

Elia Transmission Belgium

# 2023 Green Bond reporting



Dear stakeholders,

I am pleased to introduce our inaugural Green Bond Report, which marks a significant milestone in our steadfast commitment to environmental sustainability and the transition towards cleaner energy practices. This comprehensive document is dedicated to providing you with a clear view of how the funds generated from our Green Bond issuance have been thoughtfully directed towards supporting environmentally responsible projects and initiatives.

Our dedication to sustainability extends far beyond a mere financial strategy; it reflects our deep commitment to our overarching mission of creating a significant and positive influence on society. We firmly believe that our actions today are contributing to a better and more environmentally conscious future for all.

We highly appreciate your involvement and input as we progress on our path towards a more environmentally friendly and sustainable future.



**Yannick Dekoninck,**  
Head of Capital Markets of Elia Group

# TABLE OF CONTENTS

<b>Introduction</b>	<b>2</b>
Elia Transmission Belgium at a glance	<b>3</b>
Elia Group's commitment to sustainability	<b>3</b>
Key figures and highlights	<b>4</b>
Green Finance Framework	<b>5</b>
<b>Allocation and impact reporting</b>	<b>6</b>
Reporting on the allocation of Green Bond Proceeds	<b>7</b>
Impact reporting	<b>9</b>
Case studies	<b>10</b>
<b>Limited Assurance Report from independent auditors</b>	<b>12</b>



# 1. Introduction

In January 2023, Elia Transmission Belgium SA/NV (ETB) lit the path to a greener future with a successful €500 million Green Bond issuance with a 10-year duration up to January 2033 at a coupon of 3.625% (ISIN BE6340849569). These funds empower us to finance crucial infrastructure projects vital to the seamless integration of renewable energy and the energy transition. This Green Bond issuance underscores ETB's ability to broaden its financing sources and investor network, enabling us to drive forward our ambitious investment programme.

# ELIA TRANSMISSION BELGIUM AT A GLANCE

Elia Transmission Belgium SA/NV (ETB), a subsidiary of Elia Group SA/NV, is a critical player in the Belgian and European energy landscape. It is the country's sole transmission system operator (TSO) for electricity, responsible for ensuring the efficient and reliable transmission of electricity across the entire Belgian grid. As a TSO, ETB plays a vital role in maintaining the balance between electricity supply and demand, optimising grid infrastructure, and facilitating the integration of renewable energy sources.

ETB is highly committed to sustainability and the energy transition. The company actively supports the development and integration of renewable energy, making it a pivotal player in Belgium's efforts to reduce carbon emissions and transition

towards a greener energy future. ETB also collaborates with neighbouring TSO's to enhance cross-border electricity exchanges, contributing to the creation of a more interconnected and resilient European energy grid.

In addition to its operational responsibilities, ETB is dedicated to fostering innovation in the energy sector. Through various research and development initiatives, ETB is at the forefront of exploring advanced technologies and grid solutions to meet the evolving demands of a modern energy system. Overall, ETB's operations are a cornerstone of Belgium's energy infrastructure, playing a crucial role in advancing sustainability and ensuring a reliable energy supply for the nation and beyond.

# ELIA GROUP'S COMMITMENT TO SUSTAINABILITY

In recent years, sustainability has become a core part of Elia Group's strategy. Our ACT NOW plan defines concrete and measurable objectives which outline how we will embed sustainability into our business processes in the years ahead.

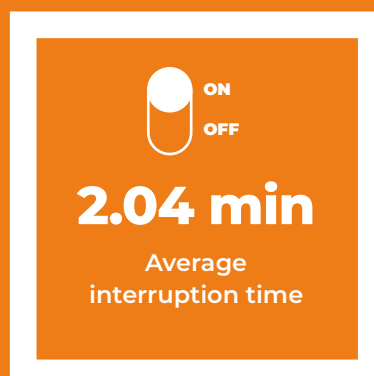
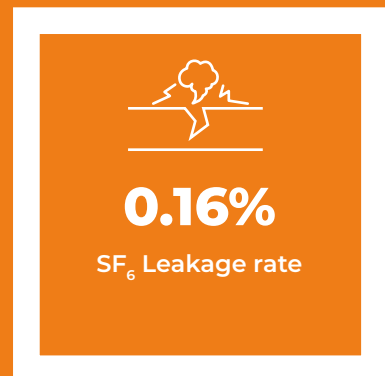
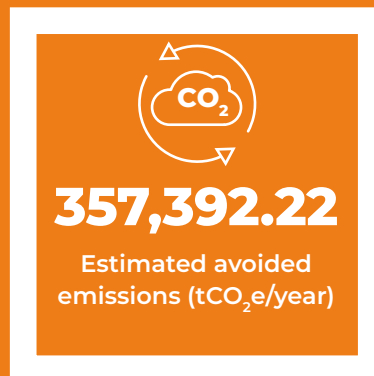
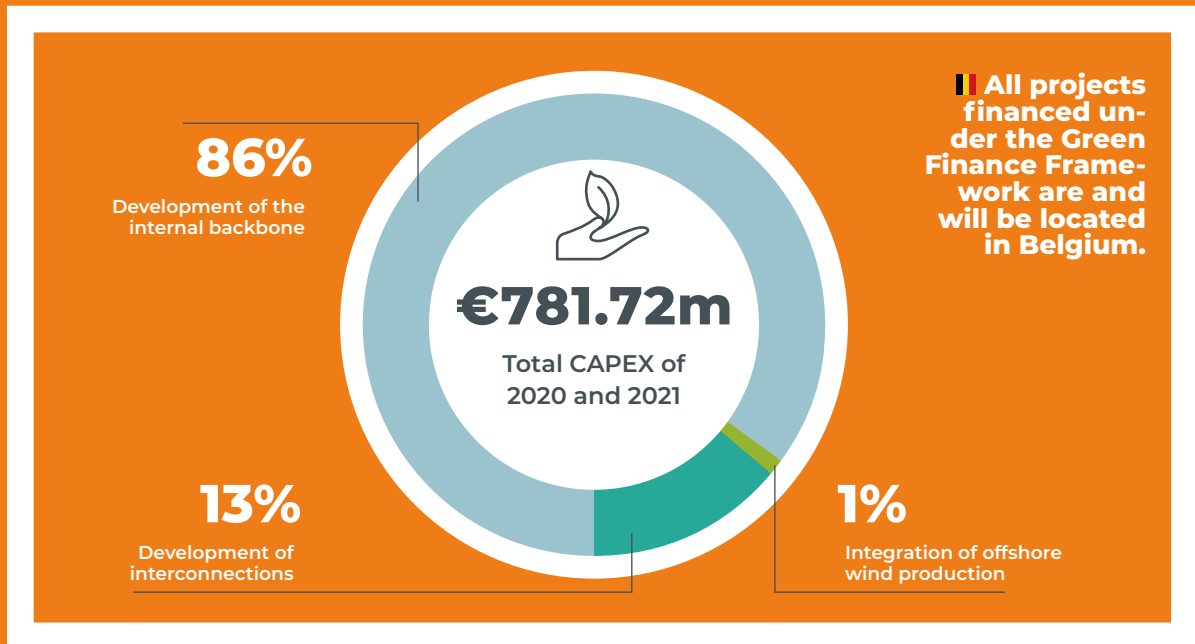
This wide-ranging and multifaceted action plan includes five key dimensions which are each related to one or more of the United Nations' 17 Sustainable Development Goals (SDGs). The SDGs are a compass that will help us ensure that our daily processes and activities are being carried out with the right focus in mind.

ETB, being a subsidiary of Elia Group, directly contributes to the fulfillment of the ACT NOW objectives.



- ACT NOW focuses on five key dimensions which are aligned with United Nations' Sustainable Development Goals.
- Elia Group is committed to drive the decarbonisation of the power sector and its own activities – and has set clear targets for itself for 2030 and 2040.
- Numerous projects are being developed in collaboration with local partners to limit the impact of our infrastructure on the environment.
- Health and safety, diversity and inclusion are key areas of interest for the Group.
- Increasing our focus on good governance is essential for ensuring our sustainable long-term success.

# KEY FIGURES AND HIGHLIGHTS





# GREEN FINANCE FRAMEWORK

ETB established a Green Finance Framework (“GFF”) as part of its financing strategy in December 2021. This GFF has afterwards been updated in December 2023. It has been assessed by an independent third party – ISS Corporate Solutions, Inc. who provided a Second Party Opinion. The GFF and SPO report are available on our web [page link \(European green bonds \(eliagroup.eu\)\)](#)

The Green Finance Framework is designed to reinforce Elia Group’s strategic objectives and advance Europe’s transition to a low-carbon economy. Through the issuance of Green Finance Instruments, ETB seeks to harmonise its funding strategy with its mission and amplify its dedication to the clean energy transition.

We firmly believe that Green Finance Instruments represent a potent mechanism for directing investments toward environmentally beneficial projects, thereby contributing to the attainment of Sustainable Development Goals (SDGs) and the objectives of the European Green Deal. Additionally, Elia Transmission Belgium’s Green Finance Framework aims to foster growth in the green financing market by offering diverse financial instruments and bolstering investor interest in funding green initiatives.

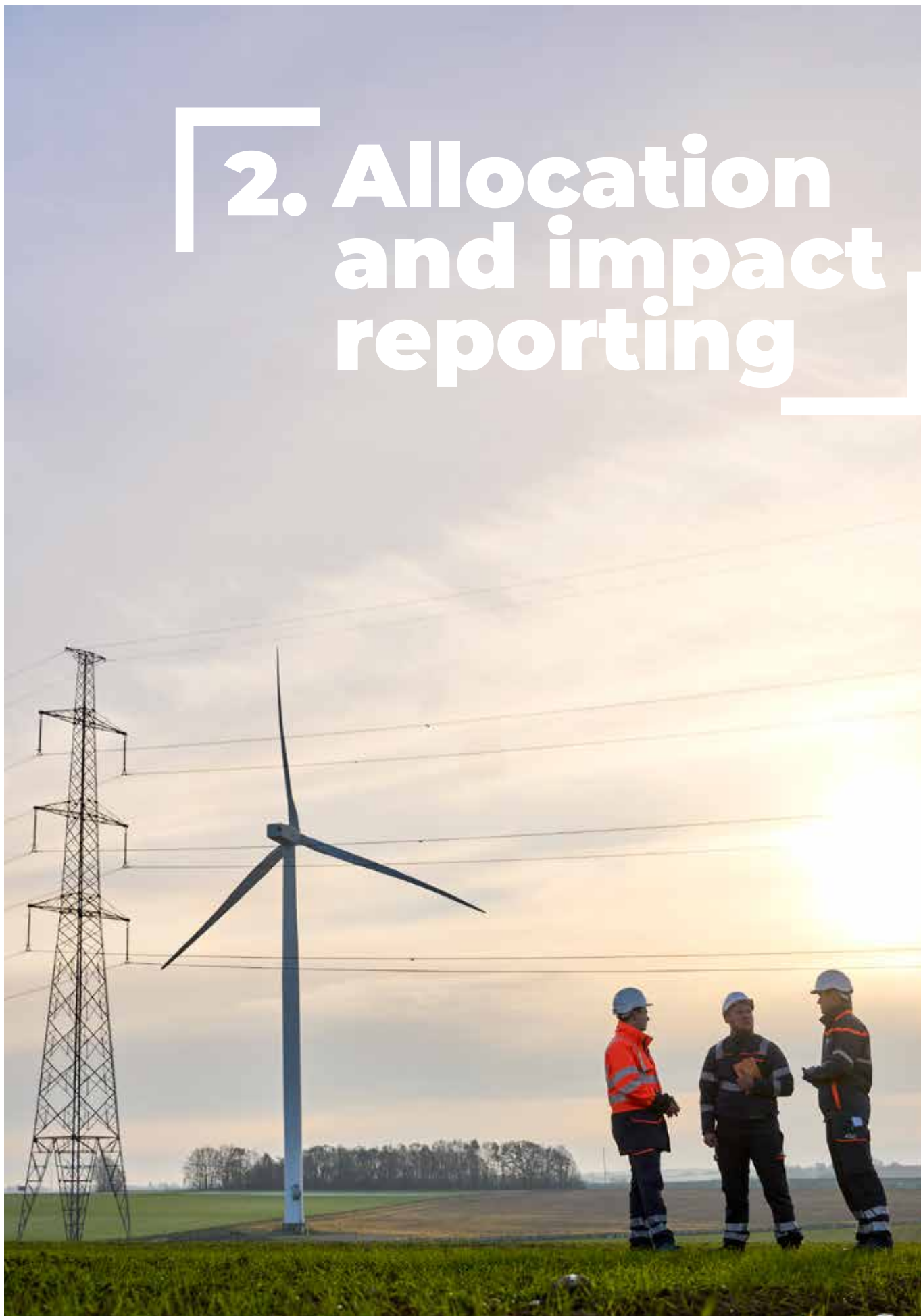
An amount equivalent to the net proceeds of ETB’s green financing instruments is expected to be exclusively allocated to finance and/or refinance new or existing green projects from the eligible project category as defined in ETB’s Green Finance Framework. This allocation is strictly guided by our EU Taxonomy assessments.

In January 2023 ETB issued its inaugural Green Bond (ISIN BE6340849569) (“2023 Green Bond”) under the 2021 GFF. Hence, the reporting for this 2023 Green Bond is also in accordance with the December 2021 GFF.

This inaugural issuance represents a pivotal step towards aligning our financial activities with our environmental objectives.

The 2023 Green Bond is listed on the Euro MTF market operated by the Luxembourg Stock Exchange and is included in the Bloomberg MSCI Green Bond Index. We are committed to consistently incorporate green bonds in our future financing strategy, reinforcing our commitment to environmentally responsible investments.

# 2. Allocation and impact reporting





# REPORTING ON THE ALLOCATION OF GREEN BOND PROCEEDS

The proceeds of €500 million from the 2023 Green Bond were allocated in accordance with the criteria and decision-making process for Eligible Green Projects defined in ETB's GFF.

The proceeds have been allocated to investments (CAPEX) only. There has not been any allocation made to operating expenses (OPEX).

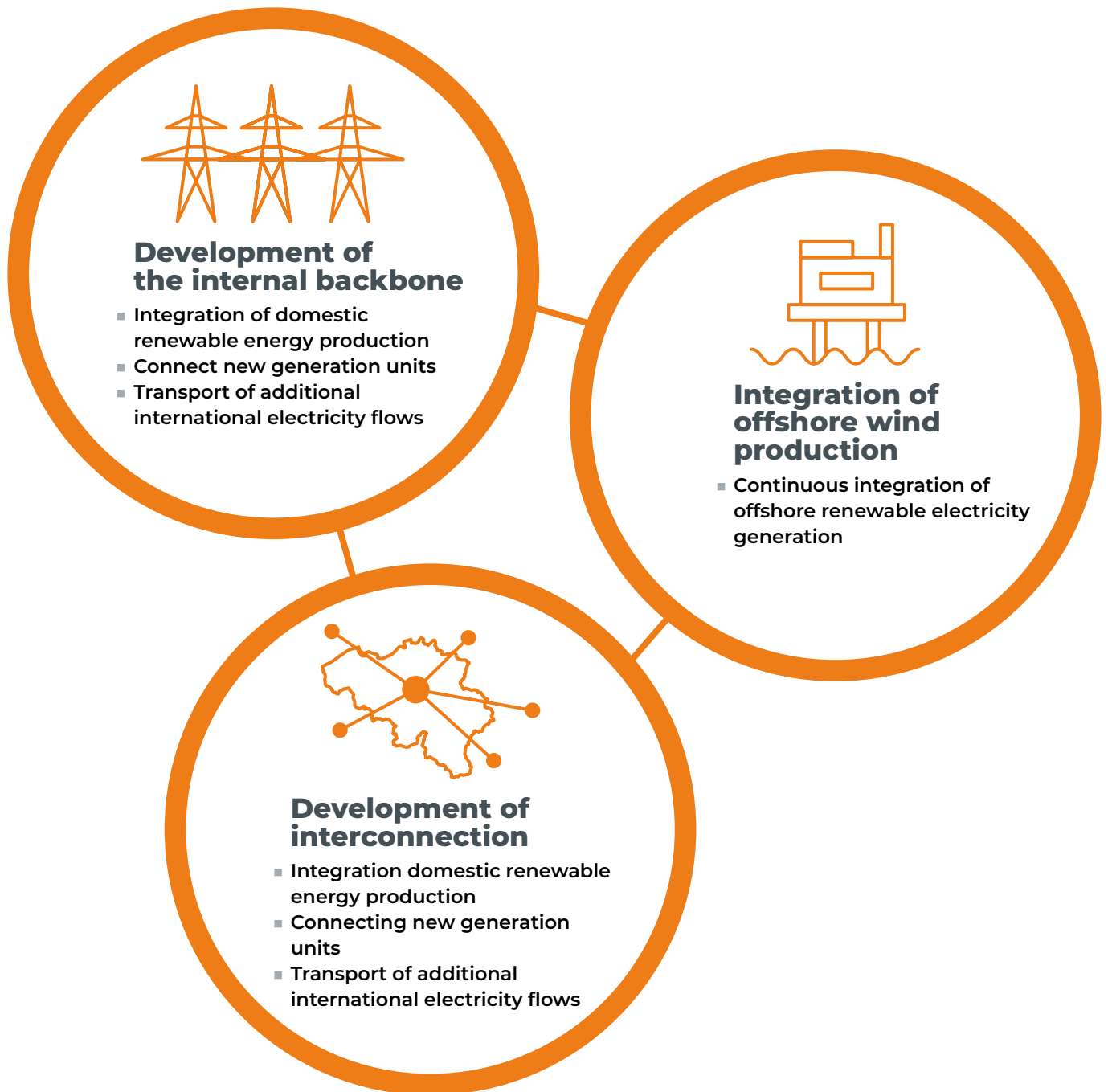
During the allocation process, the look back period has been used in line with the GFF. For the 2023 Green Bond, ETB has allocated the total eligible CAPEX from the calendar years 2020 and 2021, up to the notional amount of the bond (€500 million), which represents 64% of the CAPEX in the 2-year period.

Therefore, all proceeds from the 2023 Green Bond have been fully allocated to the eligible green projects and have been fully used for refinancing purposes. The table provides details on the 2023 Green Bond, including total allocated amounts<sup>1</sup>:

Use of proceeds allocation table							
Use of proceeds	Eligible Expenditures	Total amount (EURm)	Instrument (ISIN)	Issuance Date	Due Date	Coupon	Amount (EURm)
Green Use of proceeds			BE6340849569	18/01/23	18/01/33	3.625%	500
<b>Renewable energy</b>							
Development of internal backbone		674.95					
Intergration of offshore wind production		3.64					
Development of interconnections		103.12					
<b>Total portfolio of Green Eligible Expenditures</b>		<b>781.72</b>	<b>Total Green Issuance Instruments Outstanding</b>				<b>500</b>
Percentage of Eligible Green Expenditure Portfolio allocated		64%					
Percentage of net proceeds of Green Finance Instruments allocated to Eligible Green Expenditure Portfolio		100%					
Allocation to Taxonomy - aligned economic activities		100%					
Allocation to economic activities not-aligned with the technical screening criteria		0%					

<sup>1</sup> This table is the only section in this report which is in scope of the Limited Assurance provided by Deloitte Bedrijfsrevisoren/ Réviseurs d'entreprises BV/SRL.

Capex allocated to the 2023 Green Bond proceeds is based on the results of our EU Taxonomy alignment assessment, on a best effort basis, and represents the following 3 categories of projects:



# IMPACT REPORTING

This impact report aims to showcase the tangible and environmental and social outcomes generated by our green bond initiatives, underscoring our unwavering commitment to a greener and more sustainable future.

The impact report provides the following indicators:

## 1. Environmental indicators:

- Estimated annual avoided CO<sub>2</sub> emissions [t CO<sub>2</sub>e per year];

## 2. Operational environmental and social indicators:

- Average interruption time (SAIDI) [min];
- SF<sub>6</sub> leakage rate [%];
- Total Recordable Injury (TRI) rate [#].

All impact numbers are average impacts based on the data for both calendar years 2020 and 2021.

Eligible Green Project Categories	Share of total financing	"Eligibility for Green Financing"	Est. annual enabled/avoided emissions (tCO <sub>2</sub> e/year)	Average interruption Time (min)	SF <sub>6</sub> leakage rate (%)	Total Recordable Injury (TRI) rate	
a/	b/	c/	d/	e/	e/	e/	
	Eligible Projects	Amount (EURm)					
Green Use of Proceeds							
Renewable Energy							
Electricity transmission infrastructure and equipment	500	100%	100%	357,392.22	2.04	0.16	9.055
<b>Total Portfolio of Green Eligible Projects</b>	<b>500</b>	<b>100%</b>					

a/ Eligible category

b/ Amount committed by the issuer for the portfolio (or portfolio components) eligible for Green Funding

c/ This is the share of the total portfolio per Eligible Green Project Category

d/ This is the share of the total portfolio that is Green eligible

e/ Impact indicators

Through the allocated CAPEX amounts under the 2023 Green Bond, 357,392 tonnes CO<sub>2</sub> emissions have been avoided annually in both 2020 and 2021 in Belgium. These are the avoided CO<sub>2</sub> emissions, which represent the CO<sub>2</sub> reduction due to the total renewable electricity that was transported through the grid. Our contribution to the decarbonisation of Europe by delivering the necessary infrastructure for the energy transition is of pivotal importance, whereby our CO<sub>2</sub> avoided emission are more significant than the footprint of our operations.

The avoided CO<sub>2</sub> emissions have been calculated by multiplying the following factors:

- Average total transmitted energy by ETB in both years (in MWh).
- Total electricity production from renewable energy sources in Belgium with the respect to the total electricity consumption in our grid area.
- Average consumption based CO<sub>2</sub> intensity of the Belgian production mix<sup>2</sup>.
- Relative contribution of the 2023 Green Bond, compared to ETB's overall outstanding portfolio of bonds.

Our performance on the operational environmental and social indicators is critical in our strategy as Belgian TSO:

- Reliability is a cornerstone of our role to provide society with a robust power grid and to support socioeconomic prosperity, and as such average interruption times need to be as short as possible. Grid reliability is one of the most important

objectives for a TSO and many existing measures and processes to improve our grid foster climate change adaptation elements.

- SF<sub>6</sub> emissions represent 60% of our direct GHG emissions. Any minor incident can have a significant burden on our balance as with a global warming potential (GWP) of 24,300, it is the strongest GHG that exists. Even with TSO's now establishing SF<sub>6</sub> phase-out strategies to comply with the new EU F-gas regulation, in the short term the total installed SF<sub>6</sub> volume will continue to increase significantly due to the acceleration of the energy transition and the lack of SF<sub>6</sub> free alternatives for high voltage applications.

We design our infrastructure according to our principles to avoid, reduce and offset our impact on the environment. We have developed processes to immediately cope with the impacts of leakages in the accidental event of hazardous substance leaks and our employees are trained to detect early signs of these type of events.

- We place a strong focus on the health of our staff and contractors, by aiming for zero accidents in the workplace. The physical and mental well-being of our employees is a top priority for us, which is why we have implemented a preventive approach to health and safety in recent years. The total recordable injury rate (TRIR) is being measured as the number of recordable injuries multiplied by 1 million, divided by the number of hours worked. A recordable injury is any work-related injury or illness that requires more than first aid treatment and/or restriction of work motion.

<sup>2</sup> Link to Elia's eCO<sub>2</sub>grid website: [eCO<sub>2</sub>grid | 50Hertz](https://www.elia.com/eCO2grid)

# CASE STUDIES

In 2020, ETB delivered on its investment plan despite the continuing public health crisis in Belgium and across the globe. While the lockdown measures affected the roll-out of the investment programme in the first half of 2020, ETB succeeded in making up for the delays incurred on some construction sites, and on certain projects it was able to accelerate some investments. Investments were mostly linked to the Brabo II project marking the completion of the new 380-kV loop around the port of Antwerp and the connection of the last two offshore windfarms onto the MOC platform (€4 million). ALEGrO, the first electricity interconnector between Belgium and Germany, entered commercial operation and was successfully energised (€13.5 million). Work to upgrade the existing Belgian 380-kV backbone continued as well: on the Horta-Avelgem corridor: new high-capacity conductors were installed, commissioned and energised (€41 million). The first of two phase-shifting transformers in Aubange was energised in December, leading to the upgrade of the existing 220-kV interconnection between Belgium (Aubange) and France (Moulaine) (€8 million).

In 2021, ETB continued to deliver on its investment plan, despite the public health crisis in Belgium and across the globe. ETB maintains its high-voltage grid on a continual basis. As

mentioned above, ETB continued to carry out important reinforcement works along the existing Belgian 380 kV backbone. This included the upgrade of the Massenhoven-Van Eyck corridor (€35.6 million), the first phase of which was completed in September, and the upgrade of the Mercator-Bruegel HTLS, for which the preparation phase (studies, permit and procurement) was almost fully completed by the end of 2021. The reinforcement works of the 380 kV backbone between Mercator and France via Horta-Avelgem continued. This year, new high-capacity conductors were installed and commissioned along the first circuit between Avelgem and the French border. To increase the physical interconnection capacity between Belgium and the Netherlands, reinforcement works were also taking place at the Zandvliet 380 kV substation (€13.1 million). In addition, the reinforcement of the existing 150 kV grid in the port of Antwerp continued (Brabo project), leading to a new GIS installation and new cable connection along the Lillo-Ketenissen-Kallo axis. Finally, as part of the second phase of the Boucle de l'Est investment programme, the existing Bévercé-Bronrome 70kV overhead line has been replaced and upgraded by a new double 110 kV line across 16.5 km. The works started in 2020 and continued in 2022 and 2023. In November 2021, the Bevercé - Bronrome section was re-energised after its reconstruction.



# Development of the internal backbone: Upgrade of the Massenhoven-Van Eyck corridor

## IN THE INTEREST OF THE SOCIETY

ETB's Massenhoven-Van Eyck project upgrades a key connection on Belgium's 380-kV grid. This voltage level forms the backbone of our grid and can quickly and efficiently transmit large quantities of electricity.

With flows generated by renewable energy sources throughout Belgium set to increase, this project allows ETB to transmit and disseminate these flows faster and more effectively over its 380-kV grid. It also facilitates the import and export of electricity between Belgium and the Netherlands, which is vital for Belgium's security of supply.

## THE ROUTE

The existing overhead line between the Massenhoven and Van Eyck high-voltage substations is approximately 92 kilometers long and is located in the provinces of Antwerp and Limburg. Starting at the Massenhoven high-voltage substation (in Zandhoven), the line runs along the Albertkanaal to the Heze (in Geel) and Meerhout high-voltage substations, and then on to the Van Eyck high-voltage substation (in Kinrooi).

The line spans 15 municipalities in total, namely Zandhoven, Grobbendonk, Herentals, Olen, Geel, Laakdal, Meerhout, Ham, Balen, Hechtel-Eksel, Oudsbergen, Peer, Bocholt, Bree and Kinrooi.

## ENVIRONMENT

ETB takes several measures to minimise the impact of the work on local residents and the environment:

- ETB restores the site to its original state once works have been completed.
- ETB prefers to set up work depots in existing industrial zones or paved areas to limit disruption for the environment and nature.

- ETB promises residents that they will always be able to access their homes.
- Work is not performed during the night, so no depots or sites are lit up at that time.
- Site traffic uses the shortest, safest and most accessible routes.
- ETB uses gantries when removing or pulling cables close to railways, roads or other key infrastructure with a view on minimising the impact on the surrounding area.
- If normal traffic must be diverted, the diversions will be agreed with the road authority (the municipality or the Flemish Region) and clearly communicated to local residents.

## SCHEDULE

ETB's work comprises two phases:

- **Phase 1:** From the start of 2021, ETB replaced the current 380kV cable set between the high-voltage substations of Meerhout and Van Eyck with a new cable set with HTLS conductors. A second 380kV cable set with HTLS conductors will then be added to the overhead line. These works were completed by the end of 2022.
- As of the start of 2023, ETB has been strengthening the existing overhead line between the high-voltage substations of Massenhoven and Meerhout. Today this overhead line consists of a 150kV cable set and a 380kV cable set. The conductors that are currently installed there will be replaced by new 380kV HTLS conductors. These works will be completed in early 2026.



## Elia Transmission Belgium NV/SA

### Independent assurance report on selected environmental information published in the Green Bond Reporting for the year ending 31 December 2023

To the board of directors,

We have been engaged by Elia Transmission Belgium NV/SA (“the Company”) to conduct a limited assurance engagement on selected environmental information (“Selected Information”) published in the Green Bond Reporting of the Company for the year ending 31 December 2023. In preparing the Selected Information, Elia Transmission Belgium NV/SA applied the ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022 & LMA/APLMA/LSTA. The Selected Information needs to be read and understood together with the Applicable Criteria.

The Selected Information in scope of our engagement are listed in the table below:

Selected Information	Applicable Criteria
Allocation of the green bond proceeds to ‘Eligible Green Projects’ as defined in Elia Transmission Belgium Green Finance Framework dated December 2023	ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022  LMA/APLMA/LSTA Green Loan Principles 2023 version 2

Based on our work done as described in this report, nothing has come to our attention that causes us to believe that the abovementioned Selected Information as published in Elia Transmission Belgium NV/SA’s Green Bond Reporting 2023, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

#### Responsibility of the board of directors

The board of directors of Elia Transmission Belgium NV/SA is responsible for the preparation of the Selected Information and the references made to it presented in the Green Bond Reporting 2023 as well as for the declaration that its reporting meets the requirements of the Applicable Criteria.

The board of directors is also responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services.
- Confirming to us through written representations that you have provided us with all information relevant to our Services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

## Our responsibilities

Our responsibility is to express a conclusion on the Selected Information based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Applying these standards, our procedures are aimed at obtaining limited assurance on the fact that the Selected Information do not contain material misstatements. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our work was performed on the data gathered and retained in the reporting scope by Elia Transmission Belgium NV/SA as mentioned above. Our conclusion covers therefore only the abovementioned Selected Information and not all information included in the Green Bond Reporting 2023. The limited assurance on the Selected Information was only performed on the Selected Information covering the year ending 31 December 2023.

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Through inquiries of management, obtain an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtain an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We will not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Through inquiries of management, document whether an external expert has been used in the preparation of the Selected Information, then evaluate the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspect documents relating to the Selected Information, including Green Finance Committee meeting minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Selected Information.
- Perform procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated.
- Perform procedures over the Selected Information including assessing management's assumptions and estimates.
- Accumulate misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.

We apply International Standard on Quality Management 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

#### Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

#### Use of our report

This report is made solely to the board of directors of Elia Transmission Belgium NV/SA in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the board of directors those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Company and its board of directors, we acknowledge that the board of directors may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Elia Transmission Belgium NV/SA and its board of directors as a body, for our work, for this report, or for the conclusions we have formed.

Signed at Zaventem.

#### The auditor

**Digitally signed by**  
**Tom Renders** Signed By: Tom Renders (Signature)  
Signing Time: 01-mrt-2024 | 14:18 CET  
**DocuSign** C: BE  
Issuer: Citizen CA  
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**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL**  
Represented by Tom Renders

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