

CONTRACT LIABILITIES - LAST-MILE CONNECTION

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

3.3.16 Leases

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

THE GROUP AS A LESSEE

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

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

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

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

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

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

3.3.17 Regulatory deferral accounts

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

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

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

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

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

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

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

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

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

3.4. Items in the statement of profit or loss

3.4.1 Income

REVENUES

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

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

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

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

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

The Group’s main performance obligations/contract types, their pricing and the revenue recognition method for 2023 can be summarised as follows:

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

OTHER REVENUES

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

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

OTHER INCOME

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

NET REGULATORY INCOME (EXPENSE) FROM SETTLEMENT MECHANISM

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

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

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

3.4.2 Expenses

OTHER EXPENSES

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

FINANCE INCOME AND EXPENSES

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

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

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

INCOME TAXES

Income taxes comprise current and deferred tax. Income tax expense is recognised in profit or loss, except where it relates to items recognised directly in equity. Taxes on hybrid coupons are recognised in the statement of profit and loss as these are a tax on profits whereas the hybrid coupon itself is recognised directly in equity.

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

Deferred tax is recognised, using the balance sheet method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and joint ventures where these will probably not be reversed in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising from initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred items relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they are intended to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

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

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

3.5. Statement of comprehensive income and statement of changes in equity

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

4. Segment reporting

4.1. Basis for segment reporting

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

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

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

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

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

4.2. Elia Transmission (Belgium)

The table below shows the 2023 consolidated results for Elia Transmission (Belgium)

Results Elia Transmission (in € million) – year ended 31 December	2023	2022
Revenue, other income and net income (expense) from settlement mechanism	1,383.9	1,561.3
Revenues	1,276.3	1,420.4
Other income	57.2	147.6
Net income (expense) from settlement mechanism	50.4	(6.7)
Depreciation, amortization, impairment and changes in provisions	(219.8)	(214.4)
Results from operating activities	287.6	259.6
Equity accounted investees	2.8	2.4
Earnings before interest and tax (EBIT)	290.5	262.0
Earnings before depreciations, amortizations, interest and tax (EBITDA)	510.2	476.4
Finance income	19.2	1.3
Finance costs	(73.9)	(63.7)
Income tax expenses	(54.9)	(42.7)
Profit Net	**180.9**	**156.9**

Consolidated statement of financial position (in € million)	31 December 2023	31 December 2022
Total assets	8,222.4	7,793.2
Capital expenditures	747.5	461.9
Net financial debt	3,479.1	2,916.2
Total equity	2,860.1	2,851.4

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

FINANCIAL

Elia Transmission's revenue was down by 11.4% compared with 2022, decreasing from €1,561.3 million to €1,383.9 million. Revenue was impacted by a higher regulated net profit, higher depreciations linked to the growing asset base, more than offset by lower net financial cost due to interest income from cash deposits and a strong drop in costs for ancillary services. The lower ancillary services were driven by lower balancing activation and reservation costs, resulting from the drop in gas and electricity prices as prior year was marked by the start of the war in Ukraine.

The table below provides more details about revenue component changes:

(in € million)	2023	2022	Difference (%)
Grid revenue:	**1,234.9**	**1,415.8**	**(12.8)**
Grid connection	46.2	44.8	3.1
Management and development of grid infrastructure	461.3	475.3	(3.0)
Management of the electrical system	157.0	149.8	4.7
Compensation for imbalances	255.1	365.0	(30.1)
Market integration	21.0	22.2	(5.5)
International revenue	294.3	358.6	(17.9)
Last mile connection	3.3	3.5	(6.0)
Other revenue	38.2	1.1	3467.0
Subtotal revenue	**1,276.3**	**1,420.4**	**(10.1)**
Other income	57.2	147.6	(61.3)
Net income (expense) from settlement mechanism	50.4	(6.7)	(857.5)
Total revenue and other income	**1,383.9**	**1,561.3**	**(11.4)**

Revenues from grid connection, the management of the electrical system and market integration remained stable compared to 2022.

The revenues from the management and development of grid infrastructure decreased from €475.3 million to €461.3 million (-€14.0 million). This is driven by reduced revenues due to lower consumption peaks (both yearly and monthly), particularly on the Distribution System Operator (DSO) side. Additionally, income related to power put at disposal saw a decrease compared to the previous year. This reduction is mainly attributed to optimization efforts and a decrease in power reserved by certain DSOs, implemented since September 2022.

Services rendered in the area of energy management and the individual balancing of balancing groups are paid under revenues from compensation for imbalances. These revenues saw a notable decline from €365.0 million to €255.1 million (-30.1%). Primarily, this decrease can be attributed to the tariff reduction for maintaining and restoring the residual balance of individual access responsible parties, amounting to €106.2 million. The drop in market conditions, specifically lower gas and electricity prices compared to last year, resulted in reduced balancing activation costs and, consequently, a lower imbalance price. International revenue decreased to €294.3 million (-17.9%). The decrease is primarily attributed to a lower income from daily auctions for flow-based congestion, amounting to a reduction of €142.6 million. This is driven by decreased price spreads at Belgian borders compared to the previous year, particularly at the French border. Monthly auction revenues have also declined, down by €79.9 million, reflecting a less tense energy market compared to the previous year. However, these reductions are partially offset by an increase in yearly auction revenues, rising by €162.6 million. Notably, the yearly auctions for 2023 occurred in

November 2022 during a peak crisis period, with nuclear unavailability in France still a concern, resulting in higher prices.

The last mile connection remained flat compared with previous year, while other revenues increased, mainly due to works delivered to third parties.

The settlement mechanism increased from -€6.7 million in 2022 to €50.4 million in 2023 and encompassed both deviations in the current year from the budget approved by the regulator (-€106.8 million) and the settlement of net surpluses from the previous tariff period (€156.7 million).The operating surplus (-€106.8 million), with respect to budgeted costs and revenue authorised by the regulator, will be returned to consumers in a future tariff period. The surplus wa1eable costs (+€89.6 million), adjustment of the controllable budget (+€45.1 million) and a higher net profit (+€32.4 million). This was more than offset by an increase in tariff sales (-€137.4 million), which was mainly driven by imbalance compensations, and higher international and other sales (-€272.8 million).

EBITDA rose to €510.2 million (+7.1%) due to a higher regulated net profit, higher depreciations linked to the growing asset base, partially offset by lower net finance costs, all passed through into revenue. The EBIT increase was more pronounced (+10.9%), driven by higher dismantling provision for the Modular Offshore Grid covered by the tariffs, while already capitalised under IFRS in previous years. Also the depreciations for intangible assets expensed during the previous regulatory period and thus not covered by the tariffs decreased. The contribution of equity-accounted investments slightly increased to €2.8 million, linked to the contribution from HGRT.

Net finance cost decreased (-12.3%) compared with the previous year. This was mainly driven by the activation of borrowing costs due to the growth of the asset base (+€3.1 million), but the increasing interest rate environment also led to higher interest income on cash deposits. This was partly offset by higher interest costs linked to ETB's bond issuance. Beginning 2023, ETB tapped the debt capital market with its inaugural €500 million Green Bond for funding its eligible green projects. Elia proactively anticipated the rising interest rate environment by concluding interest rate swaps and this fully to the benefit of consumers. Consequently, the average cost of debt only marginally increased to 2.0% (+10 bps) at the end of 2023, and all outstanding debt has a fixed coupon.

Net profit rose by 15.3% to 180.9 million, mainly due to the following:

• A higher fair remuneration (+€7.7 million) due to asset growth and higher equity.

• Increase in incentives (+€12.9 million), reflecting a strong operational performance, primarily linked to a higher efficiency gain on controllable costs despite the growth of our activities and a better performance on the incentive for interconnection capacity driven by lower congestion costs. The net contribution from incentives was slightly negatively impacted by an increase of the average tax rate.

• Activation of the Green Bond issuance costs under IFRS while fully covered by the tariffs (+ €2.1 million).

• Higher capitalised borrowing costs due to a higher level of assets under construction and the slight uptick in average costs of debt (+€3.2 million).

• A one-off tariff compensation recognized in 2022 for the financial costs linked to the capital increase (-€3.5 million).

• Other (+€1.5 million): this was driven by lower share-based payment expenses linked to the capital increase in favour of members of staff (+€1.6 million), higher dismantling provisions for the Modular Offshore Grid covered by the tariffs while capitalized under IFRS (+€3.4 million) and lower depreciation of software and hardware (+€0.7 million) as some of the assets acquired during the previous regulatory period and covered by the regulatory methodology are written off. This is partially offset by slightly more damage to electrical installations compared with the previous year (-€2.1 million) and deferred tax effects (-€2.5 million).

Total assets increased by €429.2 million to €8,222.4 million due to the realisation of the investment programme.

Net financial debt increased to €3,479.1 million (+19.3%), as ETB's CAPEX programme was partially financed by cash flows from operating activities, which were negatively impacted by lower cash inflows from levies, and the issuance of a €500 million Green bond. The sustainability-linked RCF (€650 million) and the commercial paper (€300 million) were fully undrawn at the end of 2023. Elia Transmission Belgium is rated BBB+ with a stable outlook by Standard & Poors.

4.3. Non-regulated activities and Nemo Link

The table below shows the 2023 consolidated results for the 'Non-regulated activities and Nemo Link' segment.

Results non-regulated activities and Nemo Link (in € million) – year ended 31 December	2023	2022
Other income	39.6	32.4
Results from operating activities	0.4	0.1
Share of profit of equity accounted investees (net of income tax)	27.3	37.1
Earnings before interest and tax (EBIT)	27.7	37.2
Earnings before depreciations, amortizations, interest and tax (EBITDA)	27.7	37.2
Finance costs	(2.7)	(2.8)
Income tax expenses	0.5	0.6
Profit attributable to the Owners of the Company	**25.6**	**35.0**

Consolidated statement of financial position (in € million)	31 December 2023	31 December 2022
Total assets	297.1	298.9
Net financial debt	137.9	140.9

Equity-accounted investments contributed €27.3 million to the Group's result, which is almost entirely attributable to Nemo Link. Despite the Nemo Link's strong performance in 2023, it contributed €9.8 million less to the overall result compared to prior year. This decline can be fully attributed to the fact that Nemo Link reached the cumulative cap for the 5-year assessment, while prior year result still partially benefitted from lower performance for the years 2019-2021.

In 2023, the European and British electricity markets settled following the tumultuous state in 2022. The year saw significant power flow towards Belgium due to a more favorable gas supply situation in Great Britain, but this difference faded as EU gas storages hit record highs and reliance on Russian gas decreased. This improved supply scenario led to a significant drop in gas prices compared to 2022, reducing price spreads and flows towards Belgium. Carbon emission prices, which significantly impact power prices, also showed a downward trend in the UK relative to the EU, further reducing price differences between these markets. Consequently, the average hourly market spread came down from €41.3/MWh in 2022 to a more normal level of €13.7/MWh in 2023.

The operational availability of the interconnector remained high at 96.1% in 2023, despite more extensive maintenance due to the first 5 years of operations.

EBIT reached €27.7 million (-€9.5 million). This decrease was almost entirely due to the lower contribution from Nemo Link (-€9.8. million).

Net finance cost remained quit stable at €2.7 million, primarily comprising the cost linked to the Nemo Link private placement.

Net profit decreased by €9.4 million to €25.6 million, mainly as a result of the lower contribution of Nemo Link.

Total assets remained quite stable compared to previous year.

4.4. Reconciliation of information on reportable segments to IFRS amounts

Consolidated results (in € million) – period ended 31 December	2023		
	Elia Transmission	Non-regulated activities and Nemo Link	Elia Transmission Belgium Group
	(a)	(b)	(a) + (b)
Total revenues	1,276.3	0.0	1,276.3
Other income	57.2	39.6	96.8
Net income (expense) from settlement mechanism	50.4	0.0	50.4
Depreciation, amortisation, impairment and changes in provisions	(219.8)	0.0	(219.8)
Results from operating activities	287.6	0.4	288.0
Share of profit of equity accounted investees, net of tax	2.8	27.3	30.1
Earnings before interest and tax (EBIT)	290.5	27.7	318.2
Earnings before depreciations, amortizations, interest and tax (EBITDA)	510.2	27.7	537.9
Finance income	19.2	0.0	19.2
Finance costs	(73.9)	(2.7)	(76.5)
Income tax expenses	(54.9)	0.5	(54.4)
Profit attributable to the owners of the company	**180.9**	**25.6**	**206.4**

Consolidated statement of financial position (in € million)	31.12.2023		
Total assets	8,222.4	297.1	8,519.5
Capital expenditures	747.5	0.0	747.5
Net financial debt	3,479.1	137.9	3,617.0

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

Consolidated statement of financial position (in € million)	31.12.2022		
Total assets	7,793.2	298.9	8,092.1
Capital expenditures	461.9	0.0	461.9
Net financial debt	2,916.2	140.9	3,057.1

There are no significant intersegment transactions.

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

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

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

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

(in € million)	2023	2022
Revenue, net income from settlement mechanism inclusive	**1,276.3**	**1,420.4**
Grid revenue:	1,234.9	1,415.8
Last mile connection	3.3	3.5
Other revenue	38.2	1.1
Net income (expense) from settlement mechanism	**50.4**	**(6.7)**
Other income	**96.8**	**180.0**
Services and technical expertise	0.0	0.2
Own production	43.3	34.2
Optimal use of assets	14.3	13.3
Other	37.1	131.7
Gain on sale PPE	2.1	0.7

We refer to the segment reports for a detailed analysis of the Group's recognised revenues at segment level. The Elia Transmission (Belgium) segment reported revenues and other income amounting to €1,383.9 million (Note 4.2) and the 'Non-regulated activities and Nemo Link' segment reported revenues and other income amounting to €39.6 million (Note 4.3). The reported revenues and other income amounted to €1,423.6 million.

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

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

The Group has recognised €3.3 million in revenue in the reporting period that was included in the contract liability balance at the beginning of the period (€112.7 million). Additional information is provided in Note 6.16. The Group did not recognise any substantial revenues in the reporting period in respect of performance obligations in previous periods.

5.2. Operating expenses

COST OF MATERIALS, SERVICES AND OTHER GOODS

(in € million)	2023	2022
Raw materials, consumables and goods for resale	4.4	5.0
Purchase of ancillary services	377.4	606.4
Services and other goods (excl. purchase of ancillary services)	307.6	287.9
Total	**689.4**	**899.2**

The Group's costs for 'Raw materials, consumables and goods for resale' decreased to €4.4 million for the financial year 2023.

Purchase of ancillary services' includes the costs for services which enable the Group to balance generation with demand, maintain constant voltage levels and manage congestion across its grids. The cost incurred in 2023 decreased to €377.4 million (up from €606.4 million in 2022) mainly because of lower prices to cover electricity losses and decreased activations to balance the grid against a background of the high energy prices.

Services and other goods' relates to maintenance of the grid, services provided by third parties, insurance and consultancy fees, and others. The cost of these increased by €19.7 million (+6.8%) to €307.6 million. The increase is mainly explained by the increased level of activities in an inflationary environment.

PERSONNEL EXPENSES

(in € million)	2023	2022
Salaries and wages	144.7	134.7
Social security contributions	35.5	33.8
Pension costs	18.7	21.4
Other personnel expenses	6.0	4.7
Share-based payments expenses	0.1	1.7
Employee benefits (excl. pensions)	(3.9)	(2.5)
Total	**201.1**	**193.9**

Personnel expenses increased by €7,2 million in 2023 as a consequence of the indexation and the continued growth in headcount, especially in the non-regulated segment. For Elia Transmission (Belgium) the personnel expenses amounted to €188.4 in 2023 compared to €183.5 million in 2022 and the non-regulated activities and Nemo Link accounted for €12.7 million (previous year: €10.4 million). Both segments have experienced a growth in the number of full-time equivalents to support the acceleration of the energy transition and the development opportunities linked to the expansion of its international offshore activities.

A new capital increase in favour of the members of the personnel of Elia Group NV/SA and its Belgian subsidiaries was completed in April 2023. The capital increase resulted in the creation of 5,984 additional shares without nominal value. The Group's employees were granted a 16.66% reduction on the quoted share price, which resulted in a €0.1 million reduction overall.

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

DEPRECIATION, AMORTISATION, IMPAIRMENT AND CHANGES IN PROVISIONS

(in € million)	2023	2022
Amortisation of intangible assets	16.8	13.4
Depreciation of property, plant and equipment	207.5	202.1
Total depreciation and amortisation	**224.4**	**215.5**
Provisions for litigations	(2.6)	(1.3)
Environmental provisions	(2.0)	0.3
Changes in provisions	**(4.6)**	**(1.1)**
Depreciation, amortisation and changes in provisions	**219.8**	**214.4**

The total 'depreciation, amortisation, impairment and changes in provisions' increased from €214.4 million in 2022 to €219.8 million in 2023, mainly because of an increase in depreciation of property, plant and equipment due to increasing fixed assets.

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

OTHER EXPENSES

(in € million)	2023	2022
Taxes other than income tax	13.7	13.1
Loss on disposal/sale of property, plant and equipment	11.5	12.8
Impairment on receivables	(0.3)	0.6
Impairment of inventories	0.4	0.0
Other	0.0	0.0
Total	**25.3**	**26.6**

Taxes other than income tax mainly consist of property taxes.

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

5.3. Net finance costs

(in € million)	2023	2022
Finance income	**19.2**	**1.3**
Interest income on cash and cash equivalents and granted loans	19.1	0.0
Other financial income	0.1	1.3
Finance costs	**(76.5)**	**(66.6)**
Interest expense on eurobonds and other bank borrowings	(75.5)	(63.2)
Interest expense on derivatives	3.4	0.0
Interest cost on leasing	(0.4)	(0.4)
Other financial costs	(4.0)	(3.0)
Net finance costs	**(57.3)**	**(65.2)**

Finance income increased from €1.3 million in 2022 to €19.2 million in 2023. This variation results from interests income on cash and cash equivalents and is explained by higher interest rate and excess cash during the year.

Finance costs also increased. The interest expenses on Eurobonds and other bank borrowings increased by €12.3 million compared to the previous year. See Note 6.13 for more details regarding the loans outstanding and the interest paid in 2023.

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

Other financial costs increased from €3.0 million in 2022 to €4.0 million in 2023.

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

5.4. Income taxes

RECOGNISED IN PROFIT OR LOSS

The consolidated income statement included the following taxes:

(in € million)	2023	2022
Current year	(52.5)	(42.8)
Adjustments for prior years	0.3	1.2
Total current income tax expenses	**(52.1)**	**(41.6)**
Origination from and reversal of temporary differences	(2.2)	(0.5)
Total deferred taxes expenses	**(2.2)**	**(0.5)**
Total income taxes and deferred taxes recognised in profit and loss	**(54.4)**	**(42.0)**

Total income tax expenses were higher in 2023 than in 2022. The increase in tax expenses is mainly driven by the higher profit generated in Belgium.

RECONCILIATION OF THE EFFECTIVE TAX RATE

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

(in € million)	2023	2022
Profit before income tax	260.8	233.9
Domestic corporate income tax	25.00%	25.00%
Income tax, using the domestic corporate tax rate	**(65.2)**	**(58.5)**
Share of profit of equity accounted investees, net of tax	7.5	9.9
Non-deductible expenses	(2.7)	(2.6)
Adjustments for prior years	0.3	1.2
Tax credits and other reductions	5.5	7.1
Tax shelter investments	0.0	0.0
Other	0.2	0.8
Total income taxes and deferred taxes recognised in profit and loss	**(54.4)**	**(42.0)**

In 2023, the income tax expenses were lower than the theoretical income tax expense (calculated using the nominal tax rate) mainly due to the impact of the Innovation Income Deduction reported under "Tax credits and other tax reductions".

Deferred income taxes are discussed further in Note 6.7.

5.5. Earnings per share (EPS)

BASIC EPS

Basic earnings per share are calculated by dividing the net profit attributable to the Company's shareholders (amounting to €206.4 million) by the weighted average number of ordinary shares outstanding during the year.

(in € million)	2023	2022
Profit attributable to equity holders of ordinary shares	**206.4**	**191.9**
Effect of dilutive potential ordinary shares	0.0	0.0
Earnings for the purposes of diluted earnings per share	**206.4**	**191.9**
Ordinary shares issued on 1 January	**226,544,791**	**206,133,122**
Ordinary shares issued in July 2022	0	19,911,672
Ordinary shares issued in December 2022	0	499,997
Ordinary shares issued in December 2023	46,042	0
Treasury shares - net movement for the year	0	-7,245
Outstanding ordinary shares as at 31 December	**226,590,833**	**226,544,791**
Weighted average of outstanding ordinary shares (basic)	**226,546,935**	**214,722,526**
Effect of dilutive potential ordinary shares	0	0
Weighted average number of outstanding ordinary shares (diluted)	**226,546,935**	**214,722,526**
Basic earnings per share (in €)	**0.91**	**0.89**
Diluted earnings per share (in €)	**0.91**	**0.89**

DILUTED EPS

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

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

5.6. Other comprehensive income

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

The total other comprehensive income for 2023 amounts to a €21.7 million negative impact, representing a significant decrease compared with the previous year (€48.2 million positive impact). The most important drivers are described below.

Remeasurements of post-employment benefit obligations

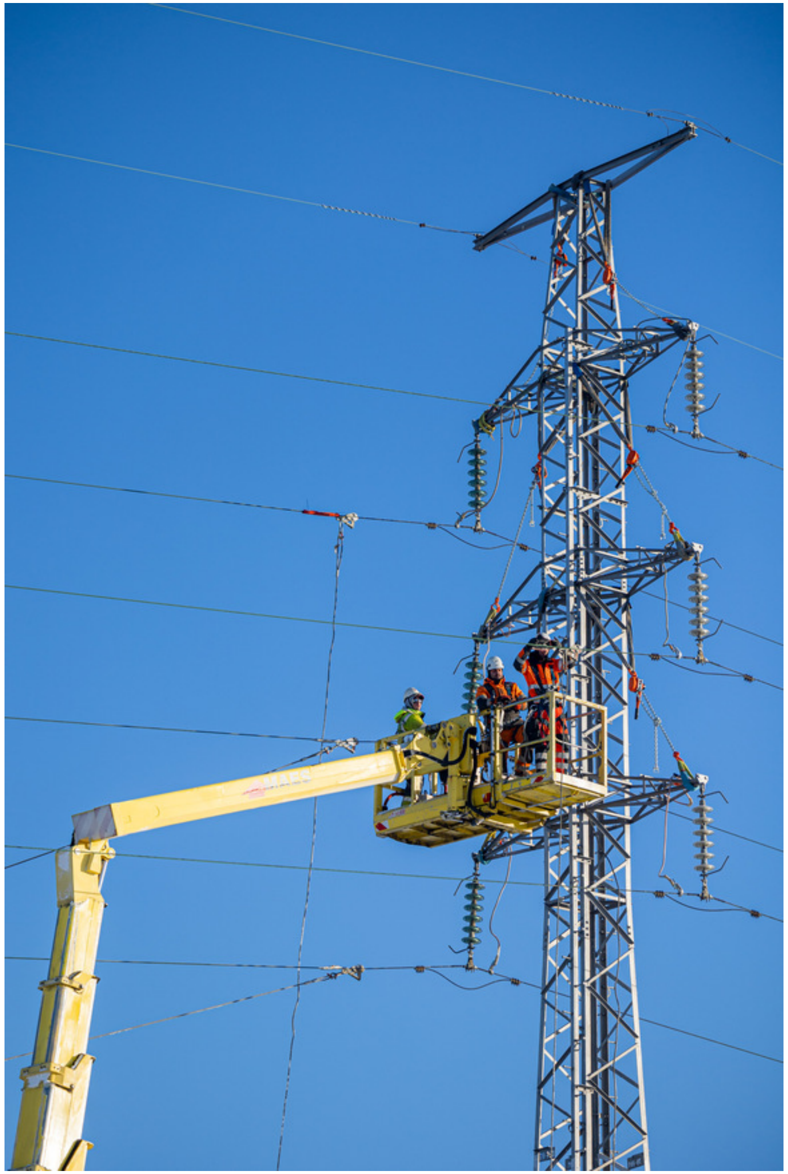
The other comprehensive income on post-employment obligations had a negative impact of €3.8 million. This impact is mainly explained by the evolution of the discount rate and the negative return of the plan assets. See Note 6.14 for more details.

The related tax on these elements amounts to €0.9 million.

Cash flow hedges

In 2023, the other comprehensive income on cash flow hedge is a negative impact due to the decrease of the fair value of the IRS in which the Group entered into for pre-hedging of probable forecast debt transactions (bonds issuance). The remeasurement of the cash flow hedges has resulted in a total negative impact of €25.1 million. We refer to notes 6.18 and 8.1 for further details.

The related tax on these elements amounts to €6.3 million.



6. Items in the consolidated statement of financial position

6.1. Property, plant and equipment

(in € million)	Land and buildings	Machinery and equipment	Furniture and vehicles	Other tangible assets	Leasing and similar rights	Assets under construction	Total
ACQUISITION VALUE							
Balance at 1 January 2022	**213.7**	**7,038.3**	**208.6**	**35.0**	**80.2**	**398.4**	**7,974.1**
Additions	4.1	102.5	13.2	0.1	(19.6)	302.8	403.2
Disposals	(0.1)	(43.8)	(3.0)	0.0	0.6	(0.8)	(47.1)
Transfers	0.3	278.1	0.0	11.1	0.0	(289.6)	0.0
Balance at 31 December 2022	**218.1**	**7,375.1**	**218.9**	**46.2**	**61.1**	**410.7**	**8,330.1**
Balance at 1 January 2023	**218.1**	**7,375.1**	**218.9**	**46.2**	**61.1**	**410.7**	**8,330.1**
Additions	3.4	72.8	20.6	0.6	7.9	577.5	682.8
Disposals	(0.3)	-50.6	(7.3)	(6.3)	-15.9	(0.1)	-80.6
Transfers	0.9	212.6	0.0	0.2	0.0	(213.7)	0.0
Balance at 31 December 2023	**222.0**	**7,609.9**	**232.2**	**40.7**	**53.2**	**774.4**	**8,932.4**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
Balance at 1 January 2022	**(31.1)**	**(3,116.1)**	**(165.5)**	**(32.3)**	**(28.6)**	**0.0**	**(3,373.5)**
Depreciation	(1.9)	(182.7)	(11.1)	(0.6)	(5.7)		(202.1)
Disposals	0.0	28.4	2.9	0.0	(0.5)		30.8
Transfers	0.0	11.0	0.0	(11.0)	0.0		0.0
Balance at 31 December 2022	**(33.0)**	**(3,259.4)**	**(173.7)**	**(43.9)**	**(34.9)**	**0.0**	**(3,544.8)**
Balance at 1 January 2023	**(33.0)**	**(3,259.4)**	**(173.7)**	**(43.9)**	**(34.9)**	**0.0**	**(3,544.8)**
Depreciation	(2.1)	(185.7)	(13.4)	(0.5)	(6.4)		(208.0)
Disposals	0.0	46.6	7.2	6.3	15.9		76.0
Transfers	0.0	0.2	0.0	(0.2)	0.0		0.0
Balance at 31 December 2023	**(35.0)**	**(3,398.2)**	**(179.9)**	**(38.4)**	**(25.3)**	**0.0**	**(3,676.8)**

(in € million)	Land and buildings	Machinery and equipment	Furniture and vehicles	Other tangible assets	Leasing and similar rights	Assets under construction	Total
CARRYING AMOUNT							
Balance at 1 January 2022	182.6	3,922.1	43.2	2.7	51.6	398.4	4,600.6
Balance at 31 December 2022	185.1	4,115.7	45.2	2.3	26.3	410.7	4,785.3
Balance at 1 January 2023	185.1	4,115.7	45.2	2.3	26.3	410.7	4,785.3
Balance at 31 December 2023	187.0	4,211.7	52.3	2.3	27.8	774.4	5,255.6

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

Elia Transmission made investments totalling €682.8 million in property, plant and equipment. The primary focus remained on fortifying and expanding the 380 kV grid, laying the groundwork for offshore grid expansion and the seamless integration of renewable energy. An amount of circa €158.5 million was allocated to offshore developments, €321.7 million to regional grid reinforcements, and client connections, while approximately €145.2 million supported 203 replacement projects across the Belgian grid. In February 2023, Elia was awarded the engineering, procurement, construction and installation contract for the Princess Elisabeth Island but he island's foundation work will only begin in early 2024 and will last for two and a half years.

During 2023, €8.7 million of borrowing costs were capitalised on assets under construction, based on an average interest rate of 2.01% (€6.1 million at 1.91% in 2021).

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

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

6.2. Intangible assets

(in € million)	Development costs of software	Licenses/ concessions	Intangible assets under development	Total
ACQUISITION VALUE				
Balance at 1 January 2022	**167.1**	**12.5**		**179.6**
Additions	42.7	3.1		45.8
Disposals	0.0	0.0		0.0
Transfers	0.0	0.0		0.0
Balance at 31 December 2022	**209.8**	**15.6**		**225.5**
Balance at 1 January 2023	**209.8**	**15.6**	**0.0**	**225.5**
Additions	7.4	2.1	55.1	64.7
Disposals	0.0	0.0	0.0	0.0
Transfers	(33.1)	0.0	33.1	0.0
Balance at 31 December 2023	**184.1**	**17.8**	**88.2**	**290.1**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Balance at 1 January 2022	**(106.1)**	**(5.0)**		**(111.1)**
Depreciation	(11.3)	(2.1)		(13.4)
Disposals	0.0	0.0		0.0
Transfers	0.0	(0.5)		(0.5)
Balance at 31 December 2022	**(117.4)**	**(7.6)**		**(125.0)**
Balance at 1 January 2023	**(117.4)**	**(7.6)**		**(125.0)**
Depreciation	(13.7)	(2.6)		(16.3)
Disposals	0.0	0.0		0.0
Transfers	0.0	0.0		0.0
Balance at 31 December 2023	**(131.1)**	**(10.2)**		**(141.4)**
CARRYING AMOUNT				
Balance at 1 January 2022	61.0	7.0		68.0
Balance at 31 December 2022	92.4	8.0		100.4
Balance at 1 January 2023	92.4	8.0		100.4
Balance at 31 December 2023	53.0	7.6	88.2	148.8

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

The Group invested a total amount of €64.7 million. During 2023, €1.1 million in borrowing costs were capitalised on software in development (compared with €0.6 million in 2022) based on an average interest rate of 2.01% (1.91% in 2022).

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

The Group has not identified SAAS contracts at present. This type of arrangement may be made in the future.

6.3. Goodwill

There were no changes in goodwill during the years 2022-2023. The carrying amount was the following:

CARRYING AMOUNT	
Balance at 1 January 2022	1,707.8
Balance at 31 December 2022	1,707.8
Balance at 1 January 2023	1,707.8
Balance at 31 December 2023	1,707.8

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

(in € million)	2023	2022
Acquisition Elia Asset – 2002	1,700.1	1,700.1
Acquisition Elia Engineering – 2004	7.7	7.7
Total	1,707.8	1,707.8

IMPAIRMENT TEST FOR CASH-GENERATING UNITS CONTAINING GOODWILL

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

The recoverable amount of CGUs is determined by reference to a value in use that is calculated based on different methods (Discounted Cash Flow and Discounted Dividend Model) using cash flow projections drawn up on the basis of the 2023 updated forecast and the 2024-2028 business plan, as approved by the Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

The forecasts and projections included in the reference scenario were determined on the basis of the estimated investment plans, remuneration defined in the regulatory frameworks, market evolution, market share and margin evolution. As the Group's asset base consists of assets with long useful lives, the business plan's projection period was set to encompass the coming two regulatory periods.

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

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

More details are provided below by CGU.

ACQUISITION OF ELIA ASSET AND ELIA ENGINEERING

The acquisition of Elia Asset (in 2002) and Elia Engineering (in 2004) by the Company resulted in a positive consolidation difference of respectively €1,700.1 million and €7.7 million which could not be allocated to specific assets. This difference has consequently been recognised as goodwill assigned to the regulated activity in Belgium.

Since 2004, annual impairment tests have been conducted and have not resulted in the recognition of any impairment losses.

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

Future cash flows and future dividends are based on a business plan for the period 2023-2033. As the Group's asset base consists of assets with long useful lives, the business plan's projection period was set to encompass the coming two regulatory periods. Note that the regulatory framework within which Elia operates is characterised by an allowed revenues basis structured around: 1) a fair remuneration of the regulated asset base; and 2) incentives to guarantee the continuity of supply and improve efficiency. Considering that the regulator will allow a fair remuneration of the regulated asset base consistent with market expectations, the estimated regulated asset base for the last forecast year can be considered an indication of the terminal value. This approach does not take into account potential cash flows generated by meeting or beating future efficiency targets.

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

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1. Discounting of future cash flows (DCF-models):

- Discount rate:
  - Cost of Equity of 8.7%;
    - Risk-free-rate: 3.1%
    - Beta 0.90
    - Equity market risk premium 5.5%
    - Country risk premium 0.9%
    - Small firm premium 1.0%
  - Pre-tax Cost of Debt of 4.3%;
  - Operational risk premium of -1.1%
  - Corporate tax rate of 25%;
  - Target gearing (D/(D+E)): 60%;
  - Post-tax WACC: 5.4%.
- Terminal value based on two variants:
  - Terminal value based on a 1.15x RAB multiple in 2033.

NB: as such, the RAB itself does not take into account the contribution that the incentive remuneration makes to the value creation process.

  - Terminal value based on a perpetual growth rate of 3.0%. This long term growth rate is higher than long term expected inflation to capture the returns generated from the significant investments in the business plan.

2. Discounting of future dividends (DDM-models):

- Discount rate:
  - Cost of Equity of 8.7%
- Terminal value based on two variants:
  - Terminal value based on 1.15x RAB multiple in 2033.

NB: as such, the RAB itself does not take into account the contribution of the incentive remuneration to the value creation process.

  - Terminal value based on a perpetual growth rate of 3.0%. This approach assumes that the residual value consists of profit after tax less investments and considers net borrowings (in relation to the investments). However, profit and thus dividend payments in FY33 most likely does not yet reflect the (positive) impact of the investments planned in FY26-FY33.

Conclusion:

- The independent analysis, which was based on a (€3,901 million) midpoint of the different valuation approaches and variants used did not result in the identification of an impairment of goodwill in the financial year 2023. Moreover, market multiples (based on current enterprise values and current/forecasted EBITDA) were applied for plausibility.
- As the median and the average of the different methods presented above were relatively far apart (€3.394 million and €5.425 million respectively), mainly due to differences in assumptions for the terminal value, the expert's mid-point is based on 75% of the median and 25% of the average, bearing in mind, among other factors, that the median alone might not appropriately reflect the impact of incentive remuneration on the terminal value (see above for more details).
- Compared to 2022, the context has slightly changed, giving greater visibility to the Group on how the rates of return are calculated, taking into account the changing market parameters. Indeed, the discussions on the new tariffs methodology have led to a new mechanism designed to protect ROE against a rise of interest rates. An additional remuneration is foreseen in the methodology in connection with the OLO level. The fact that the regulated return on equity is now directly linked to the evolution of the risk-free rate triggers the use of a negative operational risk premium and an unchanged WACC level compared to 2022 despite an increase in the risk-free rate. This negative premium results from the difference between the average of ROE and the cost of equity, taking into account the beta derived from the peer group (0,66 = market view) and this COE. Considering this evolution and the regulated nature of the businesses grouped with the CGU, a reasonable change in any of the valuation inputs would not result in impairment losses.

6.4. Non current trade and other receivables

The non current trade and other receivables are mainly composed by the long term part of the granted investment subsidy (€55.0 million versus €95.0 million end of 2022). up to a subsidy of €99,7 millions out of a total budgeted investment of circa €600.0 millions.

This subsidy has been granted for the creation of an offshore island (The Princess Elisabeth Island) and within the framework of the Recovery and Resilience Facility (EU instrument to support project of Member States and help the EU emerge stronger and more resilient from the current crisis). This island will serve as a multifunctional energy hub/an extension of the electricity grid in the North Sea. It will connect wind farms from the sea to the mainland and create new connections with neighbouring countries.

At December 31, 2023, an amount of €55.0 million remains receivable beyond 2024 and is therefore presented as long-term receivable while €40.0 million have been transferred in short term.

Cash is collected as predefined milestones are reached. The recoverability of this amount is contractually guaranteed. No credit risk has been considered on this long-term receivable.

6.5. Equity-accounted investees

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

(in € million)	2023	2022
Equity accounted investees (opening balance)	**260.9**	**309.4**
Profit for the year	30.1	39.5
Dividends received	-22.2	(34.2)
Capital repayment of equity accounted investee		(53.8)
Investment in equity accounted investee		0.0
Sale of equity accounted investee	0.0	0.0
Equity accounted investees (closing balance)	**268.8**	**260.9**

Details are presented in the subchapters below.

6.5.1 Joint ventures

NEMO LINK LTD

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

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

In 2023, Nemo Link Ltd paid out dividends totalling €40.0 million (€64.0 million in 2022) to its shareholders.

The joint ventures had no contingent liabilities or significant capital commitments as at 31 December 2023 and 2022.

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

(in € million)	2023	2022
Percentage ownership interest	**50.00%**	**50.00%**
Non-current assets	564.6	591.3
Current assets	87.5	29.1
Non-current liabilities	36.3	111.2
Current liabilities	114.4	22.3
Equity	501.5	486.9
Group's carrying amount for the interest	**250.7**	**243.4**
Revenues and other income	116.5	122.0
Total depreciation and amortisation	(27.2)	(27.1)
Other operating expenses	-16.4	2.9
Net finance costs	(1.3)	(5.6)
Profit before income tax	**71.6**	**92.3**
Income tax expense	(16.9)	(18.1)
Profit for the year	**54.6**	**74.2**
Total comprehensive income for the year	54.6	74.2
Group's share of profit for the year	**27.3**	**37.1**
Dividends received	20.0	32.0

6.5.2 Associates

As of 31 December 2023, the Group has 2 associates, both being equity-accounted investees:

- The Group has a 15.84% stake in Coreso SA/NV. Coreso SA/NV is a company that provides coordination services aimed at facilitating the secure operation of the high-voltage grid in several European countries.
- The Group holds a 17.0% stake in HGRT. HGRT SAS is a French company with a 49.0% stake in Epex Spot, the exchange for power spot trading in Germany, France, Austria, Switzerland, Luxembourg and (through its 100% associate APX) the UK, Netherlands and Belgium. As one of the founding partners of HGRT, the Group has a 'golden share', securing it a minimum number of representatives on HGRT's Board of Directors. This constitutes a significant influence and therefore HGRT is accounted for using the equity method. In 2023, the Group received a dividend of €2.2 million from HGRT (€2.2 million in 2022).

None of these companies are listed on any public exchange.

Just like in 2022 there are no scope changes to be reported in 2023.

The associates had no contingent liabilities or significant capital commitments as at 31 December 2023 and 2022.

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

(in € million)	Coreso 2022	HGRT 2022
Percentage ownership interest	**15.84%**	**17.00%**
Non-current assets	10.1	96.9
Current assets	3.1	0.7
Current liabilities	7.9	0.0
Equity	5.3	97.5
Group's carrying amount for the interest	**0.8**	**16.6**
Revenue	28.3	0.0
Other operating expenses	(27.1)	13.4
Profit before income tax	**1.3**	**13.4**
Income tax expense	(0.5)	(0.1)
Profit for the year	**0.8**	**13.2**
Total comprehensive income for the year	0.8	13.2
Group's share of profit for the year	**0.1**	**2.2**
Dividends received		2.2

(in € million)	Coreso 2023	HGRT 2023
Percentage ownership interest	**15.84%**	**17.00%**
Non-current assets	17.5	99.5
Current assets	4.7	1.0
Current liabilities	16.2	0.0
Equity	6.0	100.4
Group's carrying amount for the interest	**0.9**	**17.1**
Revenue	32.6	0.0
Other operating expenses	(31.2)	16.1
Profit before income tax	**1.5**	**16.1**
Income tax expense	(0.7)	(0.2)
Profit for the year	**0.7**	**15.9**
Total comprehensive income for the year	0.7	15.9
Group's share of profit for the year	**0.1**	**2.7**
Dividends received		2.2

6.6. Other financial assets

(in € million)	2023	2022
Reimbursement rights	36.8	33.7
Immediately claimable deposits	7.2	7.0
Other shareholdings	0.3	0.3
Trade and other receivables	0.0	0.0
Total - Non current	**44.2**	**41.0**
Derivatives	7.2	65.3
Total - Current	**7.2**	**65.3**
Total	**51.4**	**106.3**

The total non-current other financial assets increased by €3.3 million compared with the previous year. This variation is mainly the result of the increase of the reimbursement rights. See also note 6.14 for more information.

Immediately claimable deposits are measured at fair value. The risk profile of these investments is discussed in Note 8.1. The value as at 31 December 2023 is stable compared to 2022.

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

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

The current other financial assets relate to financial derivatives in which the company entered for the pre-hedging of probable forecasted debt transactions. The fair value of these derivatives amounted to €7,2 million compared to €65.3 million end of 2022. We refer to notes 6.18 and 8.1 for further details.

6.7. Deferred tax assets and liabilities

RECOGNISED, DEFERRED TAX ASSETS AND LIABILITIES

(in € million)		2023		2022
	Assets	Liability	Assets	Liability
Property, plant and equipment	1.6	(63.0)	1.4	(55.6)
Intangible assets	0.0	(1.5)	0.0	(2.8)
Interest-bearing loans and other non-current financial liabilities	7.0	(1.8)	6.7	(1.7)
Employee benefits	14.4	(9.7)	15.0	(10.8)
Provisions	4.4	0.0	3.7	0.0
Derivatives	0.0	(10.1)	0.0	(16.3)
Deferred revenue	31.9	0.0	28.2	0.0
Deferred tax on investment grants	0.0	(25.3)	0.0	(25.4)
Other items	0.1	(9.9)	0.1	(9.4)
Tax asset/liability before offsetting	**59.3**	**(121.4)**	**54.9**	**(122.0)**
Offsetting of tax	(58.3)	58.3	(54.6)	54.6
Net tax asset/(liability)	**1.0**	**(63.0)**	**0.3**	**(67.3)**

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

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

(in € million)	Net tax asset/ (liability)	Recognised in income statement	Recognised in comprehensive income	Total
2022				
Property, plant and equipment	(58.3)	4.1	0.0	(54.2)
Intangible assets	(4.4)	1.6	0.0	(2.8)
Interest-bearing loans and other non-current financial liabilities	10.9	(5.9)	0.0	4.9
Employee benefits	4.5	(0.5)	0.3	4.1
Provisions	4.8	(1.1)	0.0	3.7
Derivatives	0.0	0.0	(16.3)	(16.3)
Deferred revenue	25.9	2.2	0.0	28.3
Deferred tax on investment grants	(25.4)	0.0	0.0	(25.4)
Losses carried forward	0.0	0.0	0.0	0.0
Other items	(8.4)	(0.9)	0.0	(9.4)
Total	**(50.6)**	**(0.5)**	**(16.0)**	**(67.1)**
2023				
Property, plant and equipment	(54.2)	(7.2)	0.0	(61.4)
Intangible assets	(2.8)	1.3	0.0	(1.5)
Interest-bearing loans and other non-current financial liabilities	4.9	0.2	0.0	5.1
Employee benefits	4.2	(0.5)	0.9	4.6
Provisions	3.7	0.8	0.0	4.4
Derivatives	(16.3)	0.0	6.3	(10.1)
Deferred revenue	28.2	3.7	0.0	31.9
Deferred tax on investment grants	(25.4)	0.0	0.0	(25.4)
Other items	(9.4)	(0.4)	0.0	(9.8)
Total	**(67.1)**	**(2.2)**	**7.2**	**(62.1)**

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

UNRECOGNISED DEFERRED TAX ASSETS OR LIABILITIES

There are no unrecognised deferred tax assets or liabilities at 31 December 2023.

6.8. Inventories

(in € million)	2023	2022
Raw materials and consumables	32.8	31.1
Write-downs	(17.1)	(16.7)
Total	**15.7**	**14.4**

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

The value of inventories remains stable compared to 31 December 2022.

Write-downs are recorded following the non-utilisation of stock items based on their underlying rotation. These were slightly higher than in 2022 (€0,4 million as an expense during the period).

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

(in € million)	2023	2022
Contract assets	1.3	0.5
Trade receivables	331.9	327.7
Levies	5.5	5.4
VAT and other taxes	45.7	56.7
Other	65.8	8.7
Trade and other receivables	**450.3**	**399.0**
Deferred charges and accrued revenues	12.0	6.7
Deferred charges and accrued revenues	**12.0**	**6.7**
Total	**462.3**	**405.7**

The total current trade and other receivables, deferred charges and accrued revenues increased by €56.6 million compared to the previous year.

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

The levies remained stable compared to 2022. Other receivables mainly relate to indemnities to receive from insurance companies.

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

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

(in € million)	2023	2022
Not past due	314.2	267.8
Past due 0-30 days	12.6	32.8
Past due 31-60 days	8.2	28.5
Past due 61 days - one year	0.9	(4.5)
Past due one year - two years	2.7	2.8
Total (excl. impairment)	**338.5**	**327.5**
Doubtful amounts	1.1	3.9
Amounts write-offs	(0.8)	(3.4)
Allowance for expected credit losses	(7.0)	(0.2)
Total	**331.9**	**327.7**

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

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

6.10. Current tax assets and liabilities

(in € million)	2023	2022
Tax receivables	16.0	14.4
Tax liabilities	(2.9)	(2.6)
Net tax asset/(liability)	**13.1**	**11.8**

The net tax position went from €11.8 million asset to €13.1 million asset, because of higher advance payments done on corporate tax which will be recovered in financial year 2024. The income tax liabilities remained more or less stable.

6.11. Cash and cash equivalents

(in € million)	2023	2022
Short-term deposits	466.3	179.4
Balance at bank	70.8	422.3
Total	**537.1**	**601.6**

Cash and cash equivalents have decreased by €64.5 million. This decrease is mainly due to the realisation of the investment program.

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

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

The cash and cash equivalents disclosed above and in the statement of cash flows include €2.4 million held by Elia Re.

6.12. Shareholders' equity

6.12.1 Equity attributable to the owners of the Company

SHARE CAPITAL AND SHARE PREMIUM

Number of shares	2023	2022
Outstanding on 1 January	226,544,791	206,133,122
Issued against cash payment	46,042	20,411,669
Number of shares (end of period)	**226,590,833**	**226,544,791**

The second tranche of the capital increase for Elia employees decided by the Elia Group extraordinary shareholders' meeting held on 21 June 2022 (capital increase in two steps/periods: one in 2022 for a maximum of €5.0 million and the other in 2023 for a maximum of €1.0 million) was completed in April 2023. As with previous capital increases, Elia Transmission Belgium proceeds with a capital increase of the same amount. The capital increase, completed in December, resulted in the creation of 46,042 additional shares.

In 2022, the changes were related to:

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

RESERVES

In line with Belgian legislation, 5% of the Company's statutory net profit must be transferred to the legal reserve each year until the legal reserve represents 10% of the capital. From the statutory net profit of 2022, €8.2 million was transferred to the legal reserve in 2023.

The Board of Directors can propose the pay-out of a dividend to shareholders up to a maximum of the available reserves plus the profit carried forward from the Company's previous financial years, including the profit for the financial year ending on 31 December 2023. Shareholders must approve the dividend payment at the Annual General Meeting of Shareholders.

HEDGING RESERVE

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

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash-flow hedging instruments.

in € million	2023	2022	Variation
CFH - Green Bond 2023	33.1	51.7	-18.7
CFH - Green Bond 2024	7.2	13.6	-6.4
Total	**40.2**	**65.3**	**-25.1**
BE - Tax impact	-10.1	-16.3	6.2
Hedging reserves - net of taxes	**30.2**	**49.0**	**-18.8**

In 2023, the hedging reserve decreased from a €49.0 million to €30.2 million due to negative evolution of the fair value of the instruments. Following issuance of the Green Bond in 2023, the reserve began to be recycled into P&L over the life of the bond. We refer to note 6.18 and 8.1 for more details.

DIVIDEND

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

Dividend (in €)	2023	2022
Per ordinary share entitled to dividend	0.4	0.8

It was proposed and approved, at the Shareholders' Meeting convened to approve the Elia Transmission Belgium NV/SA financial statements for the year ending on 31 December 2022 to pay a dividend of €0.8 per share, representing a total payout of €119.6 million.

The Board of Directors meeting on 29 March 2024 proposed a gross dividend of €0.40 per share with respect of 2023. An interim dividend of €49,8 million was already paid on 27 July 2023. The total dividend (interim dividend included) calculated based on the number of shares outstanding on 29 March 2024 corresponds to a total of €90.6 million.

The remaining amount of dividend (€40,8 million) is subject to approval by shareholders at the Annual General Meeting on 21 May 2024 and is not included as a liability in the Group's consolidated financial statements.

6.13. Interest-bearing loans, borrowings and lease liabilities

(in € million)	2023	2022
Non-current borrowings	3,538.1	3,561.1
Lease liabilities – non-current	22.1	21.4
Subtotal non-current borrowings	**3,560.1**	**3,582.6**
Current borrowings	522.3	22.3
Lease liabilities – current	6.2	5.4
Accrued interest	65.5	48.4
Subtotal current loans and borrowings	**593.9**	**76.2**
Total	**4,154.1**	**3,658.7**

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

(in € million)	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Total
Balance at 1 January 2022	**3,604.6**	**158.7**	**3,763.3**
Cash flow: repayment of borrowings	(6.2)	(82.3)	(88.5)
Cash flow: proceeds from withdrawal borrowings	0.0	0.0	0.0
Accrued interest	0.0	(0.2)	(0.2)
Other	(15.9)	0.0	(15.9)
Balance at 31 December 2022	**3,582.6**	**76.1**	**3,658.7**
Balance at 1 January 2023	**3,582.6**	**76.1**	**3,658.7**
Cash flow: repayment of borrowings	(7.1)	(22.3)	(29.5)
Cash flow: proceeds from withdrawal borrowings	498.6	0.0	498.6
Accrued interest	0.5	17.1	17.5
Other	(514.3)	523.0	8.7
Balance at 31 December 2023	**3,560.1**	**593.9**	**4,154.1**

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

In 2023, the Group successfully issued its first green bond of €500 million with a fixed rate of 3.625%, dedicated to funding eligible green projects

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

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

31 December 2023:

(in € million) - 31 December 2023	Maturity	Redemption schedule	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	561.5	3.25%
Eurobond issues 2013/20 years	2033	At maturity	204.5	3.50%
Eurobond issues 2014/15 years	2029	At maturity	355.5	3.00%
Eurobond issues 2015/8.5 years	2024	At maturity	503.9	1.38%
Eurobond issues 2017/10 years	2027	At maturity	251.4	1.38%
Eurobond issues 2019/7 years	2026	At maturity	505.9	1.38%
Eurobond issues 2020/10 years	2030	At maturity	796.8	0.88%
Green Bond issue 2023/10 years	2033	At maturity	514.4	3.63%
Amortising bond – 7.7 years	2028	Linear	42.0	1.56%
Amortising bond – 23.7 years	2044	Linear	134.8	1.56%
Total bonds, including accrued			**3,870.6**	
Amortising term loan	2033	Linear	155.3	1.80%
European Investment Bank	2025	At maturity	100.0	1.08%
Total bank loans			**255.3**	
Lease debts			28.3	
Total loans and borrowings (current and non-current)			**4,154.1**	

31 December 2022:

(in € million) - 31 December 2022	Maturity	Redemption schedule	Amount	Interest rate
Eurobond issues 2013/15 years	2028	At maturity	561.2	3.25%
Eurobond issues 2013/20 years	2033	At maturity	204.5	3.50%
Eurobond issues 2014/15 years	2029	At maturity	355.3	3.00%
Eurobond issues 2015/8.5 years	2024	At maturity	503.8	1.38%
Eurobond issues 2017/10 years	2027	At maturity	251.0	1.38%
Eurobond issues 2019/7 years	2026	At maturity	505.6	1.38%
Eurobond issues 2020/10 years	2030	At maturity	795.6	0.88%
Amortising bond – 7.7 years	2028	Linear	133.1	1.56%
Amortising bond – 23.7 years	2044	Linear	52.2	1.56%
Total bonds			**3,362.3**	
Amortising term loan	2033	Linear	169.5	1.80%
European Investment Bank	2025	At maturity	100.0	1.08%
Total bank loans			**269.5**	
Lease debts			26.9	
Total loans and borrowings (current and non-current)			**3,658.7**	

6.14. Employee benefits

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

(in € million)	2023	2022
Defined benefit plans	3.0	4.1
Post-employment benefits other than pensions	53.1	47.4
Total provisions for employee benefits	**56.1**	**51.5**

DEFINED CONTRIBUTION PLANS

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

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

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

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

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

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

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

DEFINED BENEFIT PLANS

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

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

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

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

OTHER PERSONNEL OBLIGATIONS

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

EMPLOYEE BENEFIT OBLIGATIONS AT GROUP LEVEL

(in € million)		Pensions		Other
	2023	2022	2023	2022
Present value of funded defined benefit obligation	(253.4)	(226.8)	(57.8)	(51.9)
Fair value of plan assets	250.4	222.6	4.7	4.5
Net employee benefit liability	**(3.0)**	**(4.1)**	**(53.1)**	**(47.4)**

The net employee benefit liability increased in total by €4.6 million. The net impact is mainly explained by the decrease in discount rate compared with 2022 and the lower (negative) return on plan assets. The net impact is mainly explained by the decrease in discount rate compared with 2022, the change from experience adjustments following higher salary increase than expected, offset to a large extent by returns on plan assets.

Movement in the present value of the defined benefit obligation	Pensions		Other	
(in € million)	2023	2022	2023	2022
At the beginning of the period	**(226.8)**	**(251.5)**	**(51.9)**	**(71.0)**
Current service cost	(12.1)	(11.3)	(1.4)	(2.1)
Interest cost/income	(9.2)	(2.5)	(2.0)	(0.8)
Contributions from plan participants	(1.0)	(1.0)	0.0	0.0
Including remeasurement gains/(losses) in OCI and in Statement of profit or loss, arising from				
Changes in demographic assumptions	0.0	0.0	0.0	0.0
Changes in financial assumptions	(4.7)	41.3	(3.6)	19.7
Changes from experience adjustments	(15.4)	(17.4)	(2.5)	(0.7)
Past service cost	0.0	0.0	0.0	0.0
Payments from the plan	15.7	15.6	3.6	3.0
Transfers	0.0	0.0	0.0	0.0
At the end of the period	**(253.4)**	**(226.8)**	**(57.8)**	**(51.9)**

Movement in the fair value of the plan assets	Pensions		Other	
(in € million)	2023	2022	2023	2022
At the beginning of the period	**222.6**	**253.3**	**4.5**	**4.8**
Interest income	8.4	2.4	0.2	0.0
Remeasurement gains/losses in OCI arising from:				
Return of plan assets (excluding interest income on plan assets)	14.6	(35.0)	0.3	(0.3)
Contributions from employer	17.3	14.2	1.4	0.9
Contributions from plan participants	1.0	1.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.0
Benefit payments	(13.6)	(13.3)	(1.7)	(0.9)
At the end of the period	**250.4**	**222.6**	**4.7**	**4.5**

Amounts recognised in comprehensive income	Pensions		Other	
(in € million)	2023	2022	2023	2022
Service cost				
Current service cost	(12.1)	(11.3)	(1.4)	(2.1)
Past service cost	0.0	0.0	0.0	0.0
Settlements	0.0	0.0	0.0	0.0
Net interest on the net defined-benefit liability/(asset)	**(0.8)**	**(0.1)**	**(1.9)**	**(0.7)**
Interest cost on defined-benefit obligation	(9.2)	(2.5)	(2.0)	(0.8)
Interest income on plan assets	8.4	2.4	0.2	0.0
Other	**0.0**	**0.0**	**0.0**	**0.0**
Defined-benefit costs recognised in profit or loss	**(12.9)**	**(11.4)**	**(3.3)**	**(2.8)**
Actuarial gains(/losses) on defined obligations arising from:				
1) Changes in demographic assumptions	0.0	0.0	0.0	0.0
2) Changes in financial assumptions	(4.7)	41.3	(3.2)	19.7
3) Changes from experience adjustments	(15.4)	(17.4)	(1.5)	(0.7)
Return on plan assets (excluding interest income on plan assets)	14.6	(35.0)	0.3	(0.3)
Remeasurements of net defined benefit (liability)/asset recognised in other comprehensive income (OCI)	**(5.4)**	**(11.1)**	**(4.3)**	**18.7**
Total	**(18.3)**	**(22.5)**	**(7.6)**	**15.9**

Considering the actuarial gains or losses recognised in other comprehensive income for the reimbursement rights (+€5.9 million for 2023 - see hereafter), the net impact of the remeasurement of post-employments benefit obligations amounts to -€3.8 million.

(in € million)	2023	2022
Breakdown of defined-benefit obligation by type of plan participants	**(311.2)**	**(280.8)**
Active plan participants	(242.0)	(218.8)
Terminated plan participants with def.-benefit entitlements	(23.8)	(21.1)
Retired plan participants and beneficiaries	(45.5)	(41.0)
Breakdown of defined-benefit obligation by type of benefits	**(311.2)**	**(280.8)**
Retirement and death benefits	(252.1)	(227.5)
Other post-employment benefits	(46.5)	(42.0)
Seniority payments	(12.6)	(11.4)

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

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

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

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

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

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

Investment risk

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

(in € million)	2023	2022
Investments quoted in an active market	**94.62%**	**92.25%**
Shares - Eurozone	8.68%	13.53%
Shares - outside Eurozone	19.72%	15.45%
Government bonds - Eurozone	2.57%	0.80%
Other bonds - Eurozone	29.19%	28.59%
Other bonds - outside Eurozone	34.46%	33.89%
Unquoted investments	**5.38%**	**7.75%**
Property	1.70%	4.76%
Cash and cash equivalents	2.38%	1.45%
Other	1.30%	—%
Total (in %)	**100.00%**	**100.00%**

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

Interest risk

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

Longevity risk

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

Salary risk

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

(in % and years)		Belgium
	2023	2022
Discount rate		
- Pensions - defined benefit plans and cash balance - best off plans	3.23%	3.75%
- Pensions - defined contribution plans	3.16%	3.77%
- Other	3.16%	3.75%
Expected average salary increase (excluding inflation)	1.30%	1.00%
Expected inflation	2.10%	2.10%
Expected increase in health benefits (including inflation)	3.10%	3.10%
Expected increase in tariff advantages	2.10%	2.10%
Average assumed retirement age		
- Employee	63.0	63.0
- Manager	65.0	65.0
Life expectancy in years of a pensioner retiring at age 65 at closing date:*		
Life expectancy for a 65 year old male	19.9	19.9
Life expectancy for a 65 year old female	23.6	23.6

*Mortality tables used: IABE in Belgium

(in years)		Belgium
	2023	2022
Weighted average duration of the defined benefit obligation	6.1	8.0
Weighted average duration of the defined contribution plans	10.7	9.7
Weighted average duration of the post-employment benefits other than pensions	12.5	13.2

The actual return on plan assets in percentage terms for 2023 was positive, ranged between 2.6% and 10.1% (compared with a range of -2.6% to -18.0% in 2022)

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

Future expected cash outflows	< 12 months	1-5 years	6 - 10 years
Pensions	(5.4)	(19.3)	(24.8)
Other	0.0	(0.3)	(0.4)
Total (in € million)	**(5.4)**	**(19.6)**	**(25.2)**

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

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

SENSITIVITY ANALYSIS

Effect on defined benefit obligation (in € million)	Increase (+) / Decrease (-)
Impact on the net defined-benefit obligation of an increase in:	
Discount rate (0.5% movement)	7.5
Average salary increase - excl. inflation (0.5% movement)	(6.8)
Inflation (0.25% movement)	(3.3)
Increase of healthcare care benefits (1.0% movement)	0.0
Life expectancy of pensions (1 year)	13.7

REIMBURSEMENT RIGHTS

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

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

Movement in the present value of the reimbursement rights	Pensions		Other	
(in € million)	2023	2022	2023	2022
At the beginning of the period	**(14.0)**	**(19.0)**	**(19.7)**	**(27.2)**
Current service costs				
Interest cost/income	(0.5)	(0.1)	(0.8)	(0.3)
Actuarial gains(/losses) on defined obligations arising from:				
1) Changes in demographic assumptions	0.0	0.0	0.0	0.0
2) Changes in financial assumptions	(0.4)	3.0	(1.8)	8.4
3) Changes from experience adjustments	(0.7)	0.0	(3.0)	(2.4)
Payments from the plan	2.3	2.2	1.9	1.8
At the end of the period	**(13.3)**	**(14.0)**	**(23.5)**	**(19.7)**

The sum of 'Pensions' (€13.3 million) and 'Other' (€23.5 million) reimbursement rights amounted to €36.8 million in 2022 (2022: € 33.7 million), which reconciles with the reimbursement rights listed in Note 6.6.

6.15. Provisions

(in € million)	Environment	Elia Re	Dismantling Obligations	Other	Total
Balance at 1 January 2022	**9.0**	**4.1**	**21.2**	**2.1**	**36.3**
Increase	1.4	2.0	0.0	1.1	4.7
Reversals	(1.0)	(2.9)	(3.3)	(1.0)	(8.2)
Utilisation	(0.1)	(0.4)	0.0	(0.3)	(0.8)
Discounting of provisions	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2022	**9.3**	**2.9**	**17.8**	**2.0**	**31.9**
Long-term portion	7.9	2.9	17.8	1.9	30.6
Short-term portion	1.3	0.0	0.0	0.0	1.3
Balance at 1 January 2023	**9.3**	**2.9**	**17.8**	**2.0**	**31.9**
Increase	1.3	0.0	7.1	0.0	8.5
Reversals	(3.2)	(1.3)	0.0	(0.1)	(4.6)
Utilisation	(0.1)	0.0	0.0	(1.3)	(1.4)
Discounting of provisions	0.0	0.0	0.7	0.0	0.7
Balance at 31 December 2023	**7.3**	**1.6**	**25.6**	**0.6**	**35.2**
Long-term portion	6.1	1.6	25.6	0.6	33.9
Short-term portion	1.2	0.0	0.0	0.0	1.2

The Group has recognised provisions for the following:

Environment: The environmental provision provides for existing exposure in relation to land decontamination. There were no significant movements in the environmental provisions in 2023, except some reevaluation and technical update in the normal course of business.

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

Based on the analyses and studies it conducted, Elia has made provisions for possible future soil remediation costs in line with the relevant legislation.

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

Elia Re: An amount of €1.7 million is included at year-end for Elia Re, a captive reinsurance company. €0.1 million of this is linked to claims for overhead lines, whilst €1.6 million is linked to electrical installations. The expected timing of the related cash outflow depends on the progress and duration of the respective procedures.

Dismantling provisions: As part of the Group's CAPEX programme, the Group is exposed to decommissioning obligations; most of which are related to offshore projects. These provisions take into account the effect of discounting and the expected cost of dismantling and removing the equipment from sites or from the sea. The carrying amount of the provision as at 31 December 2023 was €25.7 million. The Group has applied a case-by-case approach to estimate the cash outflow needed to settle the liability. The provision increased due a lower discount rate and the reassessment of the costs (inflation).

Elia Transmission uses corporate bond rates (minimum AA rating) and sets them out to match the lifetime of the provisions in order to discount the dismantling provisions. In case the discount rate is below 0%, the rate is floored at 0%. The discount rates used in 2023 was 3.14% and depends on the lifetime of the asset to dismantle. In case where the discount rate fell to 0% the dismantling provisions would increase by €32.5 million.

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

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

6.16. Other non-current liabilities

(in € million)	2023	2022
Investment grants	76.2	76.2
Contract liabilities	127.5	112.7
Total	**203.7**	**188.8**

In 2023, no new investment grant has been recognised by the company

All the grants are released in profit and loss based on the useful lives of the assets to which they relate. Terms and conditions of the grants were monitored and met as per 31 December 2023.

The grant related to the Princess Elisabeth energy island, which will serve as an extension of the electricity grid in the North Sea, has been signed in December 2022 for a total amount of €99,7 million (pre-taxes), out of which €73,1 million are reported in the Other non-current liability (post taxes)".

Contract liabilities remained stable. They are related to upfront payment for last mile connection. The income is released over the lifetime of the asset where the last mile connection relates to. As already disclosed in Note 5.1, the Group has recognised €3.3 million of revenue in the reporting period that was included in the contract liability balance at the beginning of the period (€112.7 million).

6.17. Trade and other payables

(in € million)	2023	2022
Trade debts	393.4	396.4
VAT and other taxes	12.5	16.5
Remuneration and social security	41.4	38.3
Levies	104.5	165.9
Other	77.0	80.4
Total	**628.8**	**697.6**

The trade debts decreased by €3 million.

The levies for Elia Transmission decreased compared with the previous year (€-61.6 million). The levies include federal levies, which totalled €72.3 million on 31 December 2023 (€150.0 million in 2022) and levies for renewable energies in Flanders (€24.0 million)which have increased due to more positive cogeneration certifications auction than foreseen. Levies for the Walloon government decreased to €5.1 million (€13.8 million in 2022). The remaining balance mainly consists of strategic reserves (€1.9 million).

Other payables relate to guarantees and other liabilities, in particular to related companies (current account towards otjer Elia companies not held by ETB).

6.18. Financial instruments - fair values

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

(in € million)	Carrying amount					Fair value			
	Designated at fair value	Fair value through OCI	Amortised cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Balance at 31 December 2022									
Other financial assets (Current and Non-Current)	**7.0**	**65.6**	**33.7**	**0.0**	**106.3**	**7.0**	**0.0**	**0.3**	**7.3**
Equity instruments at fair value through other comprehensive income		0.3			0.3			0.3	0.2
Equity instruments at fair value through income	7.0				7.0	7.0			7.0
Derivatives		65.3			65.3	65.3			
Regulatory assets			33.7		33.7				
Trade and other receivables (current and non current)			**494.1**		**494.1**				
Cash and cash equivalents			**601.6**		**601.6**				
Loans and borrowings (Current and Non-Current)	**0.0**	**0.0**	**0.0**	**(3,658.7)**	**(3,658.7)**	**3,048.8**			**3,048.8**
Unsecured bond issues				(3,315.7)	(3,315.7)	3,048.8			3,048.8
Unsecured financial bank loans and other loans				(267.8)	(267.8)		0.0		0.0
Lease liabilities				(26.9)	(26.9)				
Accrued interests				(48.4)	(48.4)				
Trade and other payables				**(697.6)**	**(697.6)**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**7.0**	**65.6**	**1,129.5**	**(4,356.3)**	**(3,154.3)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**
Balance at 31 December 2023									
Other financial assets (current and non-current)	**7.2**	**7.4**	**36.8**	**0.0**	**51.4**	**14.4**	**0.0**	**0.2**	**14.6**
Equity instruments at fair value through other comprehensive income		0.3			0.3			0.2	0.2
Equity instruments at fair value through income	7.2				7.2	7.2			7.2
Derivatives		7.2			7.2	7.2			
Regulatory assets			36.8		36.8				
Trade and other receivables (current and non current)	**0.0**	**0.0**	**505.3**	**0.0**	**505.3**	**0.0**	**0.0**	**0.0**	**0.0**
Cash and cash equivalents	**0.0**	**0.0**	**537.1**	**0.0**	**537.1**	**0.0**	**0.0**	**0.0**	**0.0**
Loans and borrowings (Current and Non-Current)	**0.0**	**0.0**	**0.0**	**(4,154.1)**	**(4,154.1)**	**(3,693.8)**	**0.0**	**0.0**	**(3,693.8)**
Unsecured bond issues				(3,806.5)	(3,806.5)	(3,693.8)			(3,693.8)
Unsecured financial bank loans and other loans	0.0	0.0	0.0	(253.8)	(253.8)		0.0		0.0
Lease liabilities				(28.3)	(28.3)				
Accrued interests				(65.5)	(65.5)				
Trade and other payables	**0.0**	**0.0**	**0.0**	**(628.8)**	**(628.8)**	**0.0**	**0.0**	**0.0**	**0.0**
Total	**7.2**	**7.4**	**1,079.2**	**(4,782.9)**	**(3,689.1)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**

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

FAIR VALUE HIERARCHY

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

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

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

The fair value of the other financial assets decreased. This is due to the negative variation of the derivatives accounted in connection with the pre-hedging of probable forecast debt transactions (bonds issuance). The fair value of these derivatives amounted to €7,2 million compared to €65.3 million end of 2022.

in € million - Group share	2023	2022	Variation
BE - CFH - Green Bond 2023		65.3	(65.3)
BE - CFH - Green Bond 2024	7.2	0.0	7.2
Total	**7.2**	**65.3**	**(58.1)**

The fair value of the bank loans and bond issues increased mainly due to the higher nominal value (new bonds as explained in Note 6.13) and higher pricing.

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

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

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

Brokers' statements are used for valuations of the interest-rate and foreign-currency rate swaps. The statements are controlled using valuation models or techniques based on discounted cash flows. The models incorporate various inputs including the credit quality of counterparties and interest-rate curves at the end of the reporting period. As at 31 December 2023, the counterparty risk was considered to be close to zero as a result of the negative market value of the IRS. The Group's own non-performance risk was also estimated as being close to zero.

6.19. Leasing

THE GROUP AS A LESSEE

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

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

Right-of-use assets

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

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

(in € million)	Use of land and overhead lines	Rent of buildings / offices	Cars	Optical fiber	Other	Total
As of 1 January 2023	**2.0**	**15.8**	**7.4**	**1.0**	**0.1**	**26.3**
Additions and remeasurements	0.0	0.0	8.6	0.9		9.5
Depreciation	0.0	(2.0)	(4.2)	(0.1)	0.0	(6.4)
Derecognition of right-of-use assets	0.0	0.0	(0.6)	(0.9)	(0.1)	(1.6)
As of 31 December 2023	**1.9**	**13.8**	**11.2**	**0.9**	**0.0**	**27.8**

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

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

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

Lease liabilities

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

Maturity analysis - contractual undiscounted cash flows (in € million)	2023	2022
< 1 year	6.2	5.5
1-5 years	17.1	13.8
> 5 years	6.9	9.8
Total undiscounted lease liabilities at 31 December	**30.1**	**29.1**
Lease liabilities in the statement of financial position at 31 December	**28.2**	**26.9**
Current	6.2	5.4
Non-current	22.1	21.4

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

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

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

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

Amounts recognised in profit and loss

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

(in € million)	2023	2022
Depreciation expense of right-of-use assets	(6.4)	(5.7)
Interest on lease liabilities	(0.4)	(0.4)
Variable lease payments not included in the measurement of lease liabilities	0.0	0.0
Expenses relating to short-term leases	(0.6)	0.0
Expenses relating to low-value assets	0.0	0.0
Total recognised in profit and loss	**(7.4)**	**(6.2)**

A total of €7.4 million in lease expenses was recognised in the statement of profit or loss in 2023. There were no variable lease payments included in the measurement of lease liabilities.

The total cash outflow for leases amounted to €7.1 million in 2023 (compared with €6.2 million in 2022). This amount is included in the "Repayment of borrowings" of the cash flow statement.

THE GROUP AS A LESSOR

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

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

The Group has classified these leases as operating leases as they do not substantially transfer all the risks and rewards incidental to the ownership of the assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date and considering the best estimate of the contractual term:

(in € million)	2023	2022
Within 1 year	14.1	11.4
1 to 2 years	14.3	11.3
2 to 3 years	14.0	11.3
3 to 4 years	14.3	11.2
4 to 5 years	14.5	11.1
More than 5 years	374.1	305.1
Total	**445.3**	**361.5**

The Group recognised €14.4 million in rental income in 2023 (2022: €13.3 million).

6.20. Accruals and deferred income

(in € million)	2023	2022
Accruals and deferred income	102.9	87.0
Deferral account from settlement mechanism Belgian regulatory framework	310.6	360.6
Total	**413.5**	**447.5**

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

(in € million)	Regulatory claims	Regulatory obligations	Total
Balance at 1 January 2023	**601.1**	**(961.7)**	**(360.6)**
Increase	321.5	(426.1)	(104.6)
Reversals	0.0	0.0	0.0
Utilisation	0.0	156.7	156.7
Other (e.g. discounting)	0.0	(2.1)	(2.1)
Balance at 31 December 2023	**922.6**	**(1,233.3)**	**(310.6)**

In the Elia Transmission segment, the deferral account from the settlement mechanism (€310.6 million) decreased compared with year end 2022 (€360.6 million). The decrease in the deferral account from the settlement mechanism encompasses the settlement of net surpluses from the prior tariff period (-€156.7 million), the review of the regulator on previous year's settlement mechanism (+€1.2 million) and the operating surplus generated in the current year over the budget approved by the regulator (+€106.8 million). Any operating surplus/deficit, in relation to the budget of the costs and revenues authorised by the regulator, needs to be returned to/refunded by the consumers and therefore does not form part of the revenues.

In 2023, there was an operational surplus (€ 106.8 million), reported as an additional regulatory obligation. This operating excess is primarily a result of higher tariff sales (€137.4 million) and non-controllable revenue (€272.8 million) and is partly offset by increased non controllable and influenceable costs.

The future release of the deferral account from the settlement mechanism to the future tariffs is set out in the table below (situation on 31 December 2023):

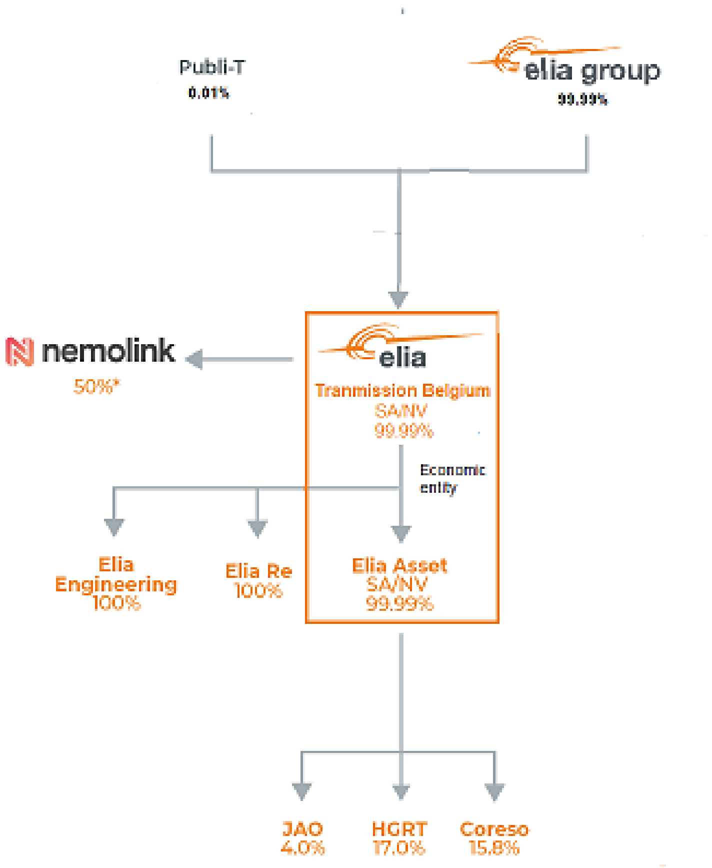
(in € million)	Belgian regulatory framework
To be refunded to the tariffs in the current regulatory period	308.8
To be refunded to the tariffs in the next regulatory period (or after)	0.0
Other regulatory transfer	1.8
Total regulatory deferral account	**310.6**

*Belgium: from 2020 to 2023

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

7. Group structure

OVERVIEW OF GROUP STRUCTURE



SUBSIDIARIES

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

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

Name	Country of establishment	Headquarters	Stake % 2023	Stake % 2022
Subsidiaries				
Elia Asset NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Engineering NV/SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Elia Re SA	Luxembourg	Rue de Merl 65, 2146 Luxembourg	100.00	100.00
Investments accounted for using the equity-method – Joint Ventures				
Nemo Link Ltd.	United Kingdom	Strand 1-3, London WC2N 5EH	50.00	50.00
Investments accounted for using the equity-method – Associates				
H.G.R.T S.A.S.	France	1 Terrasse Bellini, 92919 La Défense Cedex	17.00	17.00
Coreso NV/SA	Belgium	Avenue de Cortenbergh 71, 1000 Brussels	15.84	15.84
Investments accounted for using IFRS9 - other shareholdings				
JAO SA	Luxembourg	2, Rue de Bitbourg, 1273 Luxembourg Hamm	4.00	4.00

8. Other notes

8.1. Financial risk and derivative management

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

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

MARKET RISK

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

FOREIGN CURRENCY RISK

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

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As at 31 December 2023, one interest-rate swap was outstanding in connection with pre-hedging of a forecasted bond issue (notional: €125.0) million. The interest rate swaps which were outstanding on 31 December 2022 have been unwound in January 2023, when ETB’s first green bond was issued.

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

CREDIT RISK

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

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

(in € million)	Note	2023	2022
Immediately claimable deposits		7.2	7.0
Reimbursement rights		36.8	33.7
Other shareholdings		0.3	0.3
Derivatives (Current and Non-current)		7.2	65.3
Other financial assets (Current and Non-current)	(6.6)	**51.4**	**106.3**
Non-current trade and other receivables	(6.4)	**55.0**	**95.0**
Trade and other receivables	(6.9)	**450.3**	**399.1**
Current tax assets	(6.10)	**16.0**	**14.4**
Cash and cash equivalents	(6.11)	**537.1**	**601.7**
Deferred charges	(6.9)	**12.0**	**6.7**
Total		**1,121.8**	**1,223.2**

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

(in € million)	Bad debtors	Impairment losses	Remaining balance
Balance at 1 January 2022	3.9	(3.4)	0.5
Changes during the year	0.0	0.0	0.0
Balance at 31 December 2022	**3.9**	**(3.4)**	**0.5**
Balance at 1 January 2023	3.9	(3.4)	0.5
Changes during the year	(2.8)	2.6	(0.2)
Balance at 31 December 2023	**1.1**	**(0.8)**	**0.4**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY RISK

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

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

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

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

(in € million)	Face value	Closing balance	Expected cash outflows	6 months	6-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities	**4,773.2**	**4,754.6**	**(5,204.8)**	**(1,227.4)**	**(1.1)**	**(199.3)**	**(1,559.5)**	**(2,217.5)**
Unsecured bond issues	3,825.0	3,806.5	(4,297.2)	(581.9)	0.0	(81.7)	(1,511.5)	(2,122.1)
Unsecured financial bank loans and interest accruals	319.5	319.3	(278.9)	(16.8)	(1.1)	(117.6)	(48.0)	(95.4)
Trade and other payables	628.8	628.8	(628.8)	(628.8)	0.0	0.0	0.0	0.0
Total at 31 December 2023	**4,773.2**	**4,754.6**	**(5,204.8)**	**(1,227.4)**	**(1.1)**	**(199.3)**	**(1,559.5)**	**(2,217.5)**

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

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

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

HEDGING ACTIVITIES AND DERIVATIVES

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

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

Derivatives not designated as hedging instruments

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

Derivatives designated as hedging instruments

In 2022, the Group entered into Interest Rate Swaps contracts as pre-hedge for probable forecast debt transactions. The purpose of those instruments was to fix the rate at which the Group will borrow in the context of future bond issues planned in 2023. Upon the settlement of the transaction in 2023, the gain resulting from the hedge was recognized within hedging reserves for a total of €36.5 million. An amount of €3.4 million was recycled into profit and loss. As per 31 December 2023, €7.2 million IRS remain outstanding in connection with a bond issue forecasted in 2024.

CAPITAL RISK MANAGEMENT

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

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

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

SUSTAINABILITY

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

Furthermore, as a driver of the energy transition, Elia is committed to ensuring that its activities are strongly aligned with the EU Taxonomy, a classification system for sustainable economic activities. Elia therefore published in 2021 a white paper which outlines the company's eligibility and alignment with the EU Taxonomy. The paper includes the methodology used for the assessment, highlights the Group's implementation of sustainable tools and practices, and reinforces its commitment to operating its businesses in a sustainable way.

In 2023, Elia Group was one of the first Belgian companies to be selected to be part of BEL®ESG, the new stock market index linked to sustainability and launched by Euronext.

Elia was named as one of the best employers in Belgium for the sixth time in a row. Its overall score improved again, rising from 86% to 88%. Elia made most of its progress in the areas of 'diversity and inclusion' (+13.53%) and 'sustainability' (+11.67%).

The Group continued to explore the use of innovative devices throughout 2023, including remote inspection technology to increase the efficiency, safety and sustainability of our asset monitoring activities

We refer to our Strategic Report and our Sustainability Report for further information.

8.2. Commitments and contingencies

CAPITAL EXPENDITURE COMMITMENT

As at 31 December 2023, the Group had a commitment of €2,023.5 million (€557.9 million in 2022) relating to purchase contracts for the installation of property, plant and equipment for further grid extensions.

CONTINGENT LIABILITIES

As stated in Note 6.15, the group defends litigation matters relating to business interruptions, contractual claims or disputes with third parties. Generally, in line with good business practice, the group does not recognise any pending proceeding which has not matured and/or where the probability of existing or future exposure is unlikely, where financial impact is not estimable and for which no contingent liabilities are able to be quantified.

Nevertheless, at the end of 2023, it may be relevant to note that, in connection with an open procedure, the group received a judgement that could result in it having to pay compensation amounting to around €14.0 million. The Group decided to file on appeal against the court's decision. The group and its lawyers are confident that their arguments will be heard. The probability of an impact in profit or loss is considered remote and no provision has been recognised in connection with this litigation.

OTHER CONTINGENCIES AND COMMITMENTS

As at 31 December 2023 the Group had a commitment of €268.8 million (€323.7 million in 2022) relating to purchase contracts for general expenses, maintenance and repair costs.

Having received approval from the Walloon government and from the CREG, on 22 June 2015 Elia entered into an agreement with Solar Chest for the sale of Walloon green certificates with a total value of €275 million. Solar Chest's mission is to buy, hold and sell Walloon green certificates for periods of five, six and seven years. In accordance with legislation, Solar Chest conducted several auctions.

In September 2017, Elia sold 2.8 million green certificates to the Walloon Region (i.e. the Walloon Agency for Air and Climate, or AwAC) leading to a net cash inflow of €181.2 million. This was a result of the Decree of 29 June 2017 amending the Decree of 12 April 2011 relating to the organisation of the regional electricity market and the Decree of 5 March 2008 relating to the creation of the Walloon Agency for Air and Climate. The green certificates transferred by Elia can be gradually resold by the AwAC from 2022 onwards, taking into account the market conditions that exist for green certificates at that time. The legislation also envisages the green certificates being held by the AwAC for a period of up to nine years, after which Elia is required to buy back any unsold certificates. These repurchase commitments will have no impact on Elia's financial performance, as the cost and expense for the repurchase will be fully recovered through the tariffs for levies. The legislation was supplemented in 2021 by new provisions that allow the Government to decide, after consultation with the LTSO, on the gradual resale to Elia of certain quantities of green certificates held by AwAC.

In November 2018, Elia sold another €0.7 million in green certificates to the Walloon Region (i.e. the AwAC) which resulted in a net cash inflow of €43.3 million. As with the transaction in September 2017, Elia might be required to buy back some of the certificates sold from 2023 onwards. Any repurchase will be covered through the tariffs for levies. There were no transactions for sale of green certificates to the AwAC in 2019, 2020, 2021, 2022 or 2023. Considering (i) the state of the Walloon green certificate market and (ii) the amounts actually available following the application of the surcharge in 2022 and 2023, the Walloon Government has decided to ask Elia to buy back certificates held by AwAC for an amount of €45.5 million in December 2022; and of €65.0 million in December 2023 .

8.3. Related parties

CONTROLLING ENTITIES

The core shareholder of Elia Transmission Belgium is Elia Group SA/NV. Other than the yearly dividend payment and the capital increase (see Note 6.12), no material transactions occurred with the core shareholder in 2023.

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

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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

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

(in € million)	2023	2022
Short-term employee benefits	**3.1**	**3.4**
Basic renumeration	2.2	2.2
Variable renumeration	0.9	1.2
Long-term employee benefits	**0.5**	**0.6**
Post-employment benefits	**0.5**	**0.5**
Other variable remuneration	**0.4**	**0.3**
Total key management renumeration	**4.5**	**4.9**
Number of persons	6.7	6.7
Average gross renumeration per person	0.7	0.7
Number of shares	**15,149**	**15,159**

TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

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

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

(in € million)	2023	2022
Transactions with joint ventures and associates	**(2.09)**	**(4.04)**
Sales of goods	1.94	1.57
Purchases of goods	(4.03)	(5.60)
Outstanding balances with joint ventures and associates	**0.28**	**(0.42)**
Trade debtors	0.28	(0.42)
Trade debts	0.00	0.00

In 2023, entities of the Group had transactions with Nemo Link Ltd. and Coreso SA/N. The sale of goods relates to corporate services (SLAs) rendered by Elia to Nemo Link Ltd and Coreso SA/NV. Nemo Link Ltd. also rents a building (Herdersbrug) from Elia Asset SA/NV (see also note 6.19). Purchases of goods mostly relates to services rendered by Coreso SA/NV to the Group.

TRANSACTIONS WITH SHAREHOLDERS

The Group had no transaction with its shareholder in 2022 and 2023.

TRANSACTIONS WITH RELATED PARTIES

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

There were some significant transactions in 2023 in which the key management personnel of the Group has a significant influence. All these transactions took place in the normal course of Elia's business activities. The total value of expenses amounted to €1.0 million. There were no realised sales during 2023. As at 31 December 2023, there were no outstanding trade-receivable positions nor outstanding trade-debt positions with related parties.

8.4. Subsequent events

There are no significant events to report after 31 December 2023, except:

- In January 2024, ETB has successfully placed a €800 million green bond under its €6 billion Euro Medium Term Notes ("EMTN") programme. This confirms investors' appetite to support the Group's projects at the heart of the energy transition.

8.5. Miscellaneous

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

8.6. Services provided by the auditors

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

The following table sets out the fees of the joint auditors and their associates in connection with services delivered with respect to the financial year 2023:

in €	Belgium
Statutory audit and review of consolidated and parent company financial statements	**249,751.00**
Non-audit services, of which:	**361,485.67**
Services related to legal and regulatory requirements	43,450.00
Other audit services	197,666.67
Tax services	120,369.00
Total	**611,236.67**

9. Regulatory framework and tariffs

9.1. Regulatory framework in Belgium

9.1.1 Federal legislation

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

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

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

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

9.1.2 Regional legislation

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

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

9.1.3 Regulatory agencies

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

FEDERAL REGULATOR

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

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

REGIONAL REGULATORS

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

9.1.4 Tariff setting

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

TARIFF REGULATIONS

On 28 June 2018, the CREG issued a decision which set the tariff methodology for the electricity transmission system (including the offshore system) and the electricity networks which have transmission functions for during the regulatory period 2020-2023 (Decision (Z)1109/10). This methodology is the general framework in accordance with which transmission tariffs are set for these four years.

Elia prepared its tariff proposal for the regulatory period commencing on 1 January 2020 based on the methodology described below. This proposal was approved by the CREG on 7 November 2019 (Decision (B)658E/62).

TARIFF REGULATIONS APPLYING IN BELGIUM

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

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

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

FAIR REMUNERATION

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

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

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

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

plus

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

Where:

- OLO (n) has been fixed at 2.4% and is no longer the average rate of Belgian ten-year linear bonds for the year in question (subject to modification agreed between the CREG and the Issuer as set out above);
- RAB (n) = RAB (n-1) + investments (n) - depreciation (n) - divestments (n) - decommissioning (n) +/- change in working capital need;
- S = the consolidated average capital and reserves/average RAB, in accordance with Belgian GAAP;
- Alpha (α) = the illiquidity premium set at 10%;
- Beta (β) = calculated over a historical three-year period, taking into account available information on the Issuer's share price in this period, compared with the BEL 20 index over the same period. The value of the beta cannot be lower than 0.53;
- Risk premium remains at 3.5%;
- With respect to A: The rate of remuneration (in %) as set by the CREG for year n is equal to the sum of the risk-free rate, i.e. the average rate of Belgian ten-year linear bonds for the year in question (OLO (n)) and a premium for market risk for shares, weighted using the applicable beta factor. Tariff regulation sets the risk premium at 3.5%. The CREG encourages Elia to keep its actual capital and reserves as close as possible to 40%, this ratio being used to calculate a reference value of capital and reserves; and-
- With respect to B: If Elia's actual capital and reserves are higher than the reference capital and reserves, the surplus amount is balanced out with a reduced rate of remuneration calculated using the following formula: [(OLO (n) + 70 base points)].
- Assets related to the MOG are linked to the RABMOG, for which a premium remuneration is applicable in addition to the above. This is based on the following formula: [S (less than or equal to 40%) x average RABMOG x 1.4%].

Non-controllable costs and revenues

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

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

Controllable costs and revenues

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

Influenceable costs

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

Other incentives

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

- Market integration: This incentive consists of three elements from the previous regulatory framework: (i) increase in import capacity; (ii) increase in market welfare due to market coupling; and (iii) financial participations. Only the incentive on financial participations remains. The incentive relating to market welfare is no longer offered, whereas the one relating to import capacity has been replaced by an incentive with a similar objective (increase of cross-border commercial exchange capacity) but with a fairly different measurement method. Additionally, a new incentive has been created concerning the timely commissioning of investment projects contributing to market integration. These incentives can contribute positively to Elia's profit (by between €0 to €16 million for cross-border capacity; and between €0 to €7 million for timely commissioning). The profit (dividends and capital gains) resulting from financial participations in other companies which the CREG has accepted as being part of the RAB is allocated as follows: 40% is allocated to future tariff reductions and 60% is allocated to Elia's profit).
- Investment programme: This incentive is broadened and is defined as follows: (i) if the average interruption time (AIT) reaches a target predefined by the CREG, Elia's net profit (pre-tax) could be impacted positively with a maximum of €4.8 million; (ii) should the availability of the MOG align with the level set by the CREG, the incentive can contribute to Elia's profit by between €0 to €2.53 million; and (iii) Elia could stand to gain between €0 to €2 million if the predefined portfolio of maintained and redeployed investments is realised in time and on budget.
- Innovation and grants: The content and the remuneration of this incentive has changed and covers (i) the realisation of innovative projects which would see Elia gaining between €0 to €3.7 million (pre-tax) and (ii) the subsidies granted for innovative projects which could impact its profit (by up to a maximum of €0 to €1 million).
- Quality of customer-related services: This incentive is broadened and is related to three incentives: (i) the level of client satisfaction related to the establishment of new grid connections which can generate a profit for Elia of between €0 to €1.35 million; (ii) the level of client satisfaction for the full client base which would contribute between €0 to €2.53 million to Elia's profit; and (iii) the quality of the data that Elia publishes on a regular basis, which can generate a profit of between €0 to €5 million.
- Enhancement of balance system: This incentive is similar to the discretionary incentive under the previous regulatory framework, through which Elia is rewarded for implementing certain projects related to system balancing as defined by the CREG. This incentive can generate a profit of between €0 and €2.5 million (pre-tax).

Regulatory framework for the Modular Offshore Grid

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

Regulatory deferral account: deviations from budgeted values

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

Cost and revenue allocation between regulated and non-regulated activities

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

Public service obligations

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

9.2. Regulatory framework for the nemo link interconnector

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

- A specific regulatory framework is applicable to the Nemo Link interconnector since the date of its operation. The framework is part of the new tariff methodology issued on 18 December 2014, updated on 5 March 2020 (Cap & Floor final levels), by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators in the UK and Belgium (OFGEM and the CREG respectively) determined the levels of the cap and floor ex-ante and these remain largely fixed (in real terms) for the duration of the regime. Consequently, investors will have certainty about the regulatory framework throughout the lifetime of the interconnector.
- The cap and floor regime is applicable since 30 January 2019. Every five years, the regulators will assess the cumulative interconnector revenues (net of any market-related costs) over the period against the cumulative cap and floor levels to determine whether the cap or floor is triggered. If a revenue rises above the cap, it will be returned to the TSO in the UK (National Electricity Transmission System Operator or 'NETSO') and to the TSO in Belgium on a 50/50 basis. The TSO's will then reduce the grid charges for grid users in their respective countries. If revenue falls below the floor, then the interconnector owners will be compensated by the TSO's. The TSO's will, in turn, recover the costs through grid charges. National Grid performs the NETSO role in the UK and the issuer, the Belgian TSO, in Belgium.
- Each five-year period is considered separately. Cap and floor adjustments in one period do not affect adjustments for future periods, and total revenue earned in one period is not taken into account in future periods.
- The high-level tariff design is as follows:

Regime length	25 years
Cap and floor levels	Levels are set at the start of the regime and remain fixed in real terms for 25 years from the start of operation. Based on applying mechanistic parameters to cost efficiency: a cost of debt benchmark was applied to costs to set the floor, and an equity return benchmark was applied to set the cap.
Assessment period (assessing whether interconnector revenues are above/below the cap/floor)	Every five years, with within-period adjustments if needed and justified by the operator. Within-period adjustments will let operators recover revenue during the assessment period if revenue is below the floor (or above the cap) but will still be subject to true-up at the end of the five-year assessment period.
Mechanism	If revenue is between the cap and floor at the end of the five-year period, no adjustment is required. Revenue above the cap is returned to end customers and any shortfall in revenue below the floor requires payment from grid users (via grid charges).

JOINT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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Joint auditors' report to the general meeting of Elia Transmission Belgium NV/SA for the year ended 31 December 2023

In the context of the statutory audit of the Consolidated Financial Statements) of Elia Transmission Belgium NV/SA (the "Company") and its subsidiaries (together the "Group"), we report to you as joint statutory auditors. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 and the disclosures including material accounting policy information (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as joint statutory auditors by the shareholders' meeting of 16 May 2023, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2025. The audit of the Consolidated Financial Statements of the Group was performed during respectively 5 consecutive years for EY Bedrijfsrevisoren BV and 4 consecutive years for BDO Bedrijfsrevisoren BV.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Elia Transmission Belgium NV/SA, that comprise of the consolidated statement of the financial position on 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, including material accounting policy information, which show a consolidated balance sheet total of € 8,519.4 million and of which the consolidated income statement shows a profit for the year of € 206.4 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2023, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

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

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

Key audit matters

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

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

Calculation of net result

Description of the key audit matter

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

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

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

Therefore, the determination of an income and expense as either controllable or non-controllable, can have a significant impact on the Group's net result. The calculation methods of the Group's net result in this respect are complex and require judgement from management, more particularly related to the use of correct accounting data, operating data, and parameters imposed by the regulator. The use of incorrect accounting and operating data, and deviations in used assumptions, can have a material impact on the Group's net result, and therefore the calculation of the net result is a key audit matter

Summary of the procedures performed

Amongst others, we have performed the following procedures:

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

Capitalization of property, plant and equipment

Description of the key audit matter

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

These assets are classified as Property, Plant and Equipment ("PP&E"), with a total capital expenditure of € 682.8 million in 2023 and a net book value of € 5,255.6 million as at 31 December 2023 or 61,7% of total balance sheet.

The accounting policies describe that all maintenance expenses are considered to be operating expenses ("OPEX") and all new project or replacement investments are considered capital expenditure "CAPEX". As network projects can include both maintenance and investments, the classification as either OPEX or CAPEX requires judgement from management. Given this judgement, the importance of the amount of PP&E on the total balance sheet, and its relevance to the users of the financial statements as well as the prominence in the Group's communication in press releases and in investor presentations on the progress on new projects, this matter is considered a key audit matter.

Summary of the procedures performed

Audit report dated 16 April 2024 on the Consolidated Financial Statements
of Elia Transmission Belgium NV/SA as of and
for the year ended 31 December 2023 (continued)

Amongst others, we have performed the following procedures:

- Assessing the design and evaluating the operating effectiveness of key controls, including management review controls, over (i) the appropriate authorization of capitalization, (ii) the compliance of capitalization criteria used with the accounting policies and (iii) the correct classification of expenditure as CAPEX or OPEX;
- Assessing relevant IT application controls with the support of our IT specialists;
- Performing substantive analytical procedures on CAPEX and OPEX by comparing current year figures with the budgeted figures as approved by the regulator at the level of asset classes and projects;
- Testing a selection of additions to PP&E, including those under construction, and assessing whether the expenditure met the criteria for capitalization under IFRS as adopted by the European Union and the Group's accounting policies and whether the CAPEX were allocated to the correct projects, including the assessment of management judgement in case of a project including both maintenance and investments;
- Assessing the adequacy of note 4 and 6.1 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the

accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements and other information included in the annual report.

Responsibilities of the joint auditors

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report and other information included in the annual report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative Standards ("GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative Standards ("GRI").

Independence matters

Our audit firms and our networks have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/eng/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/eng/data-portal) of Elia Transmission Belgium NV/SA per 31 December 2023 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussel, 16 April 2024

The joint statutory auditors

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Paul Eelen *
Partner
*Acting on behalf of a BV/SRL

BDO Bedrijfsrevisoren BV
Statutory auditor
Represented by

Michaël Delbeke *
Partner
*Acting on behalf of a BV/SRL

INFORMATION ABOUT THE PARENT COMPANY

Extracts from the statutory annual accounts of Elia Transmission Belgium SA/NV, drawn up in accordance with Belgian accounting standards, are given hereafter in abbreviated form.

Pursuant to Belgian company legislation, the full financial statements, the Annual Report and the joint auditors' report are filed with the National Bank of Belgium.

These documents will also be published on the Elia website www.eliagroup.euand can be obtained upon request from Elia Transmission Belgium SA/NV, Boulevard de l'Empereur 20, 1000 Brussels, Belgium. The joint auditors issued an unqualified opinion.

Statement of financial position after distribution of profits

ASSETS (in € million)	2023	2022
FIXED ASSETS	**3,645.7**	**3,599.4**
Intangible assets	111.0	25.8
Property plant and equipment	0.0	38.9
Financial fixed assets	3,534.7	3,534.7
Affiliated companies	3,304.2	3,304.2
Participating interests	3,304.2	3,304.2
Other enterprises linked by participating interests	230.5	230.5
Participating interests	230.1	230.1
Other participating interests	0.4	0.4
CURRENT ASSETS	**4,042.7**	**3,781.2**
Amounts receivable over one year	2,250.0	2,250.0
Inventories and contracts in progress	1.6	0.6
Contracts in progress	1.6	0.6
Amounts receivable within one year	1,260.1	936.8
Trade debtors	336.5	324.5
Other amounts receivable	923.6	612.3
Cash at bank and in hand	486.3	552.2
Deferred charges and accrued income	44.8	41.6
TOTAL ASSETS	**7,688.4**	**7,380.5**

EQUITY AND LIABILITIES (in € million)	2023	2022
CAPITAL AND RESERVES	**2,665.0**	**2,548.9**
Capital	2,265.9	2,265.4
Issued capital	2,265.9	2,265.4
Share premium account	91.2	91.0
Reserves	141.9	116.5
Legal reserve	29.4	21.2
Untaxed reserve	5.4	5.0
Available reserves	107.0	90.3
Profit carried forward	125.3	76.0
PROVISIONS, DEFERRED TAXES	**0.5**	**0.7**
Provisions for risks and charges	0.5	0.7
Other risks and charges	0.5	0.7
LIABILITIES	**5,022.8**	**4,830.9**
Amounts payable after one year	3,574.9	3,568.0
Financial debts	3,574.9	3,568.0
Subordinated debentures	3,305.5	3,314.0
Unsubordinated debentures	240.0	254.0
Other debts	29.4	0.0
Amounts payable within one year	979.1	794.9
Current portion of amounts payable after more than one year	522.3	22.3
Financial debts	14.1	8.5
Credit institutions	0.0	0.0
Other loans	14.1	8.5
Trade debts	309.0	452.0
Suppliers	309.0	452.0
Advances received on contracts in progress	1.9	1.4
Amounts payable regarding taxes, remuneration and social security costs	14.3	12.9
Taxes	0.6	0.2
Remuneration and social security	13.7	12.6
Other amounts payable	158.3	297.8
Accrued charges and deferred income	468.8	468.1
TOTAL EQUITY AND LIABILITIES	**7,688.4**	**7,380.5**

Statement of profit or loss

(in € million)	2023	2022
OPERATING INCOME	**1,371.7**	**1,539.6**
Turnover	1,339.4	1,421.2
Increase/(decrease) in inventories of finished goods, works and contracts in progress	10.3	6.0
Other operating income	22.0	112.5
OPERATING CHARGES	**(1,326.5)**	**(1,471.3)**
Services and other goods	(1,257.0)	(1,406.0)
Remuneration, social security costs and pensions	(62.1)	(60.3)
Amounts written off stocks, contracts in progress and trade debtors: appropriations/(write-backs)	(6.0)	(4.8)
Provisions for liabilities and charges: appropriations/(uses and write-backs)	0.2	(0.3)
Other operating charges	(1.6)	0.0
OPERATING PROFIT	**45.2**	**68.3**
Financial income	**212.8**	**176.0**
Income from financial fixed assets	124.5	127.8
Income from current assets	88.3	48.0
Other financial income	0.0	0.3
Non-recurring financial income	0.0	0.0
Financial charges	**(85.3)**	**(74.0)**
Debt charges	(83.7)	(68.4)
Other financial charges	(1.6)	(5.5)
PROFIT FOR THE PERIOD BEFORE TAXES	**172.7**	**170.3**
Income taxes	(7.4)	(5.7)
PROFIT FOR THE PERIOD	**165.4**	**164.7**
Transfer to untaxed reserves	0.4	2.0
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	**165.0**	**162.7**

Financial terms or Alternative Performance Measures

The Annual Report contains certain financial performance measures that are not defined by IFRS and are used by management to assess the financial and operational performance of the Group. The main alternative performance measures used by the Group are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements) in this document.

The following APM's appearing in the Annual Report are explained in this appendix:

- Adjusted items
- Adjusted EBIT
- Adjusted net profit
- Capex (Capital Expenditures)
- EBIT
- EBITDA
- Net finance costs
- Net financial debt
- Regulatory Asset Base (RAB)

ADJUSTED ITEMS

Adjusted items are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for users to understand the consolidated financial statements of the performance of the Group and this compared to the returns defined in the regulatory frameworks applicable to the Group and its subsidiaries. Adjusted items relate to:

- Income and expenses resulting from a single material transaction not linked to current business activities (e.g. change in control in a subsidiary);
- Changes to the measurement of contingent considerations in the context of business combinations;
- Restructuring costs linked to the corporate reorganisation of the Group (i.e. reorganisation project to isolate and ring-fence the regulated activities of Elia in Belgium from the non-regulated activities and regulated activities outside Belgium).

ADJUSTED EBIT

Adjusted EBIT is defined as EBIT excluding the adjusted items.

EBIT (Earnings Before Interest and Taxes) = adjusted result from operating activities, which is used to compare the operational performance of the Group over the years.

The adjusted EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortisations and impairments, changes in provisions and other operating expense, plus the share of equity accounted investees – net and plus or minus adjusted items.

ADJUSTED NET PROFIT

Adjusted net profit is defined as net profit excluding the adjusted items.The adjusted net profit is used to compare the performance of the Group over the years.

CAPEX (Capital Expenditures)

CAPEX (Capital Expenditures) = Acquisitions property, plant and equipment and intangible assets minus proceeds from sale of such items. Capital expenditures, or CAPEX, are investments realised by the Group to acquire, upgrade, and maintain physical assets (such as property, buildings, an industrial plant, technology, or equipment) and intangible assets. CAPEX is an important metric for the Group as it affects its Regulated Asset Base (RAB) that serves as basis for its regulatory remuneration.

EBIT

EBIT (Earnings Before Interest and Taxes) = result from operating activities, which is used for the operational performance of the Group. The EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortisations and impairments, changes in provision and other operating expense and plus the share of equity accounted investees.

(in € million) – period ended 31 December	2023	2022
Results from operating activities	288.0	259.8
Share of profit of equity accounted investees (net of tax)	30.1	39.4
Adjusted EBIT	**318.2**	**299.2**

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisations) = results from operating activities plus depreciations, amortisation and impairment plus changes in provisions plus share of profit of equity accounted investees. EBITDA is used as a measure for the operational performance of the Group, thereby extracting the effect of depreciations, amortisation and changes in provisions of the Group. EBITDA excludes the cost of capital investments like property, plant, and equipment.

(in € million) – period ended 31 December	2023	2022
Results from operating activities	288.0	259.8
Add:		
Depreciations, amortizations and impairments	224.4	213.7
Changes in provisions	(4.6)	0.7
Share of profit of equity accounted investees (net of tax)	30.1	39.4
EBITDA	**537.9**	**513.6**

NET FINANCE COSTS

Represents the net financial result (finance costs minus finance income) of the company.

NET FINANCIAL DEBT

Net Financial Debt = Non-current and current interest-bearing loans and borrowings (incl. lease liability under IFRS 16) minus cash and cash equivalents. Net financial debt is an indicator of the amount of interest-bearing debt of the Group that would remain if readily available cash or cash instruments were used to repay existing debt.

(in € million)	2023			2022		
	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group	Elia Transmission	Nemo Link and non-regulated activities	Elia Transmission Belgium Group
Non-current liabilities:						
Loans and borrowings	3,394.2	165.9	3,560.1	3,408.2	174.4	3,582.6
Add:						
Current Liabilities:						
Loans and borrowings	583.1	10.8	593.9	65.2	11.0	76.2
Deduct:						
Cash and cash equivalents	498.2	38.9	537.1	557.2	44.4	601.6
Net financial debt	**3,479.1**	**137.9**	**3,617.0**	**2,916.2**	**140.9**	**3,057.1**

REGULATED ASSET BASE (RAB)

The regulated asset base (RAB) is a regulatory concept and an important driver to determine the return on the invested capital in the TSO through regulatory schemes. The RAB is determined as follows: RABi (initial RAB determined by regulator at a certain point in time) and evolves with new investments, depreciations, divestments and changes in working capital on a yearly basis using the local GAAP applicable in the regulatory schemes. In Belgium, when setting the initial RAB, a certain amount of revaluation value (i.e. goodwill) was taken into account which evolves from year to year based on divestments and/or depreciations.