



fluvius.

ANNUAL REPORT 2018

Connecting sustainably

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Connecting sustainably

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Financial report
in separate document

Link:
www.fluvius.be/jaarverslag



FOREWORD

Dear Reader,

You have a historic document in your hands. The first Fluvius annual report.

As you read this, Fluvius is approximately one year young. Eandis and Infrax merged to form a single business in the summer of 2018. And on 7 February this year, we presented ourselves to our six million customers with a fresh – and flowing – campaign.

We have created the biggest intermunicipal business in Flanders. A workforce of 5320 people, and a network provider for all 300 Flemish municipalities. Operator of an infrastructure grid worth around €11 billion. A business that handles over 7 million connections, and which in one way or another serves every city or municipality, every household, every business and every inhabitant of Flanders.

Fluvius combines the expertise of Eandis and Infrax. Before the merger, we in Flanders already enjoyed one of the best energy grids in Europe, as well as two businesses that were renowned for their service quality and their close bond with customers and communities. Fluvius streamlines and strengthens utility management in Flanders. We are gaining in strength. And with us, the whole of Flanders.

That's essential. Because the challenges we are facing are great. Think about the transition to a society that runs on renewable energy and the birth of smart cities. Or think about customers as energy suppliers, selling the surplus of their home-generated power or perhaps considering going off-grid. With changes such as these, it's important to move with the flow and work alongside them in a supportive way. Fluvius thinks towards the future, and we keep our finger on the pulse, both in Flanders and Europe. We fully engage with promising new technologies and

ideas, such as the internet of energy, blockchains and artificial intelligence.

Concrete policy measures at local level can also help make this ambitious agenda a reality. Our cities and municipalities stand close to our citizens.

You can trust Fluvius. A capable partner which helps to shape the utilities' policy. We can assist in drawing-up a local energy vision. We offer solutions for energy supply, cable distribution, heat, public lighting, sustainable mobility and combating energy poverty. We give local government the leverage to create a forward-looking sewerage policy. And with our extensive infrastructure and data services, Fluvius helps its shareholders on their way towards a smart municipality or smart city.

In this way, we can also achieve our ultimate aim: an outstanding service for every Fluvius customer, thanks to streamlined operations and a customer-focused approach. The initial results of these efforts are already apparent and are covered in this annual report.

At the same time, we must also be clear and transparent. The Fluvius ship has been successfully launched. But the journey is not over. We are now working hard to integrate and optimise our processes and systems. We expect to complete this process by the end of 2022. We will then be ready to make full use of the synergies arising from the coming together of Eandis and Infrax. By then, the average household will pay €36 a year less to use our distribution network.

Our internal culture is also still taking shape. We proceed from the positive idea that Fluvius must be 'a great place to work' for everyone on board. Working at Fluvius is great. And we offer something in return. Every member of the Fluvius crew realises that he or she is an important link in a large chain. We work not for ourselves, but for

the world around us. We build a bridge to our customers, and to all our stakeholders. Our internal values – set by all our workforce together – form the foundations of a culture that breathes cooperation, commitment and a will to improve. Ultimately, our end customers will reap the rewards of our labour.

Rest assured that we and everyone at Fluvius are committed to setting the right priorities and keeping up the pace. Everyone within Fluvius knows that the trust of our shareholders, our customers, our partners, our regulator and our government is something we have to earn. We will work hard to build a business that truly serves Flemish society.

We are glad to be 'Tot bij u', both now and in the future.

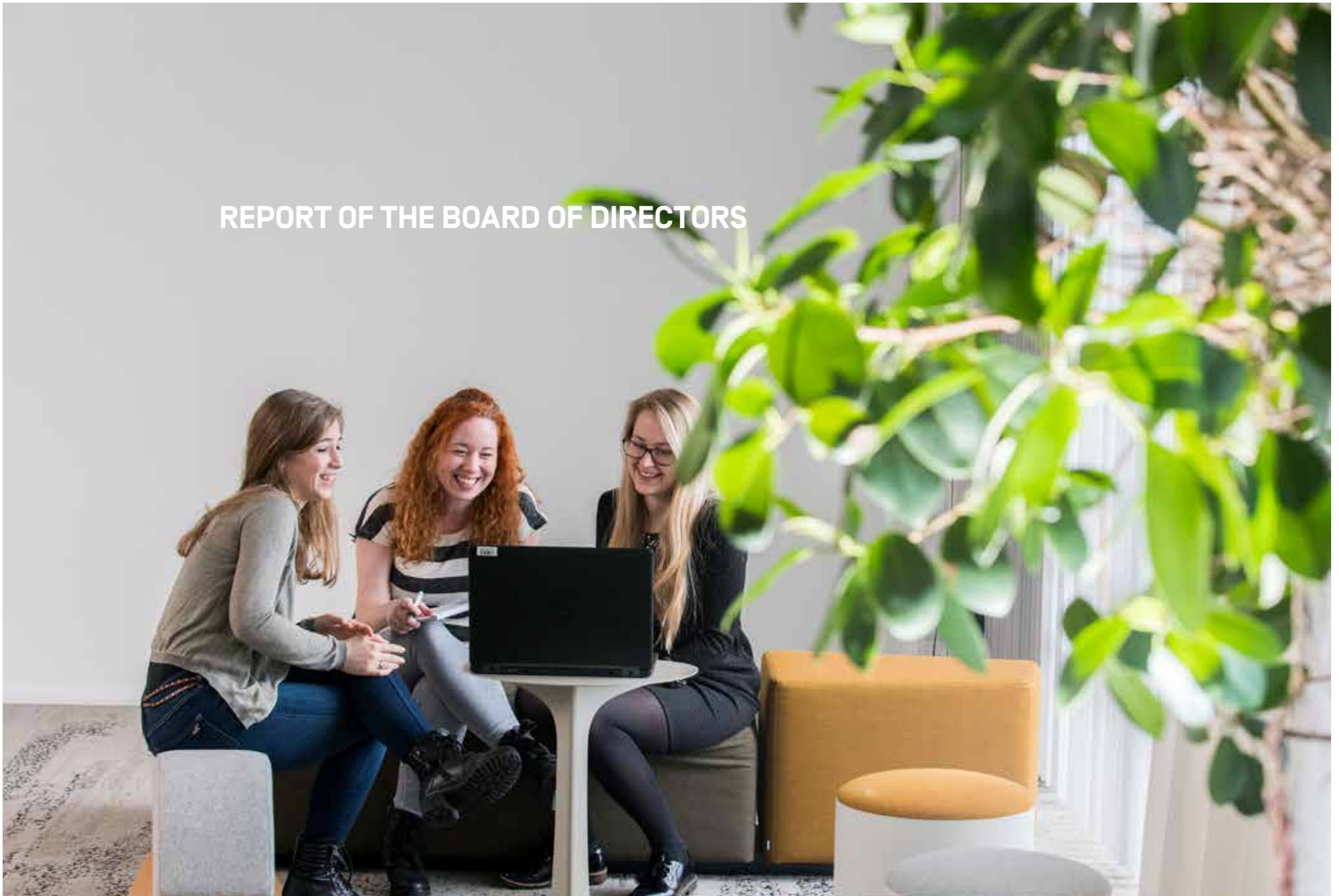
Piet Buyse

Chairman of the Board of Directors



Piet Buyse

REPORT OF THE BOARD OF DIRECTORS



CONTENTS OF THE REPORT

In accordance with the law and the articles of association, we present this Annual Report on the key activities, developments and financial performance of Fluvius System Operator cvba ('Fluvius') during the past financial year.

This report is a combined report in which the Activity Report, the Financial Report and the Corporate Social Responsibility (CSR) Report are contained in a single document.

For reporting on specific aspects of CSR, we have applied the GRI Standards issued by Global Reporting Initiative (GRI) in this report. Fluvius System Operator thereby complies with the legal obligation for large Belgian businesses to report on certain non-financial and diversity matters (Law of 3 September 2017 on the publication of non-financial information and information on diversity by certain large companies and groups). Fluvius System Operator is subject to the provisions of this Law.

In the Financial Report, we present the following documents:

- separate financial statements for the year ended 31 December 2018. These financial statements have been drawn up in accordance with Belgian accounting standards (BE-GAAP). They comprise the balance sheet, the profit and loss statement with comments, the explanatory notes, the distribution of the profits and the social balance sheet
- the consolidated financial statements of the Fluvius group for the year ended 31 December 2018, drawn up in accordance with Belgian accounting standards (BE-GAAP)
- and also in accordance with International Financial Reporting Standards (IFRS)
- the reports by the Auditor on the financial statements for 2018 under BE-GAAP and IFRS
- the declaration by the persons responsible for the financial statements and the annual report [article 12, §2 of the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments that are admitted to trading on a regulated market].



FLUVIUS SYSTEM OPERATOR AT A GLANCE

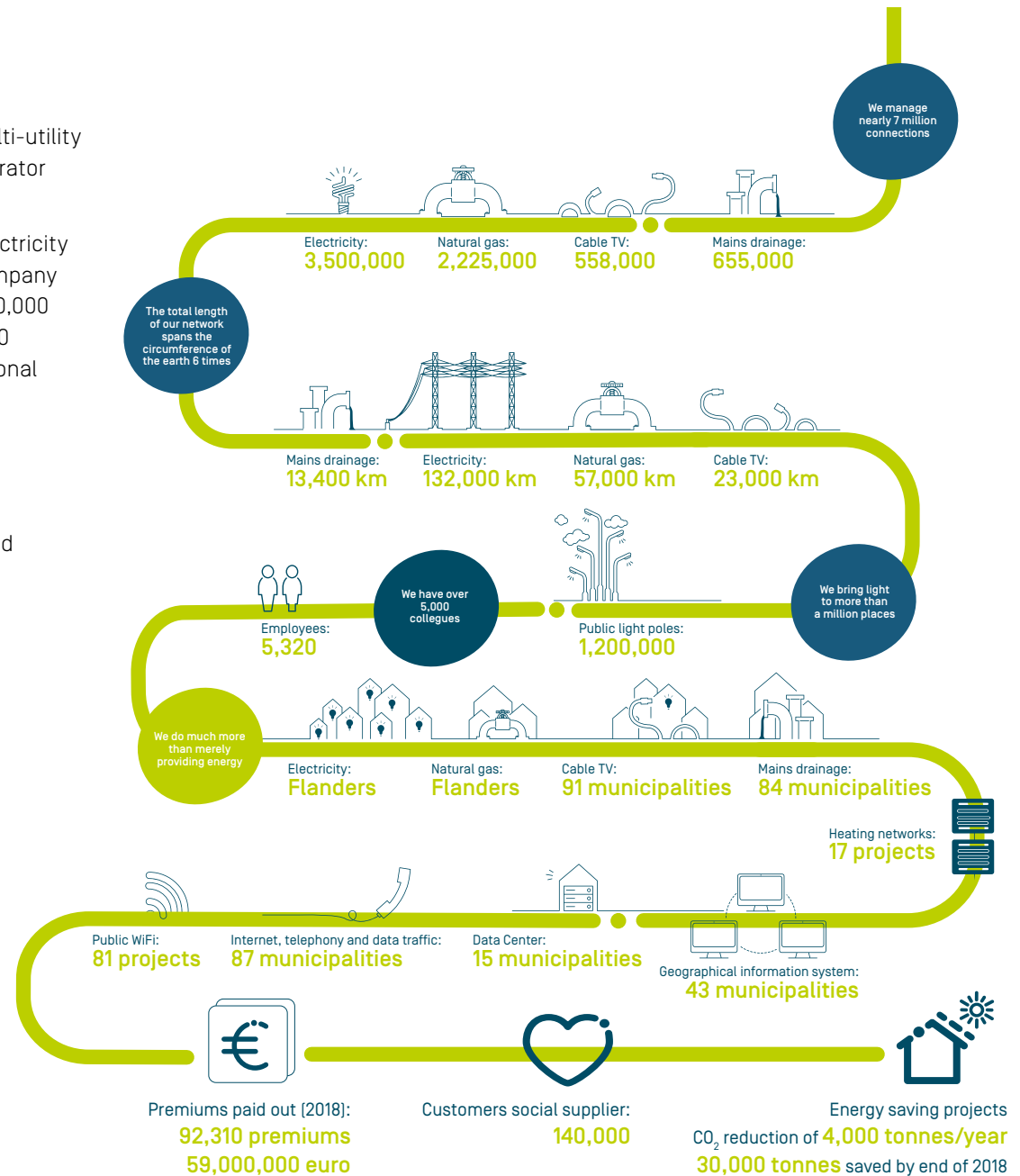
Fluvius, tot bij u

Fluvius System Operator cvba (operating under the name 'Fluvius') is the new multi-utility network operator that arose on 1 July 2018 from the merger of Eandis System Operator cvba and Infrax cvba.

Fluvius is responsible for the construction, management and maintenance of electricity and natural gas distribution grids, sewerage, cable distribution and heat. The company also manages the municipal public lighting system. In total, Fluvius manages 230,000 kilometres of utility networks and 7 million connections. Fluvius is active in all 300 Flemish municipalities, which means that every Fleming can rely on the professional service provided by our 5,320 employees.

A vital link

In the free energy market, Fluvius forms a vital link between power generators and transmission system operators (upstream) and end users and energy suppliers (downstream).



Working for our shareholders, the mission entrusted associations

Fluvius System Operator ('Fluvius' for short) is the operating company for fourteen Flemish utility companies, each of which is legally constituted as an intermunicipal 'mission entrusted association':

Name	Electricity	Natural gas	Sewerage	Cable TV
GASELWEST	x	x		
IMEA	x	x		
IMEWO	x	x		
INTER-AQUA			x	
INTER-ENERGA	x	x		
INTER-MEDIA				x
INFRAX WEST	x	x	x	x
INTERGEM	x	x		
IVEG	x	x	x	
IVEKA	x	x		
IVERLEK	x	x		
PBE	x			x
RIOBRA			x	
SIBELGAS	x	x		

Note: mission entrusted associations for the electricity and gas distribution are also involved in heating provision.

Fluvius works on behalf of the above intermunicipal utilities. As shown in the table, the majority of these mission entrusted associations are active in the regulated activity of 'energy distribution (electricity and/or gas)'. Consequently, a large part of Fluvius's business is subject to regulation by the authorised energy regulator VREG (Flemish Regulator of the Electricity and Gas Market).

The sewerage business is also regulated in Flanders, namely by the VMM (Flemish Environmental Agency).

The cable infrastructure business is supervised by the BIPT (Belgian Institute for Postal Services and Telecommunications) and the VRM (Flemish Regulator for the Media).

Fluvius functions as an operating company which works at cost price for its shareholders/ customers and realises no profit on the operational activities that it carries out. All of the company's direct and indirect operating costs, investments and public service obligations (staff, contractors, suppliers, financing costs) are recharged to the distribution system operators in full each month. This is why the bottomline in the annual accounts of Fluvius System Operator always comes to zero.

Fluvius System Operator does not own the distribution infrastructure (distribution grids, substations, measurement infrastructure, etc.). The infrastructure is owned by the various mission entrusted associations that are Fluvius's shareholders.

Supported by three subsidiaries

Fluvius System Operator relies on a small number of subsidiaries and associates to carry out some of its work:

- De Stroomlijn cvba: customer communication centre handling calls from our end customers
- Atrias cvba: clearing house platform for the energy sector in Belgium
- Synductis cvba: coordination and synergy for infrastructure works carried out by utility companies

PRESENTATION OF THE COMPANY

Our mission, vision, strategy and values

The mission, vision and values of our company give Fluvius direction. We turn them into concrete action and give life to them in consultation with all our staff and with the outside world.

Our mission

'To sustainably connect society through our multi-utility solutions'

- Fluvius connects society. This involves not only the physical connection that we make via our networks. We also bring people together. And Fluvius is there for everybody.
- We create sustainable connections. We work for the long term, and we want to contribute to a better environment and climate. And we will support the municipalities with forward-looking solutions that give them comfort not just over the short term, but over the long term, too.
- Fluvius is a 'multi-utility' acting in a range of different utility sectors. Because we believe in the synergies and economies of scale this creates – for all the partners and customers of our business.

Our vision

Fluvius, together with all stakeholders, aims to become the number one multi-utility company in Flanders.

Fluvius aims to be the number one network operating company for the majority of utility sectors in Flanders. When you think of utilities in Flanders, we want Fluvius to be the name that comes to mind.

Our starting point is always the world around us. We work not for ourselves, but for all of the customers, cities, municipalities, partners, suppliers and investors around us. Only with their support can we grow, by responding to their expectations. And by excelling in what we do and providing an outstanding service.

Everything we do, we do for and with Flemish society. This means we always strive for consultation and cooperation. Openness and transparency are central for us.

Our strategy

Fluvius aims, together with all stakeholders, to become the number one multi-utility company in Flanders. We therefore strive for operational excellence, in order to create value for all our stakeholders. The focus today is on achieving synergies and expanding our range of services.

This general strategy is translated into sixteen strategic goals, divided into the themes of 'partner for our stakeholders', 'performance', 'customer focus', 'learning & growth' and 'staff & organisation'. Importantly, one of these sixteen strategic goals states that we should take account of ethical, environmental and social matters in our decision-making process.

Our values

Our values came from suggestions made by our staff. They express the way we aim to deal with each other, and with everyone who comes into contact with Fluvius:

- Stronger together!
- Driven by professionalism
- Customer first
- Commitment
- Respect

Our value propositions




Our five value propositions summarise the areas in which Fluvius aims to create added value for its stakeholders:

1. System management for public multi-utilities
2. Independent data management for the energy market
3. Making society sustainable
4. Guaranteed energy supply for everyone
5. Solutions and services to supplement regulated utility supplies.



Administrative bodies (composition on 31 December 2018)

Board of Directors

 <p>Piet Buyse</p> <p>Chair</p>	 <p>Wim Dries</p> <p>Deputy Chair</p>		 <p>Bart Bisschops</p>	 <p>Jos Claessens</p>	 <p>Geert Cluckers</p>	 <p>Jean-Pierre De Groef</p>	
 <p>Paul Diels</p>	 <p>Raf Drieskens</p>	 <p>Greet Geypen</p>	 <p>Andries Gryffroy</p>	 <p>Luc Janssens</p>	 <p>Koen Kennis</p>	 <p>Lies Laridon</p>	
 <p>Luc Martens</p>	 <p>Bert Meulemans</p>	 <p>Christophe Peeters</p>	 <p>Willem-Frederik Schiltz</p>	 <p>Paul Teerlinck</p>	 <p>Louis Tobback</p>	 <p>Paul Verbeeck</p>	 <p>Nick Vandeveld</p> <p>secretary</p>

Management Committee

Walter Van den Bossche
Managing Director

Frank Vanbrabant,
CEO

Eric Beliën

Raf Bellers

Chris Buyse

Tom Ceuppens

Guy Cosyns

Paul Coomans

Wim Den Roover

Jean Pierre Hollevoet

Herman Remmerie

David Termont

Donald Vanbeveren

Nick Vandevelde

Filip Van Rompaey

Werner Verlinden

Strategic Committee

Piet Buyse
Chair

Wim Dries
Deputy Chair

Bart Bisschops

Andries Gryffroy

Koen Kennis

Lies Laridon

Luc Martens

Christophe Peeters

Willem-Frederik Schiltz

Louis Tobback

Nick Vandevelde
secretary

Audit Committee

Lies Laridon
Chair

Wim Dries

Bart Bisschops

Koen Kennis

Nick Vandevelde
secretary

HR Committee

Wim Dries,
Chair

Piet Buyse

Koen Kennis

Nick Vandevelde
secretary



Administrative data

- The company was founded on 29 April 2002 under the name Electrabel Netmanagement Flanders nv. The name was later changed to Electrabel Netten Vlaanderen nv. On 30 March 2006, the legal form and name of the company were changed to Eandis cvba. The company was renamed Eandis System Operator cvba with effect from 1 January 2016.

On 1 July 2018, a merger by absorption took place whereby Eandis System Operator took over its peer utility operator Infrax cvba. With effect from that date, the name of the newly merged company was changed to Fluvius System Operator cvba.

- Legal form: cooperative company with limited liability (cvba)
- Head office of the company: Brusselsesteenweg 199, 9090 Melle, Belgium
- Enterprise number 0477.445.084
- VAT BE 0477.445.084 - Ghent Register of Legal Entities, Ghent division
- Website: www.fluvius.be
- Address for correspondence:
Fluvius System Operator cvba
Brusselsesteenweg 199
9090 Melle

Useful contacts



All info via Fluvius.be

- For all information and specific queries about meter readings, premiums, connections, meter installation, capital projects, Social Supplier services, faulty streetlights and much more, you can find help on our website www.fluvius.be
- On the website, you can also submit a query via a contact form or make a complaint.
- If you can't find the answers you need on our website, you can call us on the General Information number 078 35 35 34, on weekdays from 8 a.m. to 8 p.m. and Saturdays from 9 a.m. to 1 p.m.



Urgent calls [7/7 - 24/24]

- **Smell of gas** **0800 65 0 65**
- **Breakdowns and defects** **078 35 35 00**
- **People with a speech or hearing impairment** **0477 77 70 80**
can report smells of gas, breakdowns and defects by way of a text code message

Fluvius complaints department:

Call us free of charge on 0800 60 001,
on weekdays from 8:00 a.m. to 8:00 p.m.
and Saturdays from 9:00 a.m. to 1:00 p.m.



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FIGURES AND GRAPHS

31 DECEMBER 2018

Note:

Due to the creation of Fluvius System Operator from the merger of Eandis System Operator and Infrax on 1 July 2018, comparative figures for previous years are not presented.

Fluvius	
Financial (consolidated figures under Belgian accounting standards)	
Total balance sheet assets (€)	4,749,181,721
Turnover (€)	1,637,245,192
Employees	
No. of employees:	5,320
• Executives	1,115
• Operating	4,205
Full-time equivalents (FTE):	5,077.13
• Executives	1,090.66
• Operating	3,986.47
Operations (carried out on behalf of the distribution system operators)	
Network Operation and Management	
Capital expenditure (gross, in € millions)	832.5
Unavailability of supply (minutes per year per customer)	19 min 57 sec

Natural gas	
Connections	2,224,553
Low-pressure network (km)	47,241
Medium-pressure network (km)	10,034
Total network length (km)	57,275
Electricity	
Connections	3,468,917
Low-voltage network (km)	84,899
Medium-voltage network (km)	46,700
Total network length (km)	131,599
Total lamps (public lighting and monument lighting)	1,164,249
Sewerage	
Connections	654,876
Sewer network (km)	13,432
Cable network infrastructure	
Connections	558,304
Cable network (km)	23,288
Social public service obligations	
Electricity budget meters installed	138,112
Active electricity budget meters	41,044
Natural gas budget meters installed	70,922
Active natural gas budget meters	27,770
Top-up locations for budget meter cards	minimum 1 / gemeente
Social customers (electricity)	80,596
Social customers (natural gas)	58,893
Customer contacts	
Average no. of visits to customer offices per month	12,282
Telephone calls to call centre	1,299,063
Average website visitors per month	771,592



MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

In accordance with the law and the articles of association, the Board of Directors of Fluvius System Operator cvba ('Fluvius') hereby reports on the management activities of the company during the financial year from 1 January 2018 to 31 December 2018.



Merger of Infracvba and Eandis System Operator cvba

The first of July 2018 was a turning point in the history of the Flemish energy industry. On that day, Infracvba merged with Eandis System Operator cvba. The company that arose as a result promptly adopted the new name Fluvius System Operator cvba.

Why this merger?

The two former operating companies Eandis System Operator and Infracvba (together with their associated distribution system operators) together accounted for almost all the Flemish energy distribution market: some 80% of Flanders was served by Eandis, while the remaining 20% relied on the services of Infracvba.

Gradually, however – and certainly from early 2017 – the realisation grew in both groups that their shared needs had become greater than the benefits of maintaining a separate, competitive stance towards Flanders' cities and municipalities. The great challenges posed by the energy transition (smart metering, expanding a smart energy distribution system with flexible grids, major investments in sewerage and so on), and the financing of this ambitious programme, would be better addressed by an organisation that could maximise synergies and economies of scale.

A further consideration was that end customers, too, would benefit from closer collaboration and integration between the two operators. Synergies and the elimination of duplicated structures would lead to concrete savings that would have a positive impact on distribution network charges.

Lastly, the combination also brings Infracvba and Eandis into line with what the Flemish Government has put forward in its vision statements about the future organisation of the Flemish energy sector. This vision was and remains to have a single central multi-utility operator for Flanders. As an integrated operator for the whole of Flanders and every Fleming, Fluvius fulfils this vision, as well as offering greater transparency and uniformity.

How was the merger carried out?

In legal terms, it was decided to combine Infracvba and Eandis by way of a merger by absorption (cf. the provisions of articles 693 et seqq. of the Companies Code). Eandis System Operator cvba acted as the absorbing entity. The merged company thus retains the enterprise number and registered office of Eandis System Operator.

To emphasise the new start, it was decided that the combined operating company would be given the new name Fluvius System Operator (Fluvius for short).

The merger was based on a pure share-for-share exchange. Infracvba shareholders received shares in Fluvius System Operator in exchange for the shares they previously held in Infracvba. In other words, no money changed hands between the two operators (or between any of their shareholders).

However, the merger did involve some share capital adjustments at Eandis/Fluvius System Operator, so as to properly reflect the equity (value per share) of each of the two merging companies. The articles of association were also amended to reflect the post-merger position. For instance, the object of the company was expanded to include the sewerage management and cable infrastructure management businesses, and the management of (strategic) equity interests and loans.

The merger and associated matters were approved at Extraordinary General Meetings of the shareholders of the two companies. These meetings took place for both Infracvba and Eandis System Operator on 28 June 2018. The merger itself took place on 1 July 2018. For tax and accounting

purposes – at least from the standpoint of Belgian accounting standards (BE-GAAP) – the merger had retroactive effect from 1 January 2018. The notarial deed recording the merger transaction was published in the Annexes to the Belgian Official Gazette on 2 August 2018 (no. 18120650).

On 26 June 2018, the Flemish energy regulator VREG gave formal approval for the distribution system operators (mission entrusted associations) Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek, Sibelgas, PBE, Infrax West, IVEG and Inter-Energa to call upon the newly merged Fluvius System Operator as their operating company. This approval is valid until their current mandates as distribution system operators expire on 25 September 2026. The aforesaid merger by absorption did not need to be referred to the Belgian competition authorities.

On 7 February 2019, Fluvius began operating commercially (with the launch of the new name and logo, visibility on the streets and in the media etc.) with a unified brand and service offering. Between 1 July 2018 and 7 February 2019, services continued to be provided separately under the former Eandis and Infrax brands.

How does the merger affect shareholders?

The shareholders of Eandis System Operator cvba (i.e. seven mission entrusted associations for electricity and natural gas distribution) remain shareholders of the absorbing company, albeit under its new name, Fluvius System Operator.

The mission entrusted associations from the Infrax group became shareholders of the combined company Fluvius System Operator as a consequence of the merger by absorption. Infrax cvba, as the absorbed company, ceased to exist as a direct consequence of the merger (this constitutes a 'winding-up without liquidation').

For a detailed overview of the company's shareholder structure after the merger on 1 July 2018, please refer to the section on the 'Ownership and group structure of Fluvius System Operator cvba' below.

How does the merger affect stakeholders?

The merger has far-reaching consequences for all stakeholders of Flemish energy and utility companies.

For the end customer, the merger means that savings are likely to be made in operating costs and capital expenditure. Integration will enable greater operational efficiency to be achieved.

This is expected to yield recurring annual savings of at least €110 million per year by 2022. These efficiency gains and cost savings will benefit end customers, because they will be passed on via the distribution network charges.

The merger had a significant impact on the employees involved, although it should be emphasised that it did not lead to any compulsory redundancies. All employment law matters relating to the merger were and will continue to be discussed with the trade unions.

For former Eandis personnel, nothing changed on 1 July 2018 except the name of their employer.

The situation is more complex for Infrax group employees. Most of them were employed by one of the mission entrusted associations/distribution system operators in the group, not by the operating company Infrax cvba.

Workers employed under a regular employment contract will be transferred to Fluvius System Operator by means of an agreed Protocol, subject to reaching agreement on the transfer conditions with the trade unions. Negotiations with the unions were still under way at the end of 2018. For the time being (until 31 March 2018), these staff members will therefore continue to be employed by their previous employers, while working on the basis of a secondment agreement between Fluvius System Operator and the mission entrusted associations.

For employment law reasons, Infrax group employees with civil service status will be transferred as from 1 April 2019 to the Fluvius Mission entrusted Association, or 'Fluvius OV'. Please note: Fluvius OV should not be confused with Fluvius System Operator cvba. Staff of Fluvius OV will then be seconded to Fluvius System Operator by way of a secondment agreement between Fluvius System Operator cvba and Fluvius OV.

Since Fluvius's full organisation structure had already taken shape by the end of December 2017, making every employee fully aware of his or her position within the integrated operating company.

The merger also led to a few small changes for investors. Existing Eandis bonds continue to be guaranteed by the same mission entrusted associations that were guarantor to these financial instruments before the merger. The same principle applies to Infrax bonds and their guarantors. A side effect for Infrax of the merger by absorption with Eandis System Operator was that it constituted a breach (an 'event of default') of the legal terms and conditions of Infrax bonds issued in 2013 and 2014. To resolve this problem, a General Meeting of Bondholders was held on 2 May 2018, at which the bondholders voted to approve the proposed changes to the bond terms.

Flemish cities and municipalities can now rely on an efficiently organised multi-utility business, from which they can obtain solutions for a wide range of utilities and related services. For the mission entrusted associations in which the local authorities participate, Fluvius will be the capable, high-performing operating company that runs a range of essential services in a professional way.

Thanks to Fluvius, suppliers of goods and services gain access to a bigger market, both in geographical terms and in terms of the number of activities.

Conclusion

The aims of Fluvius System Operator are clear.

An efficient multi-utility approach will provide added value for Flanders. Clear savings targets have been set, and the financial benefits will be passed on to every Flemish household and business. And the shareholders, namely all of Flanders' cities and municipalities, will find in Fluvius a reliable, operationally effective and financially attractive partner.

Ownership and group structure of Fluvius System Operator cvba

The ownership structure of Fluvius System Operator cvba (formerly Eandis System Operator) has changed substantially, as a direct consequence of the merger by absorption on 1 July 2018. The existing ex-Eandis shareholders remain on board, while as a result of the merger, the ex-Infrax shareholders have automatically joined them as shareholders of the new merged company Fluvius System Operator.

The table below summarises the new ownership structure, as it applied throughout the second half of 2018. Ex-Eandis shareholders are shown in green and ex-Infrax shareholders in blue.

FLUVIUS	voting shares	
	number	% of Fluvius
Gaselwest	2,852,920	11.01%
IMEA	2,365,216	9.13%
Imewo	3,853,144	14.88%
Intergem	1,881,507	7.26%
Iveka	2,465,460	9.52%
Iverlek	3,339,885	12.89%
Sibelgas	430,972	1.66%
Infrax West	1,655,248	6.39%
Inter-energa	2,654,680	10.25%
IVEG	1,045,420	4.04%
PBE	696,946	2.69%
Inter-media	1,062,677	4.10%
Inter-aqua	1,248,387	4.82%
Riobra	348,473	1.35%
TOTAL	25,900,935	100.00%

Consolidation scope

The table below shows the entities included in the consolidated financial statements of the Fluvius group for 2018 under Belgian accounting standards. Fluvius System Operator is the consolidating company.

consolidated company	consolidation method	percentage held by Fluvius System Operator
De Stroomlijn cvba Brusselsesteenweg 199, 9090 Melle, Belgium	integral method	64.03%
Atrias cvba Ravensteingalerij 4 (box 2), 1000 Brussels	equity method	50.00%
Synductis cvba Brusselsesteenweg 199, 9090 Melle, Belgium	equity method	33.28%

For completeness, it should also be noted that Synductis cvba holds a 2.99% stake in De Stroomlijn cvba.

Since 31 December 2017 (ex-Eandis), the associated companies Warmte@Vlaanderen cvba and Fluvius cvba have ceased to exist. Both companies were wound up and liquidated in the course of 2018. More information is provided later on in this report.

Holdings in a number of regional business centres are not consolidated. This is because the company either has no decisive influence on policy or does not have the right to appoint a majority of the members of the board of directors. This concerns the holdings in the business centres in Kortrijk, Roeselare, the Flemish Ardennes, De Punt, Meetjesland, Ostend and Waregem.

Fluvius System Operator also has a 4.35% capital share in Duwolim (Duurzaam Wonen Limburg).

The parent company Fluvius System Operator did not acquire any additional shares in subsidiaries or associates during 2018. Nor did the subsidiaries or associates acquire any shares in the parent company.

Amendments to the articles of association

Following the creation of the merged company Fluvius System Operator cvba on 1 July 2018, amendments to the articles of association were passed at an Extraordinary General Meeting of Shareholders on 6 December 2018 (not yet published in the Annexes to the Belgian Official Gazette). These amendments bring the articles of association into line with the draft decree for various provisions relating to energy and the draft amendments to the Flemish Energy Decree of 8 May 2009.

Changes to the field of operation

In 2018, the field of operation of Fluvius System Operator changed as follows:

- the municipality of Sint-Pieters-Leeuw (Vlaams-Brabant) joined Riobra with effect from 1 January 2018;
- four Walloon municipalities (Chastre, Incourt, Perwez and Villers-la-Ville) transferred on 1 January 2018 from the Flemish mission entrusted association PBE to ORES Assets;
- four Walloon municipalities (Celles, Comines-Warneton, Ellezelles and Mont-de-l'Enclus) transferred to the Walloon operator ORES Assets as of 31 December 2018, following a partial split from the mission entrusted association Gaselwest; Fluvius will continue to supply services to the populations of these communities for a limited period on the basis of a cooperation agreement with ORES.

VAT unit

Eandis System Operator cvba was part of the 'Eandis Economic Group' VAT unit (VAT BE 0561.896.056) until 30 June 2018. This group also included the seven distribution system operators and the affiliated companies De Stroomlijn and Synductis. Eandis System Operator acted as the representative for the VAT unit.

Infrax cvba was part of the 'Infrax Group' VAT unit (VAT BE 0818.372.073) until 30 June 2018, along with the mission entrusted associations IVEG, Infrax West, Infrax Limburg, Inter-energa, Inter-media, Inter-aqua, PBE and Riobra. This VAT unit ceased to exist with effect from 1 July 2018, following the merger whereby Infrax cvba was absorbed by Eandis System Operator cvba.

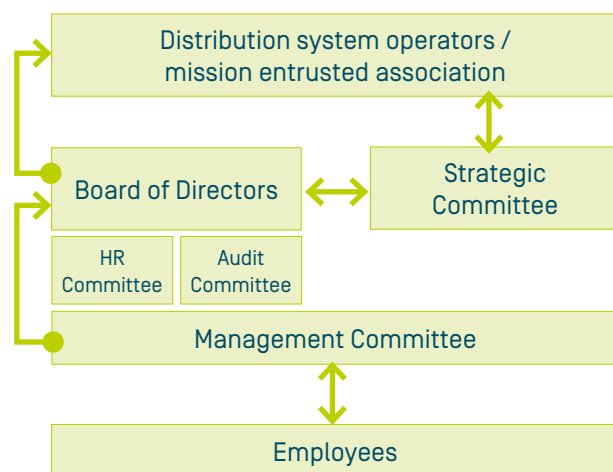
Following that merger and the reorganisation of the economic group, the Eandis Economic Group was renamed 'Fluvius Economic Group' with effect from 1 July 2018. The composition of the VAT unit also changed on that date. Since then, the VAT unit has only contained Fluvius System Operator cvba and its affiliated companies De Stroomlijn and Synductis. Fluvius System Operator acts as the representative for this VAT group.

Cash pooling

Several entities in the Fluvius Economic Group participate in a cash pooling system. Within this system, cash surpluses and shortfalls are mutually offset on a daily basis within a combined cash pool at the bank. For the members of the pool, the system is more beneficial than having separate cash accounts for each member individually. The members of the Fluvius cash pool are Fluvius System Operator itself, its subsidiaries De Stroomlijn and Synductis, and the fourteen mission entrusted associations/shareholders.

Composition of governing bodies and management

The diagram below summarizes the various governing bodies within the Fluvius Economic Group and their relationships to each other:



BOARD OF DIRECTORS

The composition of the Board of Directors of Fluvius System Operator on 31 December 2018 was as follows:

Name	Meetings attended in 2018*	Public mandate
Piet BUYSE, chairman	8	Dendermonde, Mayor
Wim DRIES, vice-chairman	8	Genk, Mayor
Bart BISSCHOPS	2	Dilsen-Stokkem, Member of Municipal Council
Jos CLAESENS	9	Bocholt, Alderman
Geert CLUCKERS	9	Diest, Alderman
Jean-Pierre DE GROEF	8	Machelen, Mayor
Paul DIELS	7	Lille, Mayor
Raf DRIESKENS	3	Neerpelt, Mayor
Greet GEYPEN	5	Mechelen, Alderman
Andries GRYFFROY	2	Member of the Flemish Parliament, Senator
Luc JANSSENS	4	Kapellen, Alderman
Koen KENNIS	5	Antwerp, Alderman
Lies LARIDON	8	Diksmuide, Mayor
Luc MARTENS	4	Roeselare, Member of Municipal Council
Bert MEULEMANS	7	Boortmeerbeek, Member of Municipal Council
Christophe PEETERS	4	Ghent, Alderman
Willem-Frederik SCHILTZ	8	Member of the Flemish Parliament
Paul TEERLINCK	7	Ghent, Honorary Secretary of the City
Louis TOBBACK	7	Leuven, Mayor
Paul VERBEECK	9	Nijlen, Mayor

* total number of meetings attended of the Boards of Directors of Eandis System Operator, Infrax and Fluvius System Operator

Mr Nick Vandeveldel acts as secretary of the Board of Directors.

The Chair of the Board of Directors has no operational management responsibilities within the company. This is also true of the Deputy Chair of the Board of Directors.

The Board of Directors of Fluvius System Operator has no independent directors within the meaning of article 526 ter of the Belgian Companies Code.

Independence guaranteed

The Board of Directors and management are strictly separated at Fluvius System Operator. The CEO and the other members of the Management Committee are thus not members of the Board of Directors.

The mandates of all directors run in principle for a period of six years, subject to any replacements made during that time. For the current Board, this period runs from 2013-2019. These mandates can be renewed.

Following the municipal council elections held in October 2018 and the subsequent start of the 2019-2024 council term as of 1 January 2019, all mandates in the mission entrusted associations and their operating company Fluvius System Operator cvba were renewed during the first quarter of 2019.

For clarity, please note that these six-year terms of office do not apply to the Fluvius Management Committee, which is made up of members of the company's staff. They serve on the Management Committee on an indefinite basis.

Article 523 of the Belgian Companies Code provides for a specific procedure within the Board of Directors in the event of a possible direct or indirect conflict of interest of a proprietary nature in respect of a director, which is in conflict with a decision or a transaction falling under the competence of the Board of Directors of the company. This legal provision did not need to be applied in any of the companies (Eandis System Operator, Infrax, Fluvius System Operator) in 2018.



AUDIT COMMITTEE

In accordance with article 25.B of the articles of association, the Board of Directors of Fluvius System Operator has set up an Audit Committee. Its members were as follows on 31 December 2018:

Name	Function	Meetings attended*
Lies LARIDON	Chair	3
Bart BISSCHOPS	Member	0
Wim DRIES	Member	1
Koen KENNIS	Member	3

**: total number of meetings attended of the Audit Committees of Eandis System Operator, Infrax and Fluvius System Operator*

The Audit Committee met six times in the course of 2018. Three of these meetings took place after 1 July 2018. The most important matters deliberated by the Audit Committee are financial reporting, the budgets and internal audit results.

The Audit Committee reports on its findings to the Board of Directors.

Experience and expertise

The members of the Audit Committee have extensive knowledge and experience as municipal representatives. Ms Laridon and Mr Wim Dries are the long-serving mayors of the towns of Diksmuide and Genk respectively, and both of them will remain in office during the 2019-2024 council term. As alderman in Antwerp, Mr Koen Kennis was responsible inter alia for finance during the last council term and will remain in this function for the 2019-2024 council term.

HR COMMITTEE

As stipulated in the articles of association (article 25.C) the Board of Directors of Fluvius System Operator has also set up an HR Committee. Its members were as follows on 31 December 2018:

Name	Function	Meetings attended*
Wim DRIES	Chair	3
Piet BUYSE	Member	5
Koen KENNIS	Member	2

**: total number of meetings attended of the HR Committees of Eandis System Operator, Infrax and Fluvius System Operator*

Under the articles of association, the task of the HR Committee is to monitor developments in the HR policy of Fluvius System Operator and make recommendations to the Board of Directors. The Committee met twice after 1 July 2018 and discussed inter alia the integration of ex-Infrax personnel, the mobility policy and performance management.

The HR Committee also reports to the Board of Directors.



STRATEGIC COMMITTEE

At the end of 2018 the Strategic Committee was composed of the following members:

Name	Function	Meetings attended*
Piet BUYSE	Chair	2
Wim DRIES	Deputy Chair	1
Bart BISSCHOPS	Member	2
Andries GRYFFROY	Member	1
Koen KENNIS	Member	2
Lies LARIDON	Member	2
Luc MARTENS	Member	2
Christophe PEETERS	Member	0
Willem-Frederik SCHILTZ	Member	2
Louis TOBBACK	Member	2

**: total number of meetings attended of the Strategic Committees of Eandis System Operator, Infrax and Fluvius System Operator*

The Chair of the Board of Directors officially also chairs the Strategic Committee (article 25.D of the articles of association).

The Strategic Committee outlines the general strategy for Fluvius System Operator and the entire Fluvius Economic Group. Special attention is paid to the company's relationship with the authorities and regulator, with the shareholders and with the other stakeholders in distribution network management in Flanders.

The Strategic Committee met twice in 2018 (after the merger to form Fluvius System Operator). Matters discussed by the Strategic Committee included smart meters, fibre-to-the-home and Atrias. The Strategic Committee routinely discusses general developments in the market, legislation and broader environment for the distribution network operators and their operating company.

The Strategic Committee reports to the Board of Directors.

The former Boards of Directors of Eandis System Operator and Infrax will remain in place until 1 April 2019 as advisory committees reporting to the Strategic Committee with specific reference to the integration process. Both boards will cease to exist after that date.

OPERATING COMMITTEE

Article 25.A of the articles of association prescribes that, if the Board of Directors is partly but not wholly composed of independent directors, it shall appoint an Operating Committee as a subcommittee of the Board. The members of the Operating Committee must all be independent directors within the meaning of article 1.1.1. §2, 74° of the Flemish Energy Resolution of 19 November 2010. They are appointed by the Board of Directors from among its members.

To date, no requirement to appoint an Operating Committee pursuant to article 25.A has arisen. Indeed, all directors are non-independent directors.



MANAGEMENT COMMITTEE

Day-to-day management of Fluvius is entrusted to the Management Committee. See also article 26 of the company's articles of association.

The composition of the Management Committee of Fluvius System Operator on 31 December 2018 was as follows:

Name	Title / Role
Walter VAN DEN BOSSCHE	Managing Director
Frank VANBRABANT	CEO
Eric BELIEN	Director
Raf BELLERS	Director
Chris BUYSE	Director
Tom CEUPPENS	Director
Paul COOMANS	Director
Guy COSYNS	Director
Wim DEN ROOVER	Director
Jean Pierre HOLLEVOET	Director
Herman REMMERIE	Director
David TERMONT	Director
Donald VANBEVEREN	Director
Nick VANDEVELDE	Director
Filip VAN ROMPAEY	Director
Werner VERLINDEN	Director

The above composition of the Management Committee is the result of the merger of Infrax and Eandis System Operator, which has led to the merger of the two management teams. This is a temporary situation. It is the company's firm intention to slim down the size of the Management Committee.

The Deputy Chair and the CEO attend the meetings of the Board of Directors by virtue of their position, but do not have voting rights.

Other members of the Management Committee may also attend meetings of the Board of Directors if it is appropriate in view of the matters on the agenda; they likewise have no rights on the Board.

The Management Committee generally meets weekly, with the exception of a number of holiday periods.



Gender diversity in the administrative and management bodies [31 December 2018]

Naam	Total	Man	Female
Board of Directors	20	18	2
Audit Committee	4	3	1
HR Committee	3	3	0
Strategic Committee	10	9	1
Management Committee	16	16	0
Senior Management	68	61	7

Diversity policy

Remuneration in the company is wholly and exclusively dependent on the role performed by each employee. Their gender plays no role in determining their pay.

In recruitment, promotion and similar matters, Fluvius treats all candidates as strictly equal irrespective of their gender, origin, beliefs etc.

Membership of the governing bodies (Board of Directors, Audit Committee, HR Committee) is subject to the rules in the articles of association, which essentially grant full autonomy to the shareholders to nominate candidates independently of each other. It is therefore not possible for the company itself to strive actively for a situation in which at least one third of board members are of a different gender to the other members.

Corporate governance statement

Fluvius System Operator endeavours to adhere in practice to the principles of corporate governance at all times. The Belgian Corporate Governance Codes for listed and unlisted companies serve as the benchmark for the quality of corporate governance. They form the basis of Fluvius System Operator's Corporate Governance Charter. Like the two codes, our Charter is based on striking a balance between entrepreneurship and oversight, and between performance and compliance.

The Corporate Governance Charter is also drawn up taking into account the provisions imposed by legislators to ensure the correct operation of the energy market. Those provisions focus in the first instance on the relationship between network operators and network users. The rules in this regard must ensure that all network users have non-discriminatory access to the gas and electricity network.



The Fluvius Corporate Charter necessarily differs from the Belgian charters on a number of points. This is primarily due to the specific laws and regulations applicable to Fluvius as an operating company for gas and electricity distribution system operators. Such differences are also due to the company's shareholders, namely the fourteen mission entrusted associations, each of which is exclusively owned by local authorities.

The Fluvius Corporate Governance Charter is set by the company's Board of Directors.

The Board of Directors, the Audit Committee, the HR Committee and the Management Committee are aware of possible problems with regard to the application of the Charter. They take measures to correct such problems as required. The practical implementation of the Charter and compliance therewith are the responsibility of Fluvius's directors and management, as well as its employees.

The Ethical Charter, our ethical compass

The Fluvius Ethical Charter describes how Fluvius and its shareholders must conduct themselves ethically in business matters. It thus provides our employees with an ethical compass for addressing moral issues, assessing complex situations correctly, making the right decisions and acting appropriately. It therefore supports the practical expression of our fundamental values and underpins ethically appropriate decision-making.

The Ethical Charter lays down clear guidelines on fighting corruption and preventing the commission of bribery by employees. All our employees can contact their managers for advice on ethical questions.

Now that the two former operating companies have combined to form Fluvius, the former Eandis Ethical Charter is to be revised to create a new Fluvius Ethical Charter. The requirements of the Eandis Ethical Charter continue to apply until further notice.

Advice on and reporting infringements of the ethical rules

Fluvius has a clear procedure for reporting unethical conduct. Any employee can report possible or suspected infringements of the Ethical Charter or external rules to the Ethics Group, which ensures that all reports and complaints are handled in the strictest confidence. The Deontological Working Group is made up of specialists from different sections of our company and is chaired by the head of the Legal Department.

When a report is filed, the Deontological Working Group undertakes a thorough investigation of the facts. If the report is shown to be correct, the file together is handed over to the head of HR together with recommendations for concrete action (sanctions, etc.).

During 2018, the Deontological Working Group received no reports of a potential infringement of ethical rules.

Human rights policy

An active human rights policy is not regarded as a priority by Fluvius, on the grounds that the company operates solely in Flanders and the majority of its activities are carried out within a strict regulatory framework.

With respect to human rights in relation to the materials we use, Fluvius's procurement procedures and contract specifications include a number of measures aimed at preventing abuse, for instance with regard to the production of materials in low-wage countries. These measures require suppliers of materials to submit a declaration or undertaking. Fluvius does not carry out active checks at the site of production facilities.

Risks and risk management policy

Every company faces a number of uncertainties and risks. Fluvius addresses potential risks in a structured manner through an 'integrated risk management' methodology that applies to all our business areas. Permanent monitoring and various procedures contribute to establishing maximum control over these uncertainties and risks.

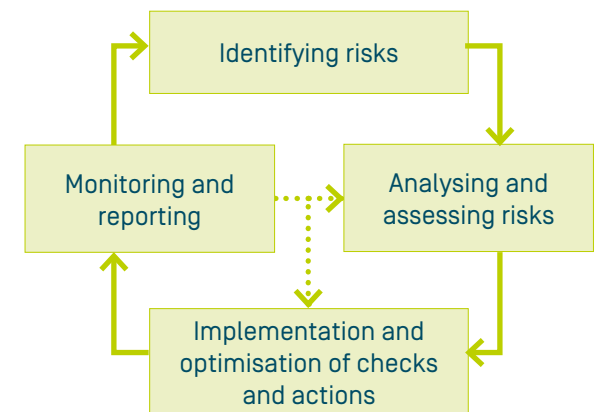
Risks are classified into five categories: [1] strategic risks, [2] business risks, [3] generic business risks, [4] operational risks and [5] generic operational risks. We only monitor risks that are relevant to one or more business processes.

The list of risks is updated annually. Adjustments to risks or risk scores can be made at any time if there are good reasons to do so. Risks are reported to the Management Committee and the Audit Committee on a quarterly basis; ad hoc reports are also drawn up if required.

Assessing and addressing risks

The risk management method comprises four components:

- identification of risks
- analysis and assessment as to impact and probability
- implementation and optimisation of checks and actions
- monitoring and reporting.



Fluvius uses a simple colour scale for the assessment or scoring of strategic risks:

- green: the risk presents no danger to achieving strategic objectives – no action needed
- yellow: the risk may inhibit achievement of the strategy – attention and measures needed on the underlying risks
- orange: the risk is an obstacle – action is required in the short term
- red: the risk is a threat to achieving the strategic objectives – immediate coordinated action is required.

The same method is used for the scoring of operational risks. Strategic risks are validated by the Board of Directors, business risks by the Management Committee and operational risks by the competent business process owner. The internal audit services carry out risk audits systematically and regularly for all business processes – including financial processes. Each recommendation is accompanied by a score to indicate its priority for remediation.

Internal audit at Fluvius System Operator works in accordance with international IIA standards. IIA is the Institute of Internal Auditors. This approach and certification ensures a high degree of professionalism in the internal audit work.

Precautions against cybercrime

In recent years, Fluvius has paid considerable attention to familiarising employees with the risk of cybercrime. A dedicated Information Security department coordinates measures to make IT systems secure and minimise these risks as much as possible. The company also provides training on this topic.



Financial risks

The Board of Directors has identified the following financial risks:

• Price risk

As the operational company, Fluvius System Operator recharges all expenses in relation to distribution grid management – in full and without any profit margin – at cost to its shareholders/customers, i.e. the fourteen mission entrusted associations. The incomes of these mission entrusted associations are subject to a regulatory system or are bound by legal or contractual rules.

For electricity and gas, the fee income of distribution system operators is set by the Flemish Regulator of the Electricity and Gas Market (VREG). There is therefore no significant price risk for these entities in the Fluvius Economic Group.

The income of mission entrusted associations that carry out sewerage tasks derives from the applicable legislation, namely the Flemish Drinking Water Decree of 18 July 2003 (amended on 15 June 2018). Capital investment in this activity is paid for by the Flemish Environment Agency and the municipal authorities.

For cable business, various contractual arrangements are in place with Telenet, a firm offering services commercially via the cable network owned by the relevant mission entrusted associations.

The consolidated and non-consolidated subsidiaries in which Fluvius System Operator holds an equity stake (De Stroomlijn, Atrias and Synductis) function the same way: each recharges the relevant part of its costs to Fluvius, which then incorporates these costs into its own total operating costs and recharges them to the mission entrusted associations.

• Liquidity risk

The financial services of Fluvius System Operator monitor the liquidity position of the Fluvius Economic Group on a daily basis. The cash pooling between Fluvius System Operator, the various mission entrusted associations, De Stroomlijn and Synductis is an important tool in this regard.

The company has a number of short-term financing sources. Specifically, these comprise a cash facility ('straight loan facilities'), a revolving credit facility and a commercial paper programme. The first two of these facilities are committed to the company by the banks concerned; the commercial paper programme is uncommitted.

Fluvius is convinced that these short-term financing resources are more than sufficient to adequately address liquidity risk.

- **Credit risk**

In the context of its operational tasks for the mission entrusted associations, Fluvius System Operator – as the successor of Eandis and Infrax – has been an active issuer of various debt instruments over the past few years. Both Eandis System Operator and Infrax have issued bonds in the past. This formed an integral part of a policy of diversifying between instruments, counterparties, between instruments with or without regular capital repayments and so on.

Bank loans are also an essential component of financing for the Fluvius Economic Group. Such loans are also taken out directly by the mission entrusted associations and thus do not represent a financial risk to Fluvius System Operator or by extension to the Fluvius group.

Fluvius actively manages its maturity profile in order to ensure that the necessary refinancing is spread over time as far as possible.

- **Collection risk**

Fluvius System Operator faces only a limited risk of bad debt, given that the company generates virtually all its income from recharging its operating expenses at cost to its customers. These are the mission entrusted associations, which are also the company's shareholders.

- **Currency risk**

All regulated and non-regulated income of Fluvius System Operator and its consolidated subsidiaries and associates is expressed in euros. The same applies to all outstanding debt instruments, whatever their nature. This means that the Fluvius group is not exposed to any substantial currency risk.

Legal disputes

On behalf of the energy distribution system operators, both Eandis and Infrax appealed to the Court of Appeal in Brussels against the VREG's tariff resolution concerning tariff balances for 2010-2014. A ruling on the case is expected by the end of February 2019.

In a second case before the Court of Appeal, Fluvius has appealed against the VREG's decision to impose additional savings (the so-called 'X factor') on the distribution system operators following the merger of Infrax and Eandis. This 'X' saving was to be achieved on top of the savings that Fluvius had already forecast as a consequence of the merger. A ruling is not expected before the end of the first quarter of 2019.

In December 2017, the Court of Appeal in Antwerp declared a lawsuit brought by Proximus to be without merit. The suit related to agreements that the then pure intermunicipal cable operators (ex-Infrax group) had made with telecom operator Telenet. A further appeal of the case to the Court of Cassation remains possible.

The Criminal Court of Turnhout has acquitted Eandis in relation to a fatal gas explosion on 23 November 2015. The court ruled that there was insufficient evidence that Eandis was responsible for the explosion, which was caused by a poorly executed connection to the gas grid. The connection in question had been made by an Eandis subcontractor eight years before the explosion.

In April 2017, the Criminal Court of Ghent found Eandis guilty in relation to an industrial accident involving one of its employees. Eandis has appealed against this ruling. The appeal is ongoing.



Key developments in the companies in which Eandis System Operator holds an equity interest

De Stroomlijn

De Stroomlijn is the customer communications centre for Eandis and TMVW/Farys. Its shareholders are Fluvius System Operator (64%), TMVW/Farys (33%) and Synductis (3%).

De Stroomlijn is fully consolidated in the consolidated financial statements of Fluvius System Operator.

During 2018, De Stroomlijn brought its working practices into line with the new data protection rules (General Data Protection Regulation) applicable as from 18 May 2018. Based on an audit carried out by an outside firm, management has set the requisite priorities and taken measures to implement them.



During the merger that formed Fluvius System Operator, it was decided that De Stroomlijn would be used as the contact centre for the entire Fluvius business. Prior to the merger on 1 July 2018, Infrax had been using a different service provider to handle customer calls. De Stroomlijn became the customer communications centre for Fluvius as a whole, including former Infrax operations, from the start of 2019.

As of the end of 2018, De Stroomlijn had a workforce of 236.1 full-time equivalents. De Stroomlijn operates from four sites, located at Mechelen, Ypres, Ledeborg (Ghent) and Hasselt. The Hasselt site began operations on 1 January 2019. In 2018, De Stroomlijn recorded turnover of €14.1 million.

Atrias

Atrias is responsible for the development, management, maintenance and operation of a central data system for the Belgian energy market. Atrias will eventually replace all the separate data systems of Belgium's distribution system operators and centralise them in a single nationwide system. The aim is to lay the foundations for a smoothly functioning free market in energy in Belgium.

All of Belgium's electricity and gas grid operators are shareholders in Atrias: Fluvius System Operator (50%), ORES (16.67%), Sibelga (16.67%), RESA (15.05%), AIEG (0.54%), AIESH (0.54%) and Réseau d'Energie de Wavre (0.54%).

Atrias circulated an official progress report on 12 December 2018, in which the company stated that its original objective, set when Atrias was founded in 2011, no longer met the expectations of the energy market of 2018/2019. New challenges are consistently being posed

by the energy transition, as a result of which delays had occurred due to increasing complexity and technological developments.

For Atrias's shareholders, i.e. the Belgian grid operators, it is essential that the common data system for the energy market will be able to cope with future changes.

Atrias will therefore work primarily to stabilise the system that has been built to date, while a suitable phased approach for the central data system is investigated and adopted. The results of this process will be announced in early 2019.

In the meantime, network operators and suppliers will continue to operate their existing separate data systems until the new central database is brought into use.

At the end of 2018, Atrias had 26 employees, all of them full-time. Its turnover in 2018 was €28.5 million.

Atrias is treated as an associate for consolidation purposes, and is thus included in the consolidated financial statements of Fluvius System Operator using the equity method.

Synductis

Synductis promotes synergy at infrastructure work carried out in the public domain and helps shape an active 'less nuisance' policy. Synductis covers seven areas: planning coordination, electricity, natural gas, drinking water, sewage, roads and telecommunications.

Fluvius System Operator holds 620 Synductis shares, out of a total of 1,860 [33%]. The other shareholders in Synductis are Aquafin, De Watergroep, TMVW/Farys, IWVA, IWVB and Proximus. Pidpa and De Watergroep have only joined the 'planning coordination' sector. Each member holds one share for this sector.

In addition, Synductis works closely with the Flemish Roads and Traffic Agency (AWV) on the basis of a mutual cooperation agreement based on the principles set out in the VVSG Code¹.

Synductis's business plan is founded on the notion of providing high-quality service to customers (local authorities, residents, shops and businesses). The creation of a high-performance IT platform is intended to contribute towards this aim.

Synductis has no personnel of its own. The utility companies which own it delegate their own staff to Synductis as and when required, based on the projects that arise.

Synductis recorded turnover of €1.3 million in 2018, 21% less than in the previous year.

As an associate company, Synductis is included in the consolidated financial statements using the equity method.



¹ The Code (published in 2016) was compiled on the initiative of the Flemish Association of Cities and Municipalities (VVSG) and is intended primarily to help ensure that roads and pavements are properly repaired after utility work. It is a framework for agreements between municipalities and utility companies.

Two subsidiaries wound up and liquidated

1. Warmte@Vlaanderen

Warmte@Vlaanderen cvba was established on 18 May 2016. The company was responsible under certain conditions for the production, distribution and supply of district heating. Its object was to build and maintain the installations needed for heating supply. Its shareholders were Eandis System Operator and Infrax, each holding 50%. Following the merger of Eandis and Infrax and the fact that all the shares in Warmte@Vlaanderen were now held by a single shareholder, the decision was taken to wind up and liquidate the company. This took place on 27 April 2018.

Warmte@Vlaanderen has never carried out any activity or recorded any turnover.

2. Fluvius

Fluvius cvba was set up by Eandis System Operator and Infrax on 27 December 2016 with the aim of developing specific mutual synergies to support distribution network management and other activities. The smart meter chain was a priority.

For this company, too, the merger of its two shareholders led to a situation in which all the shares were held by a single party. It was therefore decided to wind up and liquidate the company. This took place on 28 May 2018.

Like Warmte@Vlaanderen, Fluvius cvba had never carried out any operating activity or recorded any turnover.

Audit by and remuneration of the auditor

Prior to the merger, Ernst & Young Bedrijfsrevisoren (EY) was the statutory auditor of both Eandis System Operator and Infrax. EY's permanent representatives for the two companies were Paul Eelen (for Eandis System Operator) and Marnix van Dooren (for Infrax).

The Extraordinary General Meeting of Shareholders on 28 June 2018 extended the mandate of Ernst & Young Bedrijfsrevisoren BCVBA as statutory auditor of Fluvius System Operator until the Annual General Meeting for 2020. The permanent representative of EY is Paul Eelen, Registered Auditor.

The mandate also covers reporting under IFRS.

The remuneration of the statutory auditors for their audit work has been set at €74,011 per annum. In 2018, no amounts were paid to the auditor for any supplementary audit procedures outside the scope of its engagement (in accordance with the 'one-to-one rule').

For 2018, the statutory auditor performed an audit of the financial statements (see the Financial Report) and a compliance check on the non-financial and diversity information that must be included in reporting pursuant to the Law of 3 September 2017.

On 31 March 2018, EY Bedrijfsrevisoren formally declared to the Audit Committee that they are independent in the performance of their auditor mandate. An identical statement of independence was submitted at the General Meeting of Shareholders held on 28 June 2018.

Fluvius has engaged the audit firm BDO to report on cash management and the valuation of the Regulatory Asset Base (RAB) and decommissioning. BDO's mandate will expire at the end of 2019.

Short review of the financial results

Proper interpretation of the financial results must take account of the merger by absorption that took place on 1 July 2018. The figures reported under Belgian accounting standards (BE-GAAP) retroactively include full-year figures for the whole of the merged company. The figures are therefore not comparable to the figures as at the end of 2017, which are only available separately for the two former companies. In the financial report, the comparative figures reported for 2017 are the figures for Eandis System Operator cvba (both single-company accounts and consolidated figures).

The brief review below is based on the consolidated annual BE-GAAP figures for the Fluvius group, i.e. Fluvius System Operator as the consolidating entity together with its consolidated subsidiaries and associates Atrias, De Stroomlijn and Synductis.

Balance sheet

Total balance sheet assets as at 31 December 2018 were €4,749.2 million.

This comprised non-current assets of €13.0 million and current assets of €4,736.2 million.

Liabilities comprised equity of €10.4 million, accounts payable to third-parties of €92,700, provisions and deferred taxes of €256.73 million and financial debts of €4,482.0 million. The latter were made up of long-term debts of €3,992.0 million and short-term debts of €436.3 million.

Profit and loss account

In 2018, Fluvius System Operator recorded turnover of €1.6 billion. Total operating income was €1.7 billion. This resulted in an operating profit of €14.2 million.

Financial income for 2018 was €125.5 million, while financial expenses were €129.4 million.

No exceptional income or expenses were recorded in 2018.

Profit before tax was €10.2 million; profit after tax is – as always – zero, on the grounds that the company works at cost price.

Investments in 2018

In 2018, Fluvius carried out gross investments of €832.5 million. This total was divided between €474.9 million for electricity, €172.0 million for gas, €97.2 million for sewerage, €59.9 million for cable TV infrastructure and €28.5 million for other investments including public heating, vehicles, Atrias, and IT.

Financing of Fluvius System Operator

Fluvius System Operator is a company that offers securities to the public. The relevant laws and regulations therefore apply. Fluvius consequently complies with market abuse regulations.

Bonds and similar debt instruments issued by Eandis System Operator and Infrax in the past are guaranteed by the mission entrusted associations/shareholders. These debt instruments are listed on the following stock exchanges:

- Luxembourg Stock Exchange – regulated market
- Euronext Brussels – regulated market
- Euronext Growth Brussels – non-regulated market
- Open Market Frankfurt ('Freiverkehr') – non-regulated market

In 2018, no new issues were carried out under the existing Euro Medium Term Note (EMTN) programme for issuing internationally placed bonds. No stand-alone placements were carried out either.

In 2018, Fluvius System Operator did not carry out any new transactions in derivatives.

The company discloses no transferred losses in its annual accounts, either in the non-consolidated or consolidated figures.

Changes in ratings

Both Eandis System Operator and Infrax had a long-term credit rating prior to the creation of Fluvius System Operator:

- Eandis: A3 (positive) from Moody's Investors Service ('Moody's')
- Eandis: A+ (stable) from Creditreform Rating
- Infrax: A (negative) from Fitch Ratings

Following the creation of Fluvius System Operator, it was decided that only the Moody's and Creditreform ratings would be retained for the combined operating company Fluvius System Operator and the Fluvius Economic Group. The Fitch rating was terminated on 9 November 2018.

Corporate Social Responsibility (CSR)

Fluvius System Operator is fully aware of its substantial social impact and social responsibility. The company has therefore made corporate social responsibility, in all its aspects, a firmly embedded part of its business strategy and value propositions. This means, among other things, acting responsibly with regard to our employees, the environment, and society as a whole.

For more details on this topic, please refer to the Fluvius Activity Report for 2018.

Branches

Fluvius has no branches.

Research & development policy

Fluvius continuously looks for solutions to further improve its operational activities. That is why we make carefully considered investments in innovation to develop new services and products. Fluvius also checks whether each development is potentially eligible for a patent.

Fluvius is participating in the 'IO.Energy' proof of concept. This project concerns a real-time communications platform that links 'prosumers' to local or central energy markets. IO.Energy is being developed as an open, neutral platform for all market participants. The initiative fits in with the flexibility required for a future energy system in which decentralised, intermittent production will be a defining feature. This presents new challenges at the distribution level, such as managing voltage and congestion. At the same time, answers can be found at the distribution level, too: we will no longer be managing a 'network', but a complex 'system' in which our customers have 'flexible assets' that can play an important role in optimising the use of available capacity. To achieve this, we need to interact in real time with our customers and aspects of the network infrastructure.

In early March 2017, Eandis and Infrax, along with the other Belgian distribution network businesses and Elia, launched a 'data hub' for flexibility in the energy market. This IT system calculates how much flexibility a company or group of companies has provided within a set period of time, something which fulfils a crucial role in the efficient operation of the energy market.

Fluvius is an active member of Flux50, an organisation which aims to create solutions to support the energy transition, in conjunction with the industry and stakeholders. We are therefore participating in the ICON ROLECS project, which is intended to eliminate barriers to the roll-out of energy communities. The project is based on the 'energy community' concept that Fluvius has developed in collaboration with other partners in Flux50. The concept is currently being refined at various demonstration sites, which will enable fundamental policy recommendations to be made in order to encourage the roll-out. Through our participation, we are also ensuring that the results can be replicated throughout Flanders.

Other policy elements

Data Management

The revised Flemish Energy Decree is expected to assign the role of data manager to Fluvius. Data management means the collection, management, processing, security and storage of measurement data at access points to the gas and electricity distribution network, the management of the access register, the exchange of data between market participants, the facilitation innovation and so on. Certain requirements will be laid down in order to keep the carrying-out and invoicing of data management separate from the other activities with which Fluvius is tasked.

At the time this report was compiled, the status of the revised draft energy decree was not yet clear.

Fibre-to-the-home (FttH)

Fluvius's Board of Directors has given the go-ahead for a pilot project concerning the roll-out of fibre-to-the-home (FttH). The five test areas selected are located in Genk, Ghent, Poperinge, Diksmuide and Antwerp. In total, around 15,000 homes will be involved. The project, named 'Fluvius Fibre Optic', kicks off in early 2019 when it will be rolled out to 4,500 homes across six districts in Genk. The other test areas will follow in the course of 2019.

Fluvius has set aside a budget of €30 million for this pilot project.

FttH technology will enable Fluvius to provide superfast internet connections through a number of central outlets, from which a fibre-optic cable will be extended to local homes. Telecom providers will then be able to connect their own infrastructure to these outlets and thus offer services to end customers. Ultimately, this will enable innovative services to be developed for the general public and businesses, as well as for the educational and public sectors. Fluvius itself will not provide services via the new FttH network; this role is reserved for existing (and new) telecom providers. Fluvius is concerned that a digital gap may arise in Flanders, a concern that this initiative is intended to address. Freedom of choice and minimising barriers are at the core of the Fluvius approach to FttH.

In line with FttH, the Fluvius Board of Directors has also set out its position on 5G technology: Fluvius sees an active role for itself in this regard, especially in the roll-out of 5G across Flanders.

General Data Protection Regulation – GDPR

Fluvius is required to comply with the GDPR. The company has taken the necessary measures to correctly deal with data and the privacy of data subjects in accordance with GDPR rules.

One of these measures is the appointment of a Data Protection Officer (DPO). We have also clearly defined and assigned responsibilities for GDPR compliance in the various sections of the business. It should also be noted that Fluvius offers training on the GDPR to employees who are directly involved in matters related to the Regulation.

In connection with the GDPR, a processing agreement has been entered into with Atrias regarding the specific activities that Atrias performs for Fluvius.

New and complementary services and products

Fluvius intends to develop new services and products that seamlessly connect to our current core activities. These services continue to build on what was already happening at Infrax and Eandis in this regard. In summary:

- Fluvius Sustainable Buildings: a full package of energy services (pre-financing, study phase, implementation and energy monitoring) to promote energy efficiency in municipal housing
- +Punt: supports local authorities wishing to make the poles of public streetlights available to third parties
- Third-party networks: for managing private networks

- Consulting: providing advice on the management of private networks
- Fluvius Net: network services for local authorities via the cable television network, for data transmission between buildings, fixed-line and mobile telephony and broadband internet
- Fluvius Center: data centres for municipalities and other local authorities
- Fluvius GIS: a geoinformation software (data, expertise, hardware and software) that allows local authorities to carry out in-depth geographical analyses of their public domain in relation to zonal planning
- Fluvius Maps
- Fluvius WiFi: public WiFi
- Fluvius Sustainable Mobility: CNG and electric vehicles
- Fluvius Fibre: renting spare capacity on the Fluvius fibre optic network.

To maximise opportunities for these developments, 'spin-ins' have been created for a number of them, that is to say, the activity has been vested in its own separate unit within the company. The activities of the spin-ins are carried out at the level of the distribution system operators, but managed by Fluvius personnel.

Reform of the Flemish financing associations and Intermixt

In the context of a wide-ranging restructuring of the organisations and entities in the Flemish energy sector, the decision has been taken to split up some of the financing associations, namely Finiwo, Fingem, Figga, Finilek and Finea. These associations ceased to exist after the split.

The shareholders of IKA declined to consent to the proposed split and transfer-in of their financing association. IKA therefore continues to exist as a separate entity.

The five financing associations referred to above managed holdings in Publi-T (the municipal core shareholder of the electricity transmission grid operator Elia) and Publigas (the municipal core shareholder of the natural gas pipeline operator Fluxys). These holdings were 'transferred in' to the distribution system operators Imewo, Intergem, Gaselwest, Iverlek and IMEA, which duly consented to the transactions.

The second task of the financing associations was to manage municipal holdings in a variety of renewable energy projects. These holdings have been pooled into a single newly formed entity, named Zefier cvba, with its own staff.

Day-to-day management of the holdings in Publi-T and Publigas is entrusted to the financial services of Fluvius System Operator, as part of Fluvius's broader operational remit on behalf of the mission entrusted associations/ shareholders.

REMUNERATION REPORT

In accordance with article 100, § 1, 6°/3 of the Belgian Companies Code, this section provides a statement of information on the remuneration of the members of the company's Board of Directors, as well as information on the remuneration of the Management Committee.

Board of Directors

In the first half of 2018, the Board of Directors of Eandis System Operator met five times, including one meeting conducted via the written procedure provided for in the articles of association. The Board of Directors of Infrax met on six occasions during the same period. During the second half of 2018, the Board of Directors of Fluvius System Operator met three times.

The remuneration of the company's directors is based on an attendance fee of €209.14 per meeting actually attended; this amount is based on the maximum amount that can be paid to members of a municipal council. The Chair and Deputy Chair(s) of the Board of Directors of Eandis System Operator and Fluvius System Operator receive a double attendance fee; no such special rule for the Chair and Deputy Chair was in place at Infrax. A travel allowance is granted to directors for journeys to and from the locations of meetings of the Board of Directors (and other governance bodies) at a rate of €0.35 per km.

The foregoing attendance fees and travel allowances applied throughout 2018.

Remuneration 2018

Name	Attendance fee	Travel allowance	TOTAL
AWOUTERS Eric	3,774.84	428.48	4,203.32
BISSCHOPS Bart	3,356.56	194.60	3,551.16
BREPOELS Frieda	2,729.14	91.70	2,820.84
BUYSE Piet	2,927.96	409.50	3,337.46
CLAESSENS Jos	4,402.26	851.85	5,254.11
CLUCKERS Geert	5,657.10	776.55	6,433.65
COPPENS David	836.56	81.90	918.46
DE GROEF Jean-Pierre	1,882.26	154.70	2,036.96
DEJAEGER Christof	1,045.70	459.20	1,504.90
DIELS Paul	2,718.82	882.00	3,600.82
DOCHY Bart	3,565.70	298.25	3,863.95
DRIES Wim	5,657.10	324.80	5,981.90
DRIESKENS Raf	4,611.40	939.34	5,550.74
GEYPEN Greet	2,509.68	292.60	2,802.28
GRYFFROY Andries	4,193.12	292.08	4,485.20
JANSSENS Luc	1,463.98	357.00	1,820.98
LANSENS Patrick	3,356.56	68.51	3,425.07
KENNIS Koen	1,463.98	239.40	1,703.38
LARIDON Lies	5,657.10	793.25	6,450.35
LEMMENS Luc	3,774.84	39.90	3,814.74
LOMBAERTS Piet	418.28	78.40	496.68
MAERTENS Bert	3,147.42	151.55	3,298.97
MARTENS Luc	1,254.84	514.50	1,769.34
MEULEMANS Bert	5,657.10	367.03	6,024.13
PEETERS Christophe	836.56	212.80	1,049.36
REYNAERTS Didier	3,774.84	276.07	4,050.91
SCHILTZ Willem-Frederik	4,820.54	324.99	5,145.53
STOCKBROEKX Ilse	836.56	172.20	1,008.76
TEERLINCK Paul	3,346.24	638.40	3,984.64
THIENPONT Filip	1,045.70	207.20	1,252.90
TOBBACK Louis	1,882.26	224.00	2,106.26
VERBEECK Paul	5,238.82	666.32	5,905.14
WYNANT Luc	3,565.70	63.67	3,629.37
TOTAL	97 843,82	11 809,07	109 652,89

For a correct interpretation of the table above, please note the following:

- The totals shown for each director are gross taxable amounts
- Mr Buyse and Mr Dries were entitled to double attendance fees in their respective roles as Chair of Eandis/Fluvius and Deputy Chair of Fluvius
- Messrs Kennis, Peeters and Tobback were entitled to double attendance fees during the first half of 2018 as Deputy Chairs of the Board of Directors of Eandis System Operator
- the amounts shown are the total amounts paid to the directors concerned, including any amounts to which they were entitled as members of the Audit Committee, HR Committee and/or Strategic Committee.

Remuneration 2017

For comparison, the gross remuneration paid in 2017 to the directors of Eandis and Infrax was as below.

All amounts are stated in euros.

Name	Attendance fee	Travel allowance	TOTAL
AWOUTERS Eric	4,586.80	570.10	5,156.90
BISSCHOPS Bart	1,257.42	153.62	1,411.04
BREPOELS Frieda	3,344.26	334.17	3,678.43
BUYSE Piet	4,100.80	371.70	4,472.50
CLAESSENS Jos	4,385.86	593.28	4,979.14
CLUCKERS Geert	4,791.84	387.06	5,178.90
COPPENS David	615.12	85.78	700.90
DE GROEF Jean-Pierre	1,640.32	142.82	1,783.14
DEJAEGHER Christof	1,025.20	449.36	1,474.56
DIELS Paul	2,870.56	867.30	3,737.86
DOCHY Bart	4,790.98	795.53	5,586.51
DRIES Wim	6,239.42	0.00	6,239.42
DRIESKENS Raf	4,381.76	627.09	5,008.85
GEYPEN Greet	2,460.48	288.04	2,748.52
GRYFFROY Andries	4,590.90	346.14	4,937.04
JANSSENS Luc	2,460.48	644.30	3,104.78
KENNIS Koen	2,460.48	345.00	2,805.48
LANSENS Patrick	3,967.58	551.05	4,518.63
LARIDON Lies	5,201.92	682.25	5,884.17
LEMMENS Luc	4,377.66	0.00	4,377.66
LIEFSOENS Michiel	2,910.24	256.26	3,166.50
LOMBAERTS Piet	1,230.24	385.28	1,615.52
MAERTENS Bert	3,549.30	349.61	3,898.91
MARTENS Luc	1,230.24	608.58	1,838.82
MEULEMANS Bert	5,206.02	186.39	5,392.41
PARTYKA Katrien	410.08	82.80	492.88
REYNAERTS Didier	4,381.76	266.43	4,648.19
SCHILTZ Willem-Frederik	3,348.36	125.54	3,473.90
STOCKBROEKX Ilse	1,435.28	337.84	1,773.12
TAELEMAN Sven	205.04	51.68	256.72
TEERLINCK Paul	1,845.36	369.36	2,214.72
THIENPONT Filip	1,640.32	356.68	1,997.00
TOBBACK Louis	2,870.56	275.20	3,145.76
VANVELTHOVEN Peter	830.08	150.66	980.74
VERBEECK Paul	5,206.02	351.92	5,557.94
VERSNICK Geert	2,665.52	500.80	3,166.32
WYNANT Luc	4,172.62	162.77	4,335.39
TOTAL	107 717,30	12 501,34	120 218,64

Amounts paid to the former Infrax directors for 2017 and 2018 included a monthly fixed fee of €210.

Other than the above attendance fees, travel allowances and fixed fees, no additional benefits were awarded or paid to the directors either in cash or in kind during or in relation to the years 2017 and 2018.

Management Committee

The total gross salary cost for 2018 for the members of the Management Committee was €3,968,431.16. This gross salary cost is made up of three components:

- (a) basic annual salary, i.e. gross salary, including holiday allowance and year-end bonus, before deduction of payroll taxes and social security contributions,
 - (b) performance-based, variable compensation and
 - (c) employer's pension costs (€634,936.07).
- The comparable gross salary cost for 2017 was €3,661,290.87, including employer's pension costs of €697,822.50.

Basic salaries are based on the internationally recognised Hay method, the results of which are consistent with the Belgian market. Compensation paid to members of the Management Committee is approved each year by the shareholders in the appropriate governance bodies.

The variable remuneration paid to members of the Management Committee is linked to the company's score on a number of carefully selected performance indicators. These indicators are drafted and approved by the HR Committee and the Board of Directors; both of these governance bodies also evaluate the scores obtained and the ensuing remuneration payable to the Management Committee members. In this way, the company aims to reinforce long-term policy perspectives and bind the managers involved to the company on a more long-term basis; this is intended to promote continuity in the company's policy.

To maintain the privacy of the persons concerned, the company does not publish details of the performance of individual Management Committee members, and consequently does not provide details of the associated remuneration.

A number of the aforesaid key performance indicators are directly linked to sustainability and corporate social responsibility:

- the degree of collaboration with local authorities for energy services (energy savings and energy efficiency)
- external customer satisfaction
- the number of second-line complaints
- accident statistics (frequency and severity, number of accidents involving electricity and natural gas)
- the ecological footprint
- the training percentage
- absenteeism.



IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR 2018

New HR & Communications director takes office

At the end of 2018, Ilse Van Belle was appointed as HR & Communications Director at Fluvius System Operator. She took office on 1 February 2019, and has thus been a member of the company's Management Committee since that date. Ms Van Belle joins us from the telecom provider Proximus, where she was Vice-President HR Business Partners.

Commercial launch of Fluvius on 7 February 2019

On 7 February 2019, Fluvius launched its new name, its new logo and above all its integrated service offering for every Fleming. The media campaign positions the new 'Fluvius' brand as reliable and customer-focused.

Merger of mission entrusted associations within the Fluvius Economic Group

On 1 April 2019, two restructurings will take place within the Fluvius Economic Group. These restructurings directly affect the shareholder structure of Fluvius System Operator.

Firstly, in the Antwerp region, the mission entrusted associations IMEA and IVEG are merging with the mission entrusted association INTEGAN, which manages cable infrastructure. Together, the three entities will form one mission entrusted association, Fluvius Antwerp, with activities in energy distribution (electricity and gas), sewerage management and cable infrastructure management.

In addition, in Limburg province, the mission entrusted associations Inter-energa (electricity and gas distribution), Inter-aqua (sewerage management) and Inter-media (cable infrastructure) will merge on 1 April 2019 to form a single mission entrusted association, Fluvius Limburg.

We also note that the mission entrusted association PBE will merge on 1 April 2019 with Intergas. This transaction does not affect the ownership or scope of operations of Fluvius.

Integration of INTEGAN employees

Upon the creation of Fluvius Antwerp on 1 April 2019, the entire workforce of INTEGAN (100.9 full-time equivalents) will transfer to Fluvius System Operator cvba. All affected employees will retain the same terms of employment, and the same rights and duties after the transfer.

Data Management

The draft of the revised Flemish Energy Decree on digital meters and data management creates a new separate role of data manager, which is to be fulfilled by the operating company Fluvius System Operator. Up to now, the tasks associated with the data manager role have been assigned to the distribution system operators themselves. Fluvius will submit the documentation required for the appointment to the regulator VREG as soon as the legislative framework is clear.

Court of Appeal rules on tariffs

On 27 February 2019, the Court of Appeal at Brussels ruled that the application by the distribution system operators to overturn the VREG decision of August 2018 on the scope and allocation of the regulatory balances for 2010-2014 was admissible but without merit. The affected electricity and natural gas distribution system operators will incorporate the consequences of the ruling into their financial statements for the financial year 2018.

The Board of Directors,
Brussels, 29 March 2019



ACTIVITY REPORT

ABOUT THIS ACTIVITY REPORT

What is this report for?

This is the combined report of Fluvius System Operator ('Fluvius'). It combines the traditional activity report and the corporate social responsibility (CSR) report in a single document.

In this Activity Report, we report on the way in which we have transformed our strategy into concrete projects in 2018. Our primary focus will be on the issues our stakeholders regard as being of material importance.

The structure of the report is therefore based on the five 'value propositions' that Fluvius has defined. Each proposition brings together a set of services and products with which we respond to the needs of specific customer groups. They give an answer to the question of what value we want to create for our customers:

- System management for public multi-utilities
- Independent data management for the energy market
- Sustainable society
- Fulfilling our social duty as an energy supplier
- Solutions and services to supplement regulated utility supplies

Working for sustainable development

In this report, we also refer to the sustainable development goals (SDGs) of the United Nations. These are the goals set by the world for 2030 toward sustainable development. The 17 main goals and 169 sub-goals form the main international sustainability framework for the next 15 years. As a company looking for a sustainable connection with society, Fluvius endeavours to keep its operations in line with this framework as much as possible.



Practical information

The report is mainly based on the data provided by our own internal departments. Reporting is based on the situation and the figures as at 31 December 2018. Owing to the merger of Eandis and Infrax, each of which had its own separate data systems, it is not possible to report a combined figure for 2018 for every item of data.

Figures relating to the 2018 annual accounts (under both Belgian BE-GAAP accounting rules and the international IFRS rules) have been certified by Ernst & Young Bedrijfsrevisoren (EY), the auditor of the company.

The figures relating to our environmental performance (Fluvius's ecological footprint) were not yet available when this report was written. The latest available figures for the environmental footprint are for the year 2017.

This report is also published on the website www.fluvius.be.

The report is written in Dutch and English. The Dutch version is the original and the English version is a translation.

The Board of Directors of Fluvius approved this combined report on 29 March 2019.

Scope

This combined report for 2018 is about Fluvius System Operator cvba, a company under Belgian law. The company has its registered office at Brusselsesteenweg 199, Melle (9090).



MATERIALITY

Materiality analysis

Fluvius aims to focus its sustainability and CSR policy on areas where it can have a real impact. Our policy on sustainability and corporate social responsibility must be consistent with the expectations of our stakeholders. To find out what our stakeholders want, Fluvius carried out a materiality analysis at the end of 2018. During 2019, Fluvius will set the priorities of its sustainability policy on the basis of the results of this analysis.

Analysis approach

Fluvius's priorities were examined from two perspectives: materiality and urgency.

Materiality

We first examined what sustainability issues were materially important for Fluvius. The results of this analysis are shown in the materiality matrix. From a longlist of over 200 subjects, Fluvius identified 19 potentially material issues, which can be divided into five categories:

Customer focus	
1	Network reliability: strengthening the guarantee that our customers can make optimal use of energy, sewerage and other utilities at all times.
2	Customer satisfaction: always thinking from the customer's point of view in our service provision and striving for a permanently high level of customer satisfaction.
3	Data privacy: continuously investing in and ensuring the protection of all our customers' personal and consumption data in the increasingly digitalised market for utilities.
4	Eliminating energy poverty: making a proactive contribution to reducing energy poverty in Flanders, as a business in general and in our capacity as a Social Supplier.
Energy transition and climate	
5	Cooperation and partnerships: creating partnerships with supply chain partners, other firms in the industry and other bodies such as universities, research institutions and social organisations in order to contribute to energy transition in a connecting and facilitating role.
6	Knowledge sharing: sharing knowledge, expertise and aggregated data with stakeholders in order to enable innovation and product development, facilitate the energy market and promote energy transition.
7	Rational energy use by end users: fostering and facilitating energy-conscious behaviour and energy-saving investments among end users, inter alia by raising awareness through information campaigns and by awarding premiums and subsidies.

8	CO ₂ footprint of our own activities: reducing the CO ₂ footprint of our own activities, through our environmental policy on mobility and fossil fuel use, waste management, energy consumption, buildings and materials, as well as by increasing awareness among our employees.
9	Local biodiversity: managing our infrastructure and activities so that we have the best possible positive impact on local biodiversity.
10	Circular waste management: following the principles of circularity in the management of our materials and the handling of waste from our infrastructure and activities.

Operations

11	Safety of end users and nearby residents: high-quality management and maintenance of our infrastructure and activities to prevent accidents and potential safety risks in the surrounding area.
12	Socially acceptable tariffs: striving for operational excellence with a view to maintaining socially acceptable pricing for our stakeholders.
13	Integrated water and wastewater management: striving for maximum efficiency in the drainage and treatment of wastewater, as well as raising awareness and promoting separate drainage for rainwater and wastewater, so as to achieve the optimal reuse of rainwater and the efficient use of drinking water.

Responsible entrepreneurship

14	Good governance: implementing the principles of good governance and ethical management in practice; this includes increasing diversity within our organisation. As a public organisation, we communicate transparently with our stakeholders, including our employees.
15	Sustainable purchasing policy: implementing sustainability (environmental impact, ethical and social responsibility) in the different phases of the purchasing process, both in relation to our own sphere of responsibility and in cooperation with our supply chain partners (suppliers, service providers and subcontractors).
16	Active 'less nuisance' policy: reducing nuisance and maximising synergy in local work by working together with local authorities and other partners and responding to local initiatives.

Good employer policy

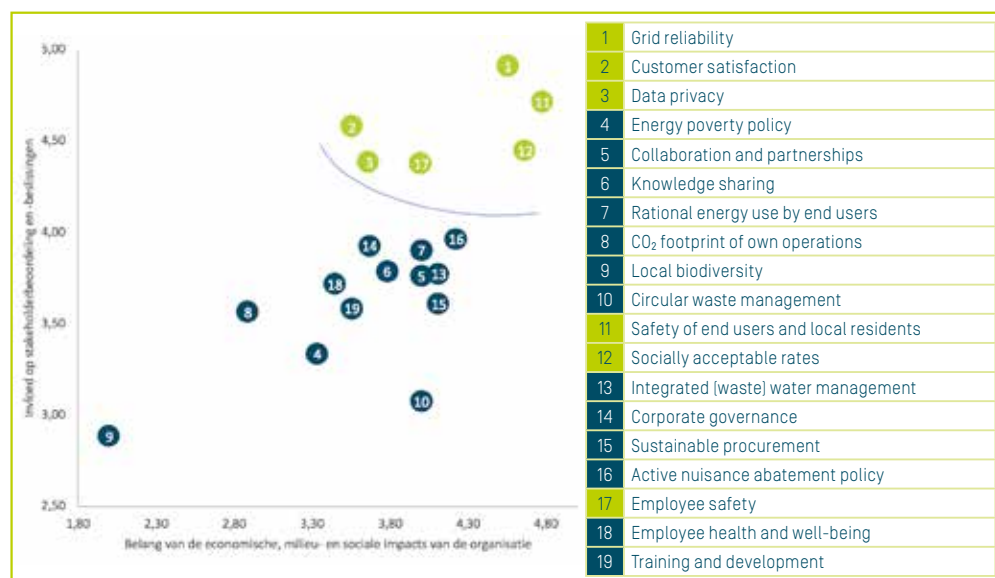
17	Employee safety: ensuring the safety of all our employees and subcontractors.
18	Employee welfare: taking preventive action to protect employee welfare (physical and mental) by raising people's awareness and encouraging positive action.
19	Training and development: providing training and assistance for the continuous professional development of our employees.



This list of 19 topics was internally approved. We then determined a score for Fluvius's social impact in each area, during a session with participants from various sections of our business.

Various stakeholder groups were asked which of the 19 topics they regarded as relevant or not relevant. This was done via an anonymous online survey. These stakeholders represented the following groups: employees, suppliers, energy suppliers, social organisations, shareholders/directors and investors¹.

This exercise led to the following materiality matrix:

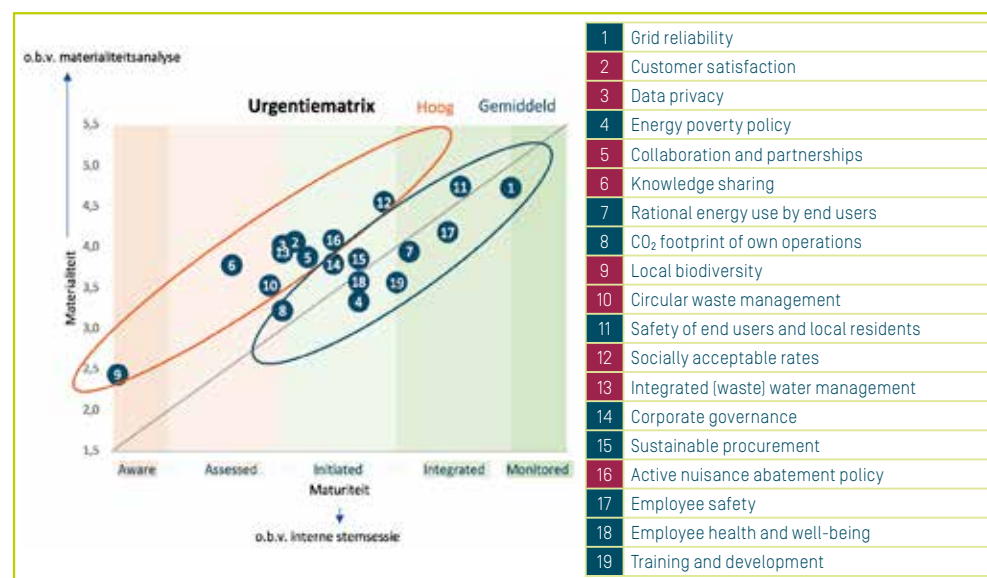


The topics with the highest materiality are those that score highest on both the horizontal axis (= impact that Fluvius has on a sustainability issue) and the vertical axis (= relevance of a sustainability issue to stakeholders). These topics, which are shown by a green circle in the matrix, are thus those to which the most attention should be paid in Fluvius's sustainability policy.

Maturity and urgency

The urgency of certain sustainability issues was examined in order to determine how quickly they need to be addressed in the company's policy. To do this, we proceeded from the internal maturity of the different topics and compared that maturity with their materiality. From this, we derived an urgency matrix.

We surveyed an internal core group on how well advanced Fluvius's response was to each of the 19 identified issues. The maturity of our response was assessed on a scale from 'awareness' (= lowest maturity) to 'monitored' (= highest maturity). For each issue, a crucial aspect of this assessment is whether projects are in place and whether long-term goals have been defined and implemented.



Topics circled in red are those whose materiality is higher than the current maturity level. In other words, these are the issues where we need to take action as a matter of priority. Where a topic lies close to the diagonal, it can be assumed that Fluvius is taking adequate measures to address it on the basis of its materiality.

Fluvius and the Sustainable Development Goals (SDGs)

The last part of Fluvius's sustainability analysis involved linking the 19 relevant issues to the SDGs, i.e. the 17 sustainable development goals of the United Nations.

¹ Our end customers will also be added to this analysis during the course of 2019.

CSR Board

The Management Committee has established a Fluvius CSR Board. Within the CSR Board, representatives from every section of the business co-ordinate the implementation of the Fluvius CSR and sustainability policy.

Link to remuneration

When mapping out the policy, the most attention is paid to areas that are assessed as material and high-priority, based on the feedback we received from our stakeholders and the views of the directors and the Management Committee. We formulate specific targets and incorporate them into the performance evaluations for our managers (via long-term incentives for the Management Committee and performance targets for other managers) and for all of our personnel (Collective Labour Agreement 90). These targets relate to, for example, safety results or participation levels in the staff satisfaction surveys.

Reporting

We also use the 19 materiality issues as a basis for our reporting.

GRI status

In this report, we report on specific CSR matters with reference to GRI standards ('Core'), which were issued at the start of 2016 by the Global Reporting Initiative (GRI). In so doing, Fluvius complies with the legal obligation for large Belgian companies to report on certain non-financial and diversity matters that was imposed by the Law of 3 September 2017 on the publication of non-financial information and information on diversity by certain large companies and groups. As a quoted company, Fluvius is subject to the requirements of this law.

The full GRI reference table can be found at the end of this report.

More information about GRI and the G4 guidelines can be found on the website of the Global Reporting Initiative:

www.globalreporting.org.



Who are our stakeholders?

Due to our mission in society and because of the specific nature of our company, Fluvius has a large number of different stakeholders. These stakeholders have been identified and selected on the basis of our strategy as internally defined by the management. The Board of Directors has approved this strategy.

As well as the materiality exercise (see 2.1), the company maintains a structured dialogue with separate stakeholder groups through all kinds of channels. We systematically survey our own staff on their level of satisfaction, and we do the same with end consumers who have dealt with us.

In preparation for full cooperation and the integration of Eandis and Infrax into Fluvius System Operator, we organised a structured survey at the start of 2018 of various stakeholders and stakeholder groups.

Overview of stakeholders

We will briefly discuss these stakeholders and the way in which Fluvius fulfilled their expectations in 2018.

Shareholders

Our shareholders are fourteen Flemish intermunicipal mission entrusted associations: IMEA, Iverlek, Gaselwest, Iveka, Intergem, Imewo, Sibelgas, Inter-energa, Inter-aqua, Inter-media, Riobra, PBE, Iveg and Infrax West. The share capital of each association is wholly owned by local authorities. The operational territory of Fluvius consequently comprises every town, city and municipality in Flanders.

The collective policy for the Fluvius Economic Group is set out by the Fluvius Board of Directors. Mandates at every level in the governance structure (Regional Management Committee, boards of directors of mission entrusted associations and the Fluvius Board of Directors) are reserved for representatives of democratically elected municipal councils.

There are no independent directors (i.e. directors who do not represent a shareholder).

Fluvius management attends all board meetings held by Fluvius System Operator and the fourteen mission entrusted associations in order to report to them on the state of affairs and comment on policy proposals. These individuals have no voting rights.

For day-to-day operational contacts with the municipal authorities, Fluvius has engaged thirty local relationship managers (three for each infrastructure area). They regularly meet with the political and administrative leaders of the municipalities in their region.

End customers

On behalf of the distribution grid operators, Fluvius administers nearly 7 million electricity, gas, cable and sewerage connections. This means that virtually every resident of Flanders is connected to distribution grids managed by Fluvius.

In the context of the Flemish public service obligations, we supply energy to social customers. These are people no longer able to access the commercial energy supply market – in many cases due to payment problems.

The Fluvius communication channel policy ensures that the individual end consumer receives an answer to his/her question or a solution to his/her problem as quickly as possible. This may be done online, via our new accessible website (which has received an average of 430,000 visitors a month since its launch in February 2019) or via social media, by calling our customer contact centre 'De Stroomlijn' (nearly 1.3 million calls in 2016) or directly via our employees at 42 customer branches (which averaged around 12,200 visitors a month in 2018). It is noticeable that customers are increasingly using digital channels to get in touch with us, largely at the expense of customer branches.

Fluvius also attends numerous exhibitions and shows (Batibouw, etc.) aimed at the general public.

Each year, an independent market research agency conducts a customer satisfaction survey among customers who have recently had work done by Fluvius.



Suppliers

We outsource a proportion of our activities to contractors. We also make use of a lot of suppliers of materials and services. The compulsory legislation on public procurement governs the procedures that we follow when doing this.

Orders placed in the market by Fluvius are an important source of employment and economic activity both within Flanders and beyond.

In 2018, Fluvius System Operator placed a total amount of €620.1 million (2017: €518.5 million) in orders with suppliers.¹ An overview of the contracts we have awarded in 2018:

Fluvius (ex-Eandis) purchases 2018 in millions of €

	Services	ICT	Supplies	Works	Total
Belgium	125.4	100.2	140.3	239.4	605.3
EU (excl. Belgium)	0.7	1.8	12.0	0.2	14.7
Outside the EU	0.0	0.1	0.0	0.0	0.1
Total	126.1	102.0	152.4	239.6	620.1

The large share of Belgian suppliers is due to the great importance of contracting for infrastructure works, an activity which particularly relies on local suppliers.

Clear standards

For certain purchases, we apply clear criteria in relation to sustainability and the environment. Our specifications include conditions referring to respect for human rights, the prohibition of child labour and similar matters, based on the Universal Declaration of Human Rights.

We use exclusion criteria to assess offers: some candidates are not permitted to take part in the bidding process. A second step is the use of selection criteria: these impose additional requirements on candidate suppliers in the areas of corporate social responsibility, combating fraud, financial stability, etc. A candidate whose score is not high enough is excluded. Finally, we also apply award criteria: candidates may or may not be awarded the contract in the final instance.



We also reserve certain types of purchases – in the context of the Law on Public Works Contracting – for partners from the social economy.

Number of (ex-Eandis) purchases in 2018 in which sustainability criteria played a part:

	Services	ICT	Supplies	Works
Exclusion criteria	1	0	0	0
Selection criteria	0	0	0	0
Award Criteria	3	0	1	0

Fluvius aims to cooperate with its suppliers and contractors in a way that goes beyond a commercial contract. We want to enter into a constructive dialogue. We do this initially through our regular consultation meetings. To safeguard the quality of the services and goods we provide, there are also formal evaluations.

We publish a 'Contractors' Newsletter' to provide our contractors with information, which we publish four times per year.

We regularly organise training sessions to raise awareness among our subcontractors with the legal obligations that apply to construction sites. This is done in collaboration with the Social Inspection Services. We bring subcontractors together in safety workshops to teach each other about working safely on contracts for Fluvius.

Energy suppliers

Energy suppliers are important stakeholders for Fluvius. The end customer has a contract for electricity and/or natural gas with a supplier of his/her choice. Fluvius invoices the energy suppliers for its operations and for use of the distribution grid, and they in turn charge these costs to their customers.

In the interests of end consumers and to ensure a proper functioning of the market, we strive to maintain open communications with the energy suppliers. This is done in a formal way: as a grid operator we are in regular contact with the energy suppliers through consultation platforms.

¹ Purchases of grid losses and financing are not included

Authorities

Local authorities are strategic partners for us. They – via the mission entrusted associations – are our sole shareholders. For local authorities, their participating interest in the mission entrusted association represents an important source of income for their municipal budgets. Conversely, the mission entrusted associations also fulfil important tasks for the local authorities.

Energy and environmental policy is an important policy area for government bodies in Belgium. Fluvius is one of the partners the Government relies on to put these policies into practice.

For energy distribution, the Flemish energy regulator VREG is an obvious important partner for Fluvius and the mission entrusted associations, too. The regulator is responsible to a large extent for the rules that govern the operations of Fluvius and the intermunicipal associations.

In sewerage and cable, too, Fluvius aims to provide an outstanding service to the population and local authorities. And we stick to the same principles for a number of additional services. This is how Fluvius connects society through its activities.

Fluvius engages in formal and informal dialogue with various government bodies and the competent energy regulator. Our contacts with the local authorities we service primarily take place through the governing bodies of the mission entrusted associations and the Local Relationship Managers (see 2.3.1).

Investors and credit providers

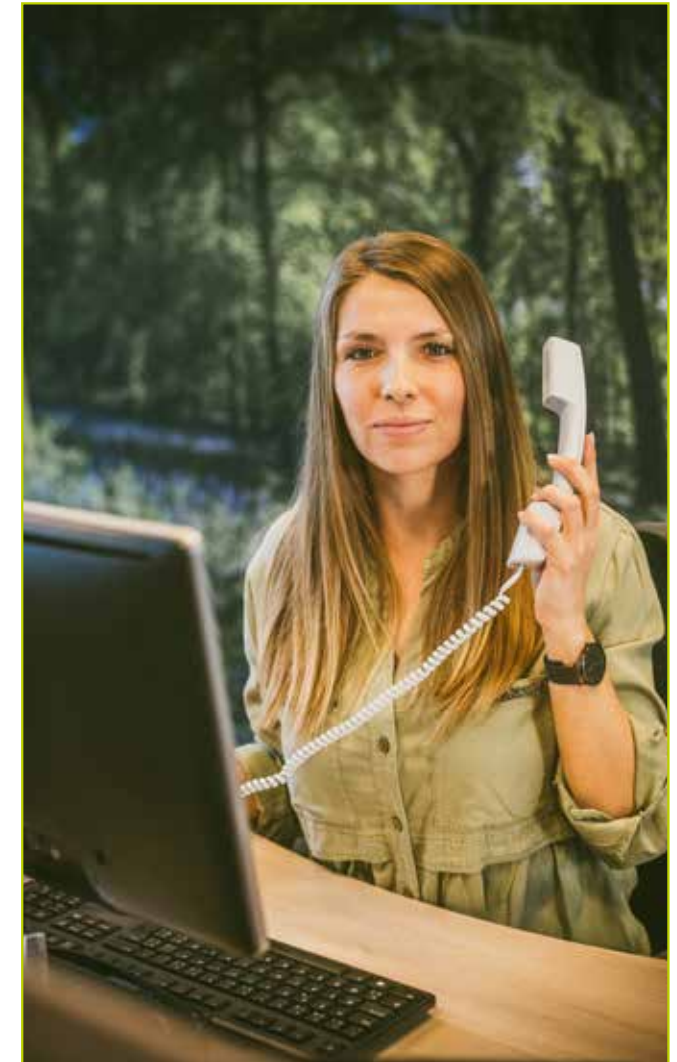
Fluvius System Operator relies upon local banks and the [international] financial markets for a proportion of its funding. For many national and international investors – such as insurance companies, pension funds and other institutional investors – Fluvius (and by extension the entire Fluvius Economic Group) remains an attractive investment opportunity: we are supported by strong ratings. Through financial institutions, mainly in Belgium, Fluvius is able to obtain funding in the form of bank financing.

Dialogue with investors and credit providers takes place via a separate section on the company website. Here we gather all relevant information for these target groups. Through attendance at conferences, bilateral contacts and investor calls, we also keep in direct contact with the financial world.

In recent years, Fluvius has been carefully screened on various occasions by specialist ratings agencies that assess the performance of businesses in the area of Corporate Social Responsibility. Agencies such as oekom, Vigeo Eiris and Sustainalytics have produced reports on Fluvius's CSR policy and CSR performance. These reports are made available on request to international investors which take account of CSR in their investment decisions.

Society

As a company that is engaged with society, Fluvius aims to maintain a dialogue with various sections of society, such as the education sector, architects, installers, design firms, consultancy firms, interest groups, sectoral organisations and utilities in a variety of sectors.



Close links with the education sector

Young people in technical education courses get the opportunity for a brief practical training at Fluvius during the Easter holidays. In 2018, 15 pupils in their final year at technical and vocational secondary education institutes were introduced to the technical and safety aspects of energy distribution in a professional environment. This took place under the competent guidance of Fluvius trainers. We also offer 'normal' internships. In 2018, we welcomed 8 technical and 2 administrative interns. 12 interns gained experience at our distribution centre in Lokeren.

In our sites in Bruges and Mechelen, pupils from technical schools are introduced to all aspects of energy distribution: switches, cable types, insulators, etc. An education medium-voltage junction box provides hands-on experience. In 2018, 387 pupils from 26 schools gained additional knowledge and experience in this way during 39 training days. We provided 10 training days for 160 students in higher education (6 colleges/university campuses). The programme was adapted to the target group, but of course we also address aspects, including safety aspects, of Fluvius's distribution activity.

In 2018, we organised for the eleventh consecutive time our 'Spitsdagen' (Top Days) in Melle and Mechelen. These are meeting days for electronics and electromechanics teachers in secondary education institutes. During these afternoon training sessions, teachers are given the chance to gather information about the latest developments in our field.



Dynamic learning

In 2018, Fluvius started a Dual Learning pilot project at the distribution centre in Lokeren. Dual learning involves trainees alternating between periods of work and college learning, and takes place under an Alternating Training Agreement ('OAO' in Dutch). One person alternated between attending college and working as a warehouse employee. The main aim of the OAO is to provide vocational training. Rather than a salary, the company therefore pays the apprentice a monthly learning fee a monthly training allowance.



Fluvius Good Causes takes shape

Fluvius is expanding its structured collaboration with De Voedselbanken (Food Banks). The Food Banks collect food and supply it to some 160,000 people [figures for 2018].

The Food Banks and Fluvius fit together well. We, too, provide energy to people, and we have a strong interest in sustainability. One thing that stands out is that many visitors to the Food Banks are also customers of Fluvius in its role as a social supplier. It's ideal that the Food Banks are organised regionally – you can find a Food Bank in every Flemish province. All Fluvius staff members can therefore do their bit close to home. This is an excellent example of our goal of creating a connection with Flemish society.

Our cooperation with the Food Banks took shape more clearly in the past year. After starting with a pilot project in West Flanders in September 2017, we extended our work to the other regions over the course of the past year. We now cover the whole of Flanders. Under the name 'Fluvius Good Causes', the partnership has resonated strongly within the company.

More support in 2018

- The Food Banks and associations linked to them were able to make good use of old office furniture. Obsolete warehouse equipment, such as shelving, also found its way to the Food Banks.
- The commitment of Fluvius employees to the collaboration was reflected by their volunteer work. For instance, we redecorated buildings used by the Food Banks in Kuurne and Izegem. In the periphery around Brussels, we also collected toys and children's clothes. A number of colleagues took part in the food collection drives carried out by the Food Banks in collaboration with Colruyt and Delhaize.
- Fluvius readily makes its buildings available to the Food Banks. The West Flanders Food Bank, for instance, was able to use our auditorium in Kortrijk for its annual general meeting. The Limburg Food Bank holds its monthly meetings at our site in Hasselt.
- Our employees are second to none when it comes to fundraising. On Car Free Day, participants donated their €5 free lunches, which produced a total donation of €5,990 to the Food Banks. In addition, some teams donated their budget from the motivation campaign to Fluvius Good Causes. On top of that, a number of staff members made a special effort by undertaking a hike during the 'Warmste Week' campaign for Music for Life. No less than 100 team members and friends took part in the 'Foodwalk for Life', and we were able to hand over a total of €6,000.

More professionalisation

In 2019, we will systematically extend and expand our partnership with the Food Banks. We are integrating Fluvius Good Causes into our wider CSR policy. It is also planned to incorporate the annual 'Kom op tegen Kanker' ('Stand up to Cancer') campaign that began life at Infrax into Fluvius Good Causes.



Partners

We work with third parties if this creates added value in the achievement of our strategic and operational objectives.

Fluvius is involved in a number of partnerships. For example our subsidiaries De Stroomlijn, Atrias and Synductis. We participate actively in thematic partnerships, such as EDSO (European Distribution System Operators' Association for Smart Grids) or EWF (Energy Web Foundation), a consortium that focuses on blockchain technology for the energy industry.



Fluvius believes in the social economy

In the social economy it is not profit, but the social value of work that is a central theme. Companies in this sector often employ people for whom finding work elsewhere can be difficult.

As a company that wants to connect people, Fluvius really likes this idea. We have long-term agreements with 5 assisted workplaces in Flanders. In this way we aim to combine environmental, economic and social issues.

Our cooperation ensures that approximately 83 full-time employees are permanently employed. Our partners are helping us in various activities, which are usually relatively simple and unambiguous, such as garden maintenance, communications (management of printed matter/mailings) or technical support (wiring/disassembly of equipment, maintenance/repair of company bicycles).

Fluvius is currently also looking for opportunities for new joint ventures. The factors that we evaluate are the employment potential of each workplace, the sustainability of the joint venture and the cost to Fluvius.



Employees

At the end of 2018, Fluvius had 5,320 employees [5,077.13 full-time equivalents]. When the subsidiaries are included, the number of employees rises to 5,606.

Around one in four is female (26.47%). One in five of our staff members works part-time (20.23%).

Focus on focus groups

In 2018, Fluvius employed 9 people from so-called 'focus' groups. These are people with fewer opportunities on the labour market.

Equal opportunities policy

The absolute minimum standard for Fluvius's equal opportunities policy is set by the Royal Decree of 14 July 1987 on measures to promote equal opportunities for men and women in the private sector.

Absolute equality is maintained between male and female colleagues in regard to recruitment, promotion opportunities, qualifications and employment and remuneration conditions.

Industrial relations

The formal rules for a dialogue between employer and employees are laid down in the Belgian labour legislation. For Fluvius as at other companies, they determine to a large extent the operation of the Works Council, the Committees for Prevention and Protection at Work and the local trade union delegations. Fluvius has one Works Council, three Committees for Prevention and Protection at Work and 14 local union delegations.

With regard to employment legislation, Fluvius is covered by the Joint Committee for the Gas and Electricity Industry (PC-326).

Specific consultation between the top management and managerial staff takes place in the Executive Council.

For its social dialogue within the company, the management of Fluvius has unequivocally opted for a 'win more/win more' model: rather than engaging in conflict, employer and employees try to find solutions together based on their common interests.

Training efforts

At Fluvius, employees are able to learn and grow. We provide many resources for training and coaching. This will ensure that our employees can work with the required knowledge and in a safe way.

In addition: now that they have to work longer, it is important that employees can continue to evolve. By stimulating their strengths and gaining new insights, they adapt to new circumstances. Ready to seize opportunities whenever they arise during an extended career.

In 2018, 4,200 Fluvius employees took at least one training course; in total, 12,700 training courses were followed.

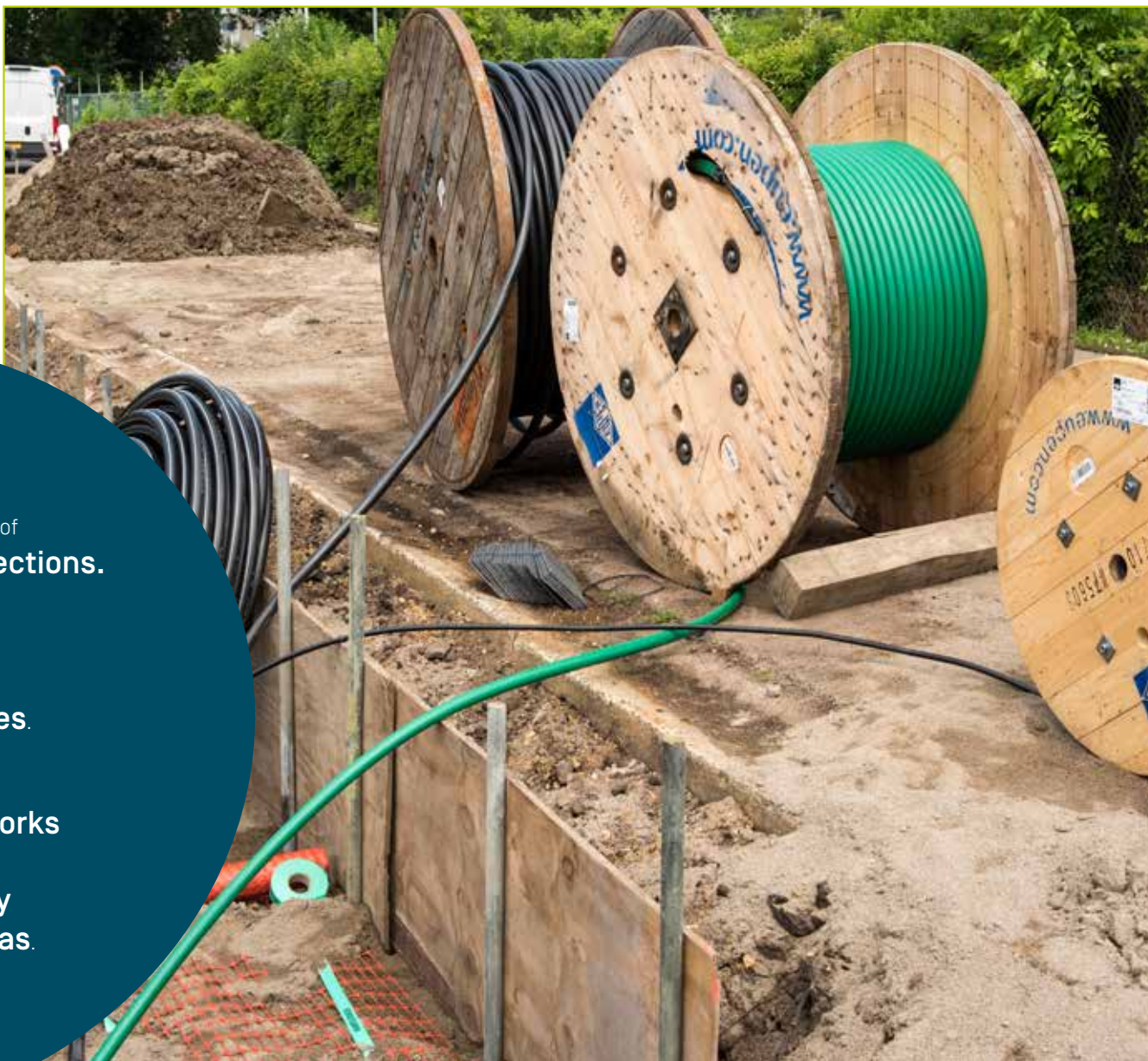
Fluvius also organised 2,700 training days for 1,080 employees of subcontractor firms.



VALUE PROPOSITION 1

SYSTEM MANAGEMENT FOR PUBLIC MULTI-UTILITIES

Fluvius is a network business. We build public networks for electricity, natural gas, public lighting, sewerage, cable TV, telecom and heating. We give customers access to these public networks. And we provide services all around our utilities in safety, day and night.



In 2018, our technical staff took care of
80,547 electricity and natural gas **connections.**

They installed **1,586 km**
of new electricity lines
and **546 km of new gas pipes.**

This means that
the total length of the networks
managed by Fluvius, is
131,599 km for electricity
and **57,257 km for natural gas.**

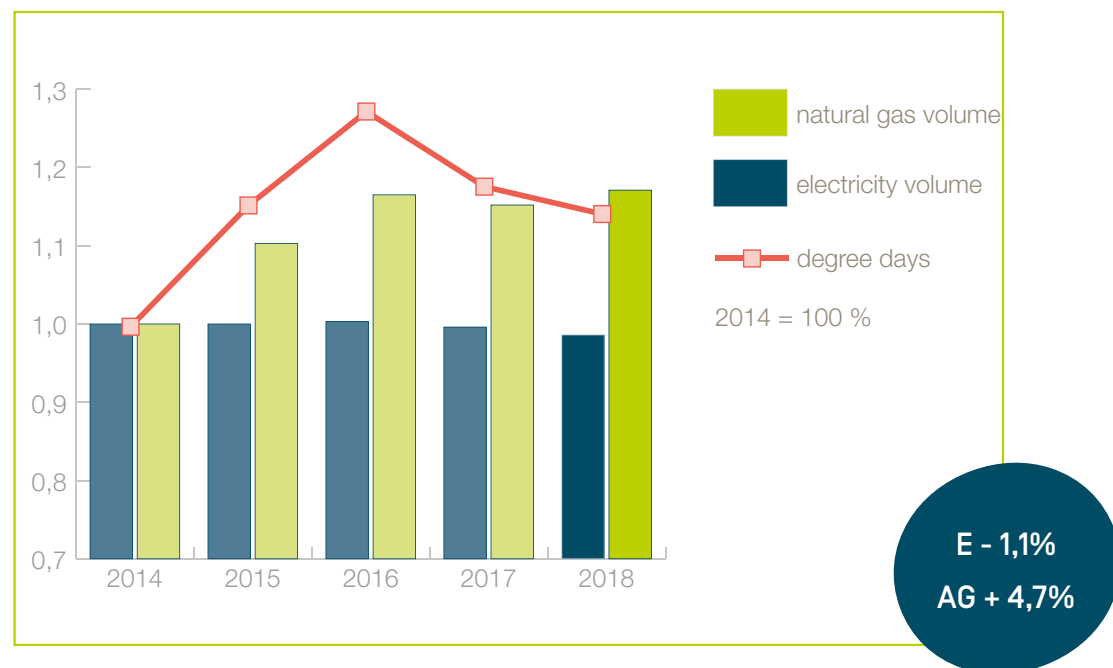


Energy volumes distributed in 2018

In 2018, Fluvius distributed 31,954,905 MWh of electricity and 64,325,991 MWh of natural gas via the distribution grids it operates.

Compared to 2017 (ex-Eandis only), the volume of electricity fell by 1%, whereas the volume of gas rose by 1.7%. Changes in gas volumes are linked to the total of degree days. The more degree days there are in a given year, the colder the temperatures are in that year. In 2018, the degree days total was 3.0% lower than in 2017; in other words, it was warmer. Despite this, the volume of gas distributed went up.

Compared to the five-year average, electricity volumes were 1.1% lower while gas volumes were 4.7% higher.



Safety

Industrial accidents [own employees]

The most important parameters in terms of industrial accidents are severity and frequency. The graph below shows how these parameters have evolved over the long term.

We continue to dedicate resources to improving safety-consciousness among our employees, to ensure they are willing to talk to each other about unsafe behaviour. In 2018 we saw a slight rise in the number of accidents, with a frequency level of 5.5 relative to 4.94 in 2017. There was a slight drop in the level of severity, from 0.12 in 2017 to 0.10 in 2018.

Comparing these safety results with those within our sector in Belgium shows that Fluvius (ex-Eandis) scores best for both parameters.

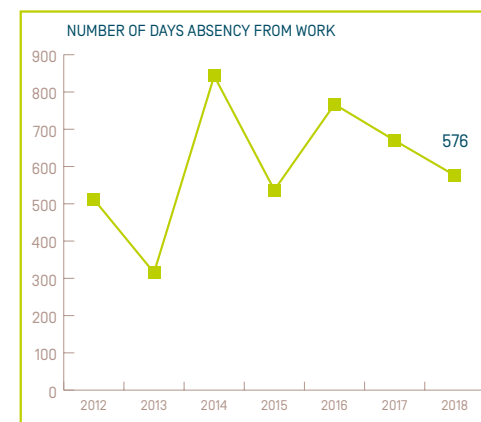
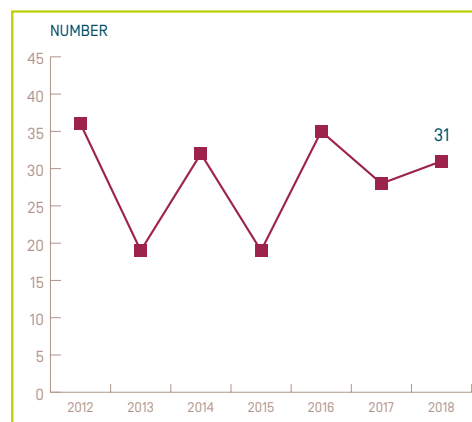
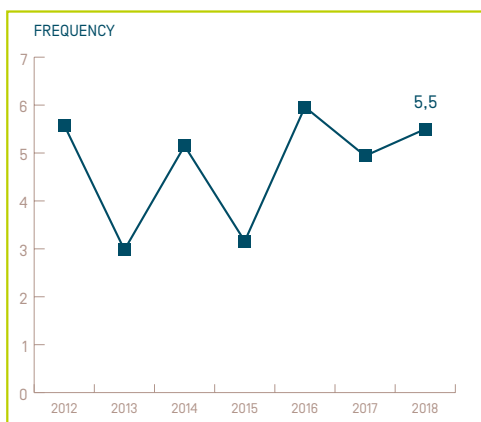
Number	2014	2015	2016	2017	2018	Average 2012-2018
number of accidents at work	74	66	86	76	88	79.4
accidents at work with absence	24	19	35	28	31	27.4
number of days absence	861	537	767	670	576	605.4

Accidents involving electricity or natural gas

Our ambitions are clear. We do not tolerate any accidents involving our basic products: electricity and natural gas. Unfortunately, Fluvius had two electricity/gas accidents at the end of 2018 which resulted in severe burns. As a result of this accident, we have again emphatically made all employees aware of the dangers.

Also in 2018, a seminar was held for subcontractors in order to promote dialogue about safety. The Prevention, Protection and Environment department held a number of workshops on environmental matters at work sites, site inspections, treating burns and damage caused by excavations.

Number	2014	2015	2016	2017	2018	Average 2012-2018
own staff	6	1	2	1	2	2.4
contractors	12	2	2	1	1	3.6
total	18	3	4	2	3	6.0



Accidents while commuting

The number of accidents involving bicycle commuters fell slightly again in 2018, from 51 to 44. The resulting number of days' absence went down from 178 to 139.

In 2018, we again carried out awareness-raising campaigns to make staff conscious of the importance of road safety.

A small gesture

We offer a safety incentive to encourage employees to pay constant attention to their own safety and that of others. Teams that achieve a pre-determined safety target (e.g. '1000 accident-free days'), receive a fixed amount per team member. They can spend that amount on a team activity or donate it.

Many teams choose to donate some or all of their reward to a good cause. In this way Fluvius team members donated some €14,350 to good causes in 2018. A nice gesture that we are very pleased to support.

Affordability

Fluvius is fully committed to a culture that embraces 'continuous improvement'. The aim is to evolve into a company that lives and breathes the principle of 'lean'.

A 'lean' business works from two angles:

- maximising added value for the customer
- minimising waste in its own work

In such a culture, it is crucial that all employees think every day about how they collectively go about their work. We therefore paid a lot of attention in 2018 to instituting 'day starts'. Day starts are regular short meetings at which problems are presented visually. This helps to create efficient working methods. In 2018, we focused on our HR, Network Operation, Customer Service and Finance departments.

As a merged business, we currently need to integrate a large number of processes. Our Lean Team has developed a method that it applies to all integration projects. This method starts from the customer's perspective: what does the customer regard as added value? We then compare the best aspects of the Eandis and Infrax processes with those on the market. All of this is then worked out in detail, so that we arrive at the best possible working process for Fluvius.

Lastly, we have also incorporated the lean principle into our project methodology. Fluvius started over 50 lean improvement initiatives in 2018. Thanks to those initiatives, we tackled specific problems in day-to-day work and made them more efficient.

Over the next few years, Fluvius will continue to apply and roll out lean principles and techniques. The ultimate goal is to ensure that lean is in the DNA of every Fluvius employee by 2023.



Reliability

Customer satisfaction is high

In 2018, the customer satisfaction survey for Eandis and Infrax was streamlined and we set the basis for a Fluvius benchmark. Through the survey, we ask questions about different aspects of processes and channels continuously throughout the year.

The survey measures processes: studies and installation, connections, fault management, metering, premium applications, budget meters and local production reporting. There are no separate results for sewerage and cable TV, owing to the lack of necessary data sources.

An independent survey company asked a number of customers who recently dealt with Fluvius about how satisfied they were with the service (speed, customer friendliness, correct implementation, etc.).

Fluvius's total score is based on an 80:20 ratio between Eandis and Infrax.

As a %	Eandis	Infrax	Fluvius
Overall satisfaction score [CSAT]	90.8	91.8	91.0
Net Promoter Score [NPS]	28.0	33.1	29.1
Customer effort score [CES]	21.0	23.4	21.5
Company effort score [CeoS]	16.7	26.1	18.6

How to interpret:

- NPS: score between -100 and +100: the higher the score, the better
- CES: the higher the score, the better – a high score means that the customer finds that they didn't have to make much effort
- CoES: the higher the score, the better – a high score means that the customer finds that their supplier made a considerable effort to help them

For each process, Fluvius is now implementing the specific recommendations that came out of the survey. Focus areas include:

Communications

- Clarity and pro-activeness
- Give sufficient advance warning before employee arrives (metering and faults)
- Timely place a clearly visible card to notify of studies and installation

User-friendliness of tools (inter alia reporting procedure for local production, website problems)

Flexibility, respecting customer wishes, speed

- Honour agreements that have been made
- Let customers have a say when making appointments for e.g. meter readings, connections, faults
- Limit waiting times (call centre and customer branches)
- First time right (faults)
- Faster processing of premiums, local production

Clearing up work sites after completion

Dealing with complaints

First line ...

In 2018, Fluvius logged 27,591 first-line complaints.

A slight rise can be seen in the number of complaints about meter readings and consumption, as our customers today are more concerned about how much they consume and the associated costs.

Most first-line complaints are related to defects or damage due to power outages, the performance of specific installation or repair jobs, disputed meter readings and follow-up work after a job has been completed.

... and second line

The Fluvius Complaints Commission received 1,074 second line complaints in 2018, a fall of 32% compared to 2017. These are complaints from customers who are unhappy about the way in which Fluvius has treated their first line complaint.

The fall in the number of second-line complaints is related to the fact that at Infrax there was no way to escalate complaints to the second line. It was also decided to reopen more first-line complaints instead of dealing with them in the second line.

Network reliability

Availability of energy

In 2018, the average Fluvius low voltage customer had to put up with 19 minutes and 57 seconds of power cuts in supply from our distribution networks as a result of interruptions to the low-voltage and medium-voltage grid.

Inconvenience compensation

Since 2015, grid operators have been paying compensation ('inconvenience compensation') to anyone affected by an unscheduled long-term power outage (> 4 hours). In 2017, Fluvius (ex-Eandis) paid €150,539 in inconvenience compensation for long-term power cuts.



power cuts in supply
2018:
**19 minutes
57 seconds**



VALUE PROPOSITION 2

INDEPENDENT DATA MANAGEMENT FOR THE ENERGY MARKET

Fluvius manages a great deal of energy data. This includes consumption data of families and businesses, but also a lot of related data, such as addresses, technical information, relocation information and the energy contracts of each customer. Fluvius ensures that each energy supplier receives accurate information in a timely manner so as to enable them to draw up the annual final invoices. This is an important behind-the-scenes task, crucial to the operation of the energy market.

But energy data are not only important for invoicing. They are also the basis for all kinds of energy surveys, services and innovations. That is why Fluvius wants to be a true market facilitator: an independent and neutral data manager enabling the market to operate smoothly and even helping improve it, always with respect for the privacy of all customers.

The Flemish government is expected to issue a decree specifying the criteria under which the role of data manager will be assigned to the operating company of the energy distribution network managers.

The renewed exchange of energy data

The way in which energy data are exchanged in the next few years will also be renewed. All the players on the Belgian energy market, including energy suppliers, network operators and regulators, are working on this together. They have set out what was agreed in a new data exchange manual: 'MIG6'.

MIG6 offers many advantages; it reduces the amount of incorrect data, allows more accurate billing for energy consumption and more detailed estimates of energy demand and supply, including all the green power that is generated locally. But there is more. MIG6 builds a foundation that will make it possible to offer a large number of new choices to energy users, such as you and me. The arrival of digital meters will of course have an important role to play in this.



Digital meters are arriving

From July 2019, Fluvius will only install digital 'smart' meters for electricity and gas. Anyone carrying out building or alteration work who requests a new electricity or gas meter will automatically receive a digital meter. Solar panel owners and households with a budget meter will see their meters replaced free of charge over the next few years. And from 1 July, all other users can request a smart meter, too.

This comes down to a huge operation in which a total of 4.63 million meters are to be replaced in Flemish households over the next 15 years. The biggest numbers are expected to take place in the next few years: the plan is to have 1.65 million meters already installed by the end of 2022.

2018 was thus also a busy year of preparation:

- In February 2018, a consortium of IBM and Sagemcom was chosen to develop, manufacture and supply the first batch of meters and the associated data systems.
- In April 2018, we unveiled our meters for the first time at Living Tomorrow in Vilvoorde. To the extent possible, Flanders is opting for a 'standard' digital meter that consumers will be able to expand with extra 'smart' applications or devices. Fluvius is promoting the development of apps and devices in close collaboration with industry bodies, governments and policymakers.
- In September 2018, Fluvius, together with VITO, Ghent University and Imec, launched two digital meter test labs at the EnergyVille campus in Genk and at Imec and UGent's HomeLab in Ghent. Businesses developing 'smart home' systems or apps that can be linked up with smart meter user ports will be able to test their innovative applications in a realistic environment. This applies to virtually any home applications, from usage alerts to the smart management of electric boilers, heat pump boilers, charging stations and batteries for solar panels.
- In December 2018 the official start of the digital meter roll-out, which had originally been scheduled for January 2019, was postponed for six months by the Minister of Energy.



Crucial for energy transition

The introduction of smart meters is crucial in the context of the energy transition, and also because the current mechanical meters will soon stop being manufactured. Digital meters offer significant basic functions, such as remote meter readings and more information about the energy consumption in a building or apartment.

In addition, digital electricity meters have two user ports to which customers can connect their own 'smart' devices to monitor their energy consumption in detail or control other electrical equipment such as smart washing machines or electric cars. Customers will therefore have the ability to control their own usage and feed-ins.



Replacing
4,63 million
meters
over the next
15 years

Budget meter reinvented

With the arrival of digital meters, Fluvius is also replacing electricity and gas budget meters. From 1 July 2019, the official start date for digital meters in Flanders, budget meters will cease to be separate devices. Standard smart meters and budget smart meters will look identical, which means we will be putting an end to separate devices, which sometimes had a stigmatising effect.

The payment system is also being updated. As well as paying via a pay terminal, bank transfer or over the counter, it will also be possible to pay online. To make this possible, Fluvius has built a new, modern web application, which is available to customers 24/7 and on which they can also check their balance and energy consumption or set up SMS or email alerts. The current blue and white prepayment cards will be phased out and customers will no longer have to go to a Public Social Welfare Centre or Fluvius customer branch. The payment system was thoroughly tested by around 200 households with a budget meter from June 2017 to June 2018, in close collaboration with the public social welfare centres of Turnhout and Zele, VVSG and several anti-poverty organisations. The results of this test were evaluated in the summer of 2018 and the outcome was positive.



'Open Data' to stimulate energy innovation

Fluvius has been offering 'open data' via its website since 2016, making available a great deal of data sets, including consumption data per sector, month and street, and 'energy demand maps' for each municipality: raw consumption data linked to the geographical location. These latter data can be viewed with special software, but are also part of the 'Flemish energy demand map', available at www.geopunt.be.

The data are always anonymous, grouped data which are freely available and free of charge. With the open data sets, Fluvius wants to encourage innovation by numerous parties, such as application developers, consultancy firms, energy service providers or local authorities. In this way we are responding to the fast evolution into 'smart cities and municipalities' that need lots of data, such as the energy consumption in streets, neighbourhoods and regions.



VALUE PROPOSITION 3

SUSTAINABLE SOCIETY

Fluvius aims to put its expertise at the service of society. Working in conjunction with a large number of different partners, we are working towards a sustainable world.

- We use our knowledge and capabilities as a lever to help use the natural resources of our planet (water, energy, etc.) in a rational way. We want to generate more renewable energy, reduce CO₂ emissions in Flanders and limit the number of kWh consumed to a minimum. As a facilitator, we put our knowledge to maximum use and work in collaboration with other parties.
- We are also taking further steps internally to become a company that puts ecology at the top of the agenda. Every employee can make his or her own contribution in this area.

In 2018, Fluvius received various special achievement awards

- We have won the 'Lean & Green Star' award in recognition of our sustainable logistics efforts. Fluvius succeeded in cutting CO₂ emissions from its logistics operations by 33% over five years. This was made possible by a new site provisioning system, 'green tendering' for transport contracts and installing solar panels at the distribution centre in Lokeren. The award was presented by the Flemish Institute of Logistics.
- In 2018, Fluvius again obtained the VOKA 'Charter for Sustainable Enterprise'. The Charter is awarded to businesses that put sustainability measures in place and successfully carry them out. The jury was especially impressed by the many specific measures taken to combat energy poverty, our work to prevent stress among our staff members and the successful actions to cut down on paper use.



Energy for sustainable energy: buildings, mobility and public lighting

Fluvius supports its shareholder municipalities with achieving their climate objectives. By the end of 2018, some 200 of the municipalities in our operating area had signed the so-called 'Covenant of Mayors'. This is a covenant signed by municipalities to commit themselves as a minimum to achieving the European climate objectives and reduce CO₂ emissions on their territory by at least 20% by 2020. A number of them have also committed to the European target for 2030: a reduction in CO₂ emissions by at least 40%.

Fluvius supports its municipalities in drawing up and realising their plans for energy efficiency and renewable energy. Through a chain of products and services, we help them create sustainable buildings, mobility and public lighting. At the same time, we also take steps to support the residents of these municipalities and cities to achieve energy efficiency.

We also look at ourselves

Fluvius itself wants to play an inspiring exemplary role in the field of ecology.

We take lots of initiatives to reduce the ecological footprint of our own activities. We are guided by our Global Environment Plan. It sets out the main themes of our environmental policy for a period of five years (2015-2019).

The Global Environmental Plan has been drafted in consultation with the management, line managers and the internal environmental department. It responds to the demand for an internal environmental protection system and for measures or actions that are the result of an overall environmental risk analysis within Fluvius.

Every year we draw up an 'Annual Environmental Action Plan' to put the Global Environmental Plan into practice in the short term. This action plan determines the priorities of our environmental policy for the year in question.

Our carbon footprint is falling

In our environmental policy we are putting forward reductions in our 'carbon footprint' as an important objective. The CO₂ footprint is a yardstick for environmental policy within our business, in relation to areas such as mobility and fuel consumption, managing waste, energy consumption, buildings, transportation and use of materials etc.

We are committed to reducing CO₂ emissions per employee by 2020 by 20% relative to 2008. To measure our progress we use the GHG Protocol. This calculation method allows us to match the scope to Fluvius's strategic vision of playing an exemplary role in the field of sustainable energy & mobility management. We only take account of relevant emission flows that we ourselves control (cf. Covenant of Mayors steps 2 and 3).

The latest calculation, based on our consumption data for 2017, indicates that we have achieved a drop of 22.6% so far. We have made efforts in many areas over the past few years in order to achieve this result:

- lower energy consumption in our offices
- further improving the environment-friendliness of our vehicles
- lower fuel consumption for transportation to and from the distribution centre in Lokeren

Fluvius is continuing to maintain these policy choices.



Fluvius's carbon footprint (Eandis for 2008-2017)

	2008	2014	2015	2016	2017
Carbon footprint (tonnes CO ₂ eq/employee)	7.78	5.81	5.71	5.84	6.01
Percentage	100	74.67%	73.39%	75.04%	77.34%

Green Deal – circular economy: Fluvius is playing its part



The circular economy is about more than just recycling. It's also about making sure we don't constantly use new raw materials, and instead keep materials within the economy as much as possible. Some ways this can be achieved are:

- thinking better about products and systems
- smart design
- extending lifetimes
- reusability
- removability for repairs and replacement
- etc.

In June 2017, Fluvius signed the 'Green Deal for Circular Procurement'. By signing the Green Deal, we have committed to a faster implementation of circular procurement within our purchasing process. This means that we will buy products or services that are made and supplied in accordance with the principles of the circular economy. After use, they will be reprocessed in accordance with the same principles.

Our commitment: we will start two circular projects in the period from June 2017 to June 2019.

Towards a circular digital meter

This, our first project, was launched at the end of 2017. We are investigating how we can make Fluvius's social objectives consistent with the introduction of digital meters:

- Reducing our ecological footprint by recovering equipment (or parts of it) in a responsible way for reuse or recycling
- Increasing our understanding of the end-of-life treatment of digital devices when they return from the distribution network
- Social gains:
 - Dismantling devices more cleanly into separate waste items to promote circularity
 - Creating local work opportunities at social enterprises

A purchasing plan for polyethylene pipes for natural gas and water distribution will start in October 2019.

By June 2019 we will integrate circular procurement into our purchasing process, policy and strategy, based on a clearly identifiable additional value.

Start 2 circular
projects
2017 - 2019

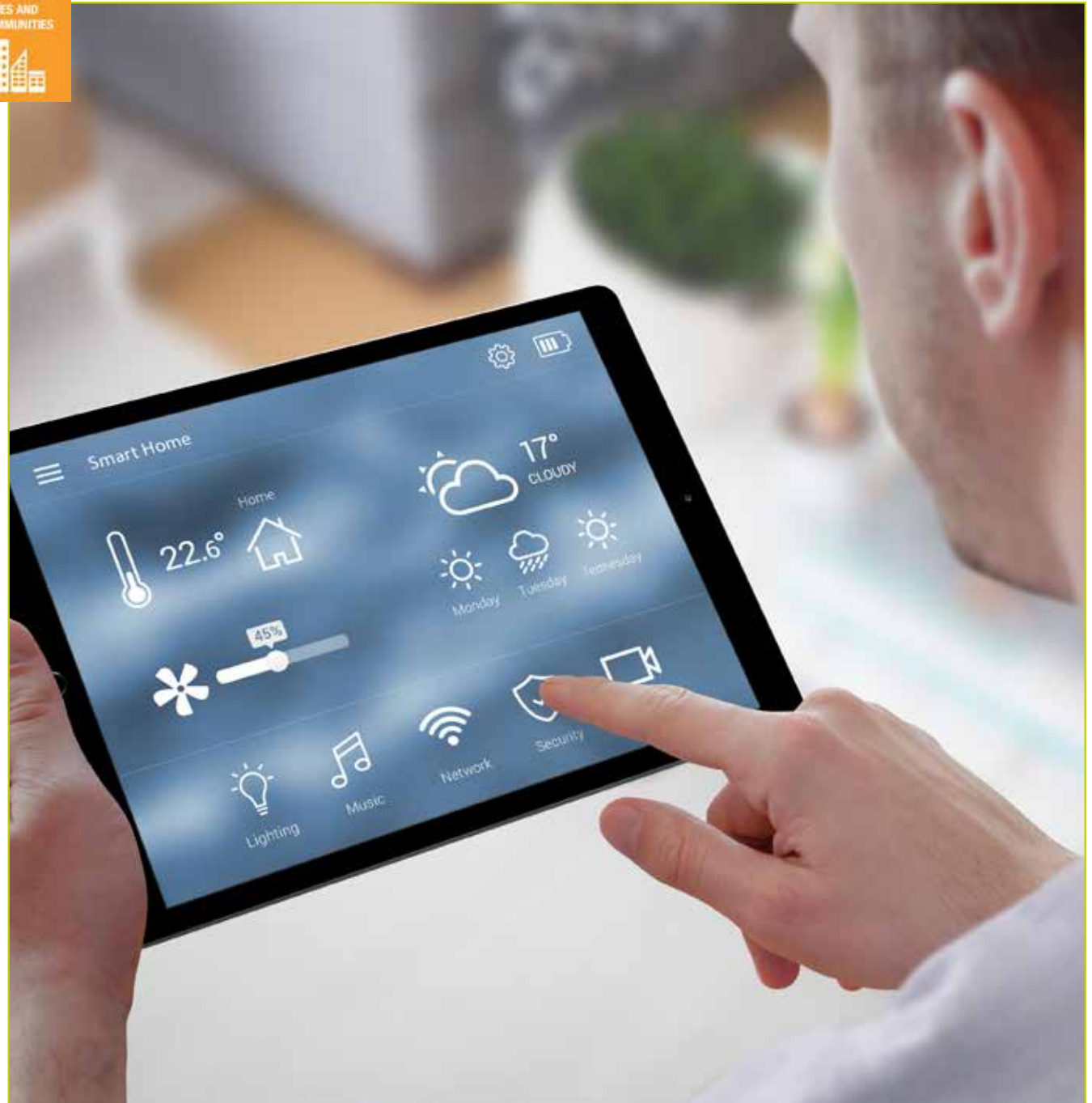
Sustainable buildings for municipalities and their residents

Each city or municipal administration owns large buildings such as town halls, school buildings, technical workshops, swimming pools, sports halls, hospitals and the like. Fluvius offers a total package of solutions for a more efficient energy management. In every case, we cut down on both costs and energy consumption while trying to improve users' comfort. This is therefore beneficial for both the municipality and the environment.

Our modular services cover energy metering and energy advice to guidance with the implementation of REG projects and the subsequent user training and maintenance. We also organise a variety of activities to engage people and companies to achieve a more sustainable energy use at home and in the office.

Sint-Niklaas and Fluvius: creating sustainability together

In February 2018, the city of Sint-Niklaas signed an agreement with Fluvius to make the town's buildings more sustainable. The agreement came after Fluvius had drawn up an Energy Control Plan that puts down the energy-saving potential in the buildings in black and white. Under the agreement, Fluvius has been appointed to coordinate the entire investment programme in the town's properties. Over the next two years, over €1 million will be invested in renovating boiler rooms, insulation projects, replacement lighting and the installation of solar panels. The plan will enable Sint-Niklaas to consume less energy and cut its CO₂ emissions. At the start of 2019, for example, solar panels were installed on the De Klavers Sports Centre, a project that allows the Centre to generate a large part of its electricity renewably on-site.



BENovation: Renovate Better!

2018 was the year of 'BENovation' – that's BETter reNOvati-on. The intention is to put more effort into total renovation and bring down barriers by offering support with collective renovation.

Anyone making energy efficient investments can apply to Fluvius for a grant (a 'premium'). In 2018, we paid out 92,310 premiums with a total value of some €59 million.

In addition to these grants, since 2017 investors in residential buildings have also been eligible for extra 'total renovation bonuses' if they combine three or more measures in an overall renovation project. People who find running a renovation project off-putting have been able to join a Neighbours Premium project since 2017.

The Neighbours Premium: do it together

The Neighbours Premium provides support for home renovations. If you renovate together with at least nine other people in your municipality, you will be supported by a professional BENovation coach. The coach will do a lot of the work for you. He or she will provide renovation advice, help you carry out tasks in the right order, compare tenders for you, provide advice on implementation and apply for all the premiums on your behalf. Fluvius pays the BENovation coach for his or her work via the Neighbours Premium.

Fluvius also takes care of training the BENovation coaches. Qualified and approved BENovation coaches are now at work in every Flemish municipality. At the end of 2018, there were a total of 107 qualified BENovation coaches. By the end of 2018, 104 Neighbours Premium projects were already under way, with a total of 1,879 BENovators taking part.

in 2018
**92,310
premiums
were paid out!**



IK BEOVEER
benoveren = beter renoveren

**Hulp nodig bij
verbouwplannen?**
Laat je gratis
begeleiden door een
BENovatiecoach.
Ontdek hier hoe!

fluvius.

benoveren.fluvius.be

Energy scans, discount vouchers and social energy efficiency projects: everyone is on board

We are also targeting energy efficiency for more vulnerable target groups: by promoting energy-aware behaviour and also by encouraging energy-aware investments.

In 2018, 27,360 energy scans were carried out, allowing households in the vulnerable target group to receive specific tips on how to reduce their energy costs. In addition, a range of small-scale energy-saving measures (LED bulbs, water-saving shower heads, draught excluder strips etc.) are installed each time a scan is carried out.

We also encourage people in the target group to invest in energy-efficient appliances. In 2018, 10,512 discount vouchers were applied for, each worth €150. These are available for the purchase of a low-energy fridge or washing machine.

The existing social roof insulation projects were expanded in 2017. Now investments in high-performance glazing and cavity wall insulation in homes on the private rented market are also eligible for higher premiums and support. In 2018, 825 homes in our operating area received extra insulation as a result.

Sustainability in our own buildings

Fluvius has a large operating area and therefore manages a large number of buildings. For some years now, we have been taking measures to reduce energy use in these buildings.

Our energy consumption has fallen significantly over the long term, but has been rising again consistently in recent years. Electricity consumption rose by 20% in 2018 alone.

A large part of this is due to the greening of our vehicle fleet, with the introduction of plug-in hybrids and 100% electric vehicles. Many of these vehicles are always charged on our own sites, thus pushing up our electricity consumption. The unusually warm summer of 2018 also played a role. During the long spell of hot weather, the cooling systems in the buildings worked harder than in previous years, and this accounted for part of the rise in electricity use.

Natural gas and heating consumption remained steady in 2018 compared to the year before, which is reasonable given that the number of degree days was similar in both years.

As in previous years, in 2018 we also bought some of the electricity we used in our buildings from renewable energy sources.

In 2018, we took relatively few new energy-saving measures in our buildings.



Year	Electricity (in kWh)	Gas (in kWh)	Steam (in kWh)	Total (in kWh)	Floor area of buildings (in m ²)	Gross con- sumption per m ² (in kWh)
2014	9,881,030	9,702,799	1,070,288	20,654,117	185,381	111.41
2015	10,215,910	9,043,288	944,524	20,203,722	185,381	108.98
2016	9,380,904	9,415,273	1,074,124	19,870,301	185,381	107.19
2017	9,630,193	9,386,972	1,244,669	20,261,834	185,381	109.30
2018	11,569,250	9,432,365	1,154,124	22,155,739	185,381	119.51

Year	Mean number of degree- days during the 2008-2016 period	Degree-days in the relevant year	Relative energy consumption (in kWh)	Floor area of buildings (in m ²)	Consumption per m ² (in kWh)	% [consumption / m ²]
2014	2,243	1,828	23,099,867	185,381	124.6075221	96%
2015	2,243	2,112	20,823,231	185,381	112.3266741	86%
2016	2,243	2,330	19,478,637	185,381	105.0735341	81%
2017	2,234	2,155	20,651,579	185,382	111.4001284	86%
2018	2,221	2,091	22,813,914	185,382	123.0643419	95%

Sustainable mobility

For our customers, partners and shareholders

Fluvius informs people and companies, and helps them with the transition to environmentally conscious driving.

The Prospecting team organises information sessions on sustainable mobility for domestic customers and businesses, working alongside the local authorities involved.

We give the target group an opportunity to learn about various sustainable mobility alternatives and the benefits of each type. These sessions take place in locations where a natural gas station and/or electrical charging stations have been installed.

We are also raising awareness of sustainable mobility in primary schools. We provide information to children about sustainable driving, in the form of a presentation using teaching aids.

Professional players are getting involved

Fluvius makes active efforts to inform the professional sector and works as far as possible in collaboration with trade federations to achieve this. We are thus helping the trade market to discover the opportunities of electrical mobility. We encourage these companies to opt for sustainable mobility themselves and promote it to their customers. By providing them with good information on an ongoing basis, we ensure an optimum information flow while they reinforce our message.

Some specific measures:

- Autosalon 2018: we offered electric car importers a free roll-up banner with information on 'Paal volgt wagen' ('Charging point follows car'). Three brands accepted the offer.
- Batibouw 2018: Our Partners & Intermediaries team was in attendance on the trade-only days. We invited fitters to come and find out everything they wanted to know about electric mobility.
- Apartments Roadshow (Bouwunie): We brought a presentation with tips & tricks on how to install charging points at apartment buildings. The target audience was subcontractors and property managers.
- Info afternoon for property managers (UVS): we gave a presentation with tips and tricks on how to install charging points at apartment buildings at a UVS info afternoon (UVS = Union of Flemish Property Managers).



Offers tailored for our cities and municipalities

With its motto 'Duurzame mobiliteit, da's zuivere winst' (Sustainable mobility – it's pure profit) Fluvius has also developed a series of concrete actions to help cities and municipalities with sustainable mobility.

Fluvius acts as a central purchasing body offering framework contracts for sustainable vehicles of all kinds, from e-bikes and electric mopeds to private cars and commercial vehicles. The engines are always as sustainable as possible, and may be electric or gas-powered, depending on what is available on the market.

In 2018, one third of Flemish cities and municipalities took advantage of the offer. We supplied 193 sustainable vehicles worth a total of €7.5 million to municipal councils.

Fluvius is also co-ordinating the roll-out of public charging infrastructure in virtually every municipality in Flanders. In 2018, we installed 436 charging points for e-bikes and electric vehicles. Over 1,000 public charging points are already in use.



At Fluvius

A wide range of mobility measures has for years encouraged our employees to think about the way they commute and travel for their work. The sustainable mobility policy of Fluvius is based on three pillars:

- Preventing travel: open offices, home working, limiting travel from home to site, promoting video conferences, etc.
- Making travel more sustainable: free public transport, rewarding bicycle use, commuter bikes at rail stations, promoting carpooling, e-bikes and electric vehicles available at every site, etc.
- Greening journeys: is it really best to use the car? If so, choose a vehicle with the lowest harmful emissions

In 2018, we introduced an intensive mobility policy under the slogan 'Mobility all year round'.

- Start-up of a bike rental scheme. This will be developed in 2019.
- Targeted communications and personalised travel advice
- Promoting use of open offices: expansion from 2 to 3 days a week in the event of road-works
- Encouraging sustainable business travel and the use of Skype for Business

We are also striving for a safe mobility policy. In 2019, we will have a bicycle repair service visit each site.



Towards a green fleet

We have an updated policy emphasising the environment and safety for our own vehicle fleet, too:

- Since the beginning of 2016, we have encouraged employees to choose sustainable company cars: electric, natural gas and plug-in hybrids. We use a maximum standard of 130 grams of CO₂/km and a CO₂ reference standard. A penalty system discourages cars above this CO₂ standard and favours cars with lower CO₂ emissions.
- The figures for the last few years are a testament to success: over 30% of new leased cars are green vehicles. Employees are opting especially for plug-in hybrid models, and they are systematically choosing more CNG models too. Our aim is that by the end of 2020 half of our lease cars will run on alternative fuel. As at the end of 2018, we have already hit 20%, which is about 155 vehicles.
- In addition to this, Fluvius sites are being equipped with electric charging stations. Extra charging points have arrived at the sites in Melle, Mechelen and Sint-Niklaas, among others.
- We have chosen natural gas for our service fleet for a number of years. We now have 136 natural gas vehicles (CNG). Our aim was to have over 100 gas-powered vehicles by 2019, so we are well ahead of target. At the same time, we are introducing 100% electric vehicles and their numbers are steadily growing: in 2017 we had 27, but by the end of 2018 we already had 61. One important challenge: our meter readers need to have adequate charging opportunities available – either by charging at home or by charging using the public charging station network. A small number of individuals have started up a pilot project to acquire some experience in this area.
- A specific target group from among our staff receives training sessions on defensive and ecological driving. This project is repeated every year.

The Fluvius vehicle fleet is getting greener

Fuel type	2016	2017	2018
CNG	46	74	175
Electric	16	27	61
Plug-in hybrids	44	62	116

Sustainable lighting

Public lighting

Fluvius manages 1,200,000 lights along Flemish roads and streets. We are responsible for the development, installation and maintenance of this public lighting. Thanks to an efficient maintenance programme and the rapid follow-up of faults, Flanders now has some of the most extensive and best maintained lighting infrastructure in Europe. Every resident can contribute, too, among other things by reporting faults free of charge on the [fluvius.be](https://www.fluvius.be) website.

Partner for municipalities and their residents

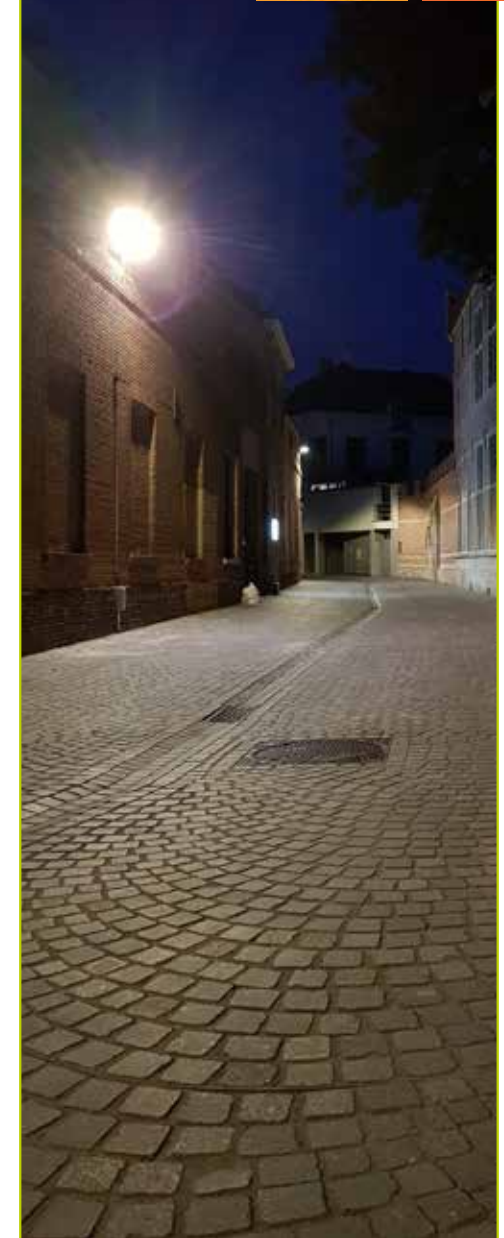
Fluvius acts as a genuine lighting partner for cities, municipalities and all their residents. We support all 300 Flemish municipal councils at every stage, from setting a clear vision and policy for lighting to taking concrete measures and follow-up action. Together, we aim to have 'the right light in the right place' for every inhabitant, an aim that includes taking account of sustainability, light pollution, the sense of safety and the general atmosphere.

If a city or municipality requests it, Fluvius can provide assistance with drawing up a 'public lighting master plan'. In 2018, we completed regional master plans for 30 municipalities. In total, 150 Flemish cities and municipalities already have a public lighting master plan. A large number of other authorities are still in the process of creating one or have engaged a lighting architect to draw up specific plans.

LEDs throughout Flanders by 2030

Since 2015, Fluvius has only offered LED lighting for new installations. Over the last few years, this has already resulted in the natural roll-out of LEDs for over 95,000 lights, or 8% of the whole lighting network. Almost every municipality in Flanders now has LED lights, but some local authorities are very far advanced with the switchover, such as Waarschoot (73%) and Hoorebeke (41%). In numerical terms, the cities of Antwerp (around 6,500 LED lights) and Ghent (around 4,500 LED lights) stand out.

In the next few years, Fluvius aims to significantly speed up the switch to LEDs. This will help local authorities to save energy sooner and cut costs and CO₂ emissions at the same time. In 2018, Fluvius finalised a new public lighting offering that will make this accelerated switchover possible. This involves a variety of partners, each of whom can play a key role in accomplishing a full switch to LEDs by 2030.



'Smart LEDs' in Genk, Lochristi, Mechelen and Wevelgem

'Smart LEDs' are in the course of an unstoppable rise. These are LED lighting devices that can be managed and controlled individually. This allows faults to be detected very quickly, as well as enabling the times at which lights are switched on, switched off or dimmed to be set remotely. In addition, it makes it possible to control lights on a highly localised basis, for instance for emergencies, accidents or events.

To examine which technology and techniques work best, Fluvius has begun trial projects in Genk, Lochristi, Mechelen and Wevelgem. These projects will enable Fluvius to prepare for the roll-out of this technology throughout Flanders. Fluvius has also built a testing and demonstration park at its site in Mechelen. Smart LEDs are also a crucial link in the transition to smart cities. After all, they can also transmit signals from all kinds of devices and sensors that are mounted on a streetlight or electricity pole.

Mechelen has launched a unique smart lighting project based on motion sensors in the city centre. In Lochristi and Wevelgem, several hundred individually controllable smart LED lights have been installed. In Genk, meanwhile, energy-saving LED lighting has been installed around the Luminus Arena football stadium, which can change colour to combat hooliganism.

Especially atmospheric 2018

By illuminating streets and monuments in the right way, it is possible to combine a thrifty approach to energy use with a unique look and atmosphere. In 2018, Fluvius completed a large number of striking lighting projects that have a significant effect on several important town centres, such as Beringen, Kortrijk and Dendermonde.

The most wide-ranging project ran in the centre of Antwerp. Here, brand new ultra-low-energy lighting was provided for the Cathedral of Our Lady and the Church of St Charles Borromeo. The 780 dimmable LED lights for the cathedral use only about half as much energy as the 80 spotlights they replaced. The whole installation is managed by a central lighting computer via 13 new control boards and three fibre-optic networks that Fluvius has installed both inside the church and beneath the surface of the Handschoenmarkt: a technical and aesthetic masterpiece.



Dealing with environmental incidents

Our environmental department received two incident reports in 2018:

- 1 incident involving an odorous substance which entered the environment due to incorrect manual handling. This related to the odorant that is added for safety reasons to natural gas, which is naturally odourless.
- 1 incident relating to the performance of utility works in a nature conservation area. One breach of urban planning rules was also identified.

The number of environmental complaints has only been recorded since 2014. Due to growing awareness, the number of complaints is increasing too.

We received a total of 55 complaints:

- 29 complaints about noise
- 14 complaints about (public) lighting
- 6 complaints about electromagnetic radiation
- 6 complaints about rubbish and smells

Fluvius evaluated all complaints and resolved them where feasible. We also gave feedback to the people who lodged the complaints.



VALUE PROPOSITION 4

FULFILLING OUR SOCIAL DUTY AS AN ENERGY SUPPLIER

As one of the 'social public service obligations' which the government has assigned to Fluvius, we accept customers who have been terminated or 'dropped' by their commercial providers. We are constantly trying to improve the extensive range of services we provide to ensure that customers remain or become debt free. This allows them to take out a new contract with a commercial provider.

We also go further than this. Fluvius wants to combat poverty in general and energy poverty in particular. Our expertise allows us to make a contribution in this area. We are addressing this challenge together with a large group of partners.



actively
reducing
energy-
poverty

Fluvius as a social supplier

Domestic customers who do not pay their energy bills may be terminated or 'dropped' by their commercial energy supplier. If they cannot find a new supplier, the distribution system operator supplies them with electricity or natural gas. We then become a 'social supplier'.

The number of social supplier access points at the end of 2018 was somewhat higher than the year before. There are just under 140,000 access points in the portfolio. This is the highest number of customers that we have served as a social supplier since we began acting in this role. Among other things, rising electricity prices – resulting in higher bills – are one reason for the increased number of customers being dropped by commercial suppliers.

End 2018:
140,000
Social supplier
access points

The budget meter: controlling consumption

Customers of a social supplier still have to pay for their electricity and natural gas. People who fail to pay their bill to Fluvius are given a budget meter. A budget meter works with a prepayment card or budget meter card which has to be topped up with a specific amount first before energy can be consumed. This helps the customer not to incur further debts.

In each municipality Fluvius has provided at least one top-up point, either in the Fluvius customer branch or at a location made available by the municipal authority or the OCMW (public social welfare centre). We also offer 24/7 top-up points across the whole of Flanders.

For both electricity and gas, we have seen a slight increase in the number of active budget meters. At the end of 2018, almost 70,000 active budget meters were connected to the grid.

End 2018:
70,000
Active budget
meters on the
Fluvius grid

To the LAC: looking for a solution together

When energy bills are not paid, Fluvius may submit an application to the Local Advisory Committee (LAC). The LAC offers advice and looks for solutions so that Fluvius will not have to disconnect the electricity or gas. The OCMW, Fluvius and the customer all attend these meetings. Fluvius always tries to prevent customers being disconnected. This can be done by resolving as many issues as possible through negotiation and mutual engagement. We also keep a close eye on things to ensure that debts do not pile up.

In 2018 there were almost 1,600 LAC sessions, at which some 48,000 cases were handled. In total, a little over 3,000 connections were cut off.

Fluvius as emergency supplier

In 2018, Fluvius acted as an emergency supplier for the first time. A commercial energy supplier became insolvent and the regulator VREG decided to withdraw its licence to supply. No legislative framework was in place to govern how this emergency supplier role was to be fulfilled. Fluvius, inter alia in consultation with the regulator, came up with a solution whereby the commercial supplier's customers could be temporarily supplied by Fluvius.

In 2018
1,600 LAC sessions
48,000 cases
3,000 connections cut off



VALUE PROPOSITION 5

SOLUTIONS AND SERVICES TO SUPPLEMENT REGULATED UTILITY SUPPLIES

Fluvius draws on its existing strengths to offer additional services to its customers. Alongside general services such as restoring pavements and providing training for third parties, these are based on three main pillars:

- Asset management for third parties (in relation to electricity, gas, vertical infrastructure and technical consulting)
- Telecom (telecom line rental, services and management of telecommunications networks)
- Lighting (managing architectural lighting and lighting for streets and public places)

These activities are still in the growth stage. Here we present a few cases that particularly stand out.

Third-party networks in good hands

With our unique expertise in energy grids, we at Fluvius carry out a large number of projects for other companies and institutions, alongside our principal work. These jobs always involve collaboration between our Network Management department, which is responsible for asset planning, and our regional teams, that carry out the technical aspects of the work.

Among other things, we lay cables for wind farms and manage the entire electricity and gas infrastructure for a number of universities and campuses. We are also in charge of energy data management for Brussels Airport and the electrical facilities of numerous water companies.

Some of our projects in 2018

Gasthuisberg Leuven Site

- We laid over 5 kilometres of new cable and installed 193 new lights for Leuven University Hospital. That brings our total for this site up to just under 13 kilometres of cabling. We also manage 718 lights for the Catholic University of Leuven.
- As well as this, we manage just under 9 kilometres of natural gas pipes, 32 kilometres of mid-voltage cabling and 84 medium-voltage substations. Our expertise is an ideal fit for this part of their infrastructure. We are therefore able to fulfil a major need for the University and the University Hospital.

Meetjesland Wind Farm

We laid the electricity network for 20 wind turbines along the N49 dual carriageway at Eeklo.



Fluvius +Punt: making the most of existing lighting infrastructure



Internet of Things (IoT) applications such as sensors, automatic number plate recognition and parking assistance are increasingly common on our streets. Cities and municipalities are increasingly evolving into smart cities. They face major challenges in relation to safety, traffic and the environment. Working with data can offer a solution. Organisations with a close link to local authorities, such as police and fire service districts, also need to be able to make maximum use of these new apps. Fluvius wants to be a reliable partner in this transition.

Within the Fluvius operating area, there are over 1,000,000 branch points for public lighting. We have over 800,000 streetlamps and electrical masts. Local authorities want to manage their public spaces better and avoid installing new poles and pavement cabinets for all these new applications. Our masts offer a lot of possibilities in this regard, because height is a prerequisite for many such applications.

An additional advantage is that mains voltage is almost always available in the immediate vicinity of our masts. We can also offer data connections via our telecom services.

Putting Fluvius in charge of managing these many new applications helps limit the number of parties operating in the public domain. By obviating the need to install additional masts, this represents a significant administrative advantage to local authorities, as well as lower costs for the commercial market.

Service provision from A to Z

We offer three service packages:

- Fix: installation only
- Fix and Power: power and installation of the application
- Fix, Power and Data: on request by the customer, our telecom service can also provide a data connection, in addition to installation, power and supervision of the work from initial request to final completion



'Unburdening' local authorities to the maximum

- Capture: In 2018, Fluvius worked to create an overview map of all usable streetlights and concrete masts, and the company also aims to act as a central point for enquiries. From February 2019, this overview map will be available in AVI Viewer. Here you can check whether a pole is immediately suitable or whether an examination will have to be carried out first.
- Activation: Fluvius examines the possibility of connecting to the public lighting or low-voltage grid.
- Installation: Fluvius can act as installer and put the application in place.
- Support: Fluvius offers 24/7 support from its first intervention teams. This support includes the registration of all applications in our databases, intervention in the event of voltage problems, claims handling and drawing up a claim file.

Fluvius already works with local authorities [Kortrijk, Kuurne, Blankenberge, Knokke-Heist, Vilvoorde, Kortenberg, Mechelen, Bonheiden, Turnhout, Willebroek, Veurne and Ghent], police districts [Dendermonde, Vilvoorde, Herent, Kortrijk, Klein-Brabant and the Federal Police], external partners [Securoad, Securitas, Rauwers, Nextel, Polisservice, Dallmeier, Brickyard, Engie and Be-Mobile] and telecom businesses [Telenet, Proximus, Citymesh and Engie].

In 2018, we successfully installed a parking assistance system in Ghent, a WiFi network in Knokke-Heist and a camera network in Kortrijk.

LECs: helping to expand energy communities

Europe wants to give citizens more autonomy to contribute towards meeting climate targets. This can be done by allowing them to join energy communities, such as citizens' energy communities (CECs) or renewable energy communities (RECs). These are organisations where citizens, local governments and businesses work together on all aspects of (local) energy supply. A frequently cited example is the sharing of locally generated renewable energy. This increases the economic basis for small-scale investments in renewable generation and allows citizens to do their bit towards meeting climate targets.

As a grid operator, Fluvius has an important role to play in facilitating these kinds of local energy solutions. We are therefore looking at how we can support these initiatives.

Research and test

The European Directives are yet to be implemented in national law. In the course of this process, a number of specific provisions will need to be worked out and uncertainties clarified. Important questions in this regard are:

1. How can energy communities make maximum use of the public grid infrastructure?
2. What opportunities exist for an energy community to set up and operate a grid?
3. What tariffs will apply to energy communities and their participants?
4. How will energy communities be integrated into the market and how can we support the opt-out option, i.e. choosing not to participate?

Because of the current regulatory framework, it will not be possible to set up an energy community until the Directive is transposed into national law. A mechanism for 'low-regulation zones' has recently been approved. This will allow for temporary exceptions to Flemish regulations to be granted in order to trial new energy solutions.



Fluvius takes specific steps to move forward

In order to move things forward, Fluvius is actively involved in ROLECS (Roll-Out of Local Energy Communities) within the Flemish Flux50 network. We are working together with 25 affected parties and Flemish research institutions. The ROLECS project is intended to eliminate the remaining barriers to implementation, so as to maximise the potential for energy communities in Flanders.

From now until 2023, Fluvius will participate in research to examine how energy communities will impact pricing and what data will be needed for this purpose. The impact of energy communities on existing network infrastructure is also being examined. Fluvius is thus preparing for a future in which energy communities will play an important role.

Fibre-to-the-home: everyone on board

In October 2017, the Flemish Minister of Innovation Philippe Muyters floated the idea of a supercable that would make next-generation internet possible in Flanders. Current coaxial or DSL cables are reaching their technical limits, while demand for superfast broadband continues to rise.

As a utility business, Fluvius is concerned by the possibility that a new digital divide could arise in Flanders over the next decade, with data connections being faster in towns and cities than in rural areas. Our fibre optic cabling opens up the door to new applications, such as virtual reality in the medical and safety sectors.

'Outlet' offers plenty of advantages

The Fluvius Board of Directors has given the go-ahead for a fibre optic pilot project. Preparations for this pilot project began in 2018. The intention for 2019 is to build 'outlets' for telecom operators in parts of Genk, Ghent, Poperinge, Diksmuide and Antwerp from which neutral fibre optic cables will be laid to 15,000 nearby homes. This will offer advantages for multiple parties.

Existing and new operators will be able to connect infrastructure easily to the central 'outlets' and offer their services to a group of potential customers. This removes the need for each operator to lay its own separate cables to every house. Customers, meanwhile, will have more freedom of choice and it will be easier to switch provider. The impact on the public domain will be smaller, too, because this arrangement means the streets only have to be dug up once.

Fluvius invites telecom operators to join in

Although Fluvius is laying the fibre optic infrastructure in these neighbourhoods, it will not offer any services to customers itself. For this, they will be able to call on new and existing telecom operators, who will offer them a wide range of broadband plans and other services.

At the start of 2019, the inhabitants of 4,500 homes in six districts of Genk will be the first to be offered a free home fibre optic connection. The neighbourhoods in the four other cities and municipalities will follow later in the year. Fluvius has already actively invited large and small operators to take part in the pilot project and offer their services in the selected areas.

The pilot project has a budget of €30 million, which is being funded from our own resources. The project is entirely separate in financial terms from Fluvius's gas and electricity distribution businesses, just as is already the case with the company's cable distribution activity.





GRI REFERENCE TABLE

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Universal standards

Indicator	Description	Reference (p.)	2018	Comment
102-1	Name of the organisation		Fluvius System Operator cvba	Name changed on 1/7/2018 following merger of Eandis System Operator and Infrax
102-2	Activities, brands, products and services		Electricity and gas distribution; sewerage; management of cable TV networks; data management; heating networks	Integration of former Infrax activities
102-3	Location of headquarters		Brusselsesteenweg 199, B-9090 Melle, Belgium	
102-4	Location of operations		All Flemish cities and municipalities	Since 1/7/2018
102-5	Ownership and legal form	p. 15-16	CVBA (cooperative company with limited liability) with 100% of share capital owned by local authorities	
102-6	Markets served		Customers are households, SMEs, large companies and public authorities	
102-7	Scale of the organisation	p. 28	Company revenue €1.71 billion / Total balance sheet assets €4.75 billion / Shareholders' equity €10.41 million	BE-GAAP (consolidated)
102-8	Information on employees and other workers	p. 47		
102-9	Supply chains			
102-10	Significant changes to the organisation and its supply chain	p. 13-15	Fluvius created from merger of Eandis/Infrax on 1/7/2018 (see 102-1)	
102-11	Precautionary principle or approach			
102-12	External initiatives			
102-13	Membership of associations		Synergrid (Belgian national industry body)	
102-14	Statement from senior decision maker	p. 3		
102-15	Key impacts, risks and opportunities	p. 23-25		
102-16	Values, principles, standards and norms of behaviour	p. 8	Included in Ethical Charter; corporate values	See company website
102-17	Mechanisms for advice and concerns about ethics	p. 23		
102-18	Governance structure	p. 15-22		



102-19	Delegating authority	p. 40	Sustainability policy is a part of the operating tasks of the management team - CSR is a specific competence of the Managing Director and the CEO; a CSR Board coordinates the CSR and sustainability policy	
102-20	Executive-level responsibility for economic, environmental, and social topics	p. 40	See 103-2	
102-21	Consulting stakeholders on economic, environmental and social topics	p. 38-39	Materiality and urgency analysis together with stakeholder survey carried out in conjunction with outside firm - see Activity Report	
102-22	Composition of the highest governance body and its committees	p. 9-10/17-22	See Report of the Board of Directors	
102-23	Chair of the highest governing body	p. 9	Chairmanship of the Board of Directors and CEO are separate roles	
102-24	Nomination and selection process/criteria for the highest governing body	p. 18	The General Meeting of Shareholders appoints the members of the Board of Directors, who are proposed by the shareholders	
102-25	Conflicts of interest	p. 22	See the Corporate Governance Charter and external supervision by the Energy Regulator	
102-26	Role of highest governance body in setting purpose, values and strategy		The Board of Directors sets the mission, vision, strategy and performance indicators. Implementation is the responsibility of the Management Committee	
102-27	Collective knowledge of highest governance body		No specific action taken	
102-28	Evaluating the highest governance body's performance		No formal evaluation	
102-29	Identifying and managing economic, environmental and social impacts	p. 38-39	Materiality and urgency analysis together with stakeholder survey carried out in conjunction with outside firm	
102-30	Effectiveness of risk management processes	p. 23-25	Risk management is part of the integrated risk management system which is monitored by the Board of Directors and the Audit Committee.	
102-31	Review of economic, environmental and social topics		Not formally defined; integrated in the evaluation of the general company strategy	
102-32	Highest governance body's role in sustainability reporting		The Board of Directors approves the combined annual Activity and CSR report.	
102-33	Sustainability reporting		The Management Committee reports to the Audit Committee/HR Committee and the Board of Directors.	
102-34	Nature and total number of critical concerns		No critical concerns reported to the Board of Directors.	
102-35	Remuneration policy	p. 31-33		
102-36	Process for determining remuneration		The general remuneration policy is based on sectoral collective agreements - reporting to the HR Committee	

102-37	Stakeholders' involvement in remuneration		See 102-35	
102-38	Annual total compensation ratio		Data not available	
102-39	Percentage increase in annual total compensation ratio		Data not available	
102-40	List of stakeholder groups	p. 41-43	See Activity Report and materiality analysis	
102-41	Collective bargaining agreements		100%	
102-42	Identifying and selecting stakeholders	p. 38-39	See Activity Report and materiality analysis	
102-43	Approach to stakeholder engagement	p. 38-39	See Activity Report and materiality analysis	
102-44	Key topics and concerns raised		See Activity Report and materiality analysis	
102-45	Entities included in the consolidated financial statements	p. 7/16	See Report of the Board of Directors	
102-46	Defining report content and topic boundaries	p. 40	The selection and boundaries of the topics are primarily determined by the mapped out corporate strategy	
102-47	List of material topics	p. 38-40	See Activity Report and materiality analysis	
102-48	Restatements of information		None	
102-49	Changes in reporting		Impact of Eandis/Infrax merger	
102-50	Reporting period		01/01/2018-31/12/2018	
102-51	Date of most recent report		29/03/2019	
102-52	Reporting cycle		Per calendar year	
102-53	Contact point for questions regarding the report		By email: investors@fluvius.be	
102-54	Claims of reporting in accordance with the GRI Standards	p. 40	GRI standards, "core" option.	
102-55	GRI content index		See this table	
102-56	External assurance		Review by auditor of non-financial information (Law of 3/9/2017)	
103-1	Explanation of material topics and their boundaries	p. 38-39	See Activity Report and materiality analysis	

Performance indicators

Indicator	Description	Reference [p.]	Notes	Comment
GRI 103	Management approach			
103-1	explanation of material topic and its boundary	p. 38-39	Fluvius has identified and quantified the material topics on the basis of a materiality and maturity analysis. See Activity Report for more information.	
103-2	approach, objective and resources used (policy, commitment, responsibilities, actions)		The Management Committee has tasked an internal CSR Board (chaired by the General Secretary) with the coordination and oversight of Fluvius's CSR and sustainability policy. See also the Activity Report. The Management Committee reports to the Board of Directors.	
103-3	evaluation of the management approach (mechanism, results, adjustments)			

GRI 201	economic performance	See also Financial Report	Fluvius works at cost price for its shareholders (14 mandated associations), and thus makes no profit. The economic performance of Fluvius's shareholders (permitted profit and hence dividends) is primarily driven by regulations.	
GRI 202	market presence		Fluvius operates in all Flemish cities and municipalities, although not all activities are performed in all locations	
GRI 203	indirect economic impact		As a multi-utility company, Fluvius has an impact on various public utilities (energy, sewerage, cable television, heating networks etc.). The economic impact is at the level of network infrastructure (installation, maintenance, replacement) and the requisite financing and direct/indirect employment.	
GRI 204	procurement practices		Over 90% of Fluvius's procurement is subject to the legislation on public contracts.	
GRI 205	anti-corruption	p. 23	Anti-corruption forms part of Fluvius's broader Ethical Charter. See also the Report of the Board of Directors.	
GRI 206	anti-competitive behaviour		Not applicable, given the regulated nature of the company's core activities.	
GRI 301	materials		Forms part of the company's overall environmental policy. Also included in the procurement policy.	



GRI 302	energy	p. 62	Forms part of the company's overall environmental policy.	
GRI 303	water		Forms part of the company's overall environmental policy.	
GRI 304	biodiversity		Forms part of the company's overall environmental policy.	
GRI 305	emissions	p. 64	Forms part of the company's overall environmental policy.	
GRI 306	effluents and waste		Forms part of the company's overall environmental policy.	
GRI 307	environmental compliance	p. 67	Forms part of the company's overall environmental policy.	
GRI 308	supplier environmental assessment	p. 42	Included in various specifications documents in relation to procurement.	
GRI 401	employment		No specific action is taken; employment legislation is fully complied with; external audit is possible	
GRI 402	labour/management relations		Employer/employee consultation is arranged in accordance with the principles of Belgian labour legislation (works council, safety and prevention committees, local trade union delegations).	
GRI 403	occupational health and safety	p. 50-51	Separate department is responsible for safety policy. Reports directly to CEO. Committees for health and safety in the workplace have been set up, in accordance with the legislation.	
GRI 404	training and education	p. 47	Employees have access to a wide range of career development options: supplementary training, career reorientation etc. Performance reviews with line managers are provided for.	
GRI 405	diversity and equal opportunity	p. 47		
GRI 406	non-discrimination	p. 47		
GRI 407	freedom of association and collective bargaining		All employees are covered by national, industry-level and company-level collective bargaining agreements. Employee representatives are elected in accordance with Belgian employment legislation. Trade unions have full rights to carry on their activities.	
GRI 408	child labour		Included in various specifications documents in relation to procurement.	
GRI 409	forced labour		Included in various specifications documents in relation to procurement.	

GRI 410	security practices	p. 50-51		
GRI 411	rights of indigenous peoples		Not applicable, given the region in which the company operates.	
GRI 412	human rights assessment		Included in various specifications documents in relation to procurement.	
GRI 413	local communities		Not applicable.	
GRI 414	supplier social assessment	p. 42	Included in various specifications documents in relation to procurement.	
GRI 415	public policy		Lobbying is focused on defending the company's legal and economic interests and by extension of the Economic Group in relation to the competent legislative and regulatory bodies. Donations to political parties are strictly forbidden.	
GRI 416	customer health and safety		Not applicable	
GRI 417	marketing and labelling		Marketing information is focused on raising end customers' awareness of rational energy use, renewable energy, energy efficiency premiums etc. Various channels are employed: website, social media, door-to-door magazine, information evenings.	
GRI 418	customer privacy	p. 54-56	Fluvius has a separate Data Management department. Data privacy is an absolute priority. The same also applies at the subsidiary Atrias. See also Report of the Board of Directors.	
GRI 419	socioeconomic compliance		Compliance with all applicable laws and regulations (including socioeconomic laws and regulations) is a minimum requirement for Fluvius's operations.	



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