



ANNUAL REPORT
FLUVIUS SYSTEM OPERATOR
2022

Translation – Dutch version is binding

Annual Report 20th financial year
1 January – 31 December 2022

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PREFACE

Dear reader,

We cannot avoid it. Society is changing at an ever-increasing speed. The challenges are also great in terms of climate and energy supply, areas in which Fluvius plays an important role.

Looking ahead

Traditionally, an annual report looks back at the operations of the past year, but in 2022 our focus was particularly on our new Investment Plan 2023-2032. A look ahead in which Fluvius outlines the principles and action plans that will enable grids to cope with the sharply rising demand for electricity over the next decade.

After all, by 2050, every country in Europe must be 'climate neutral'. The sharp rise in electric vehicles and more heat pumps for home heating, among other things, will mean that electricity will play an increasingly important role in the energy mix.

In order to prepare our networks for the future, allow more digitalisation and respond to a changing climate with more intense weather conditions, we will invest no less than EUR 4 billion extra in our energy networks over the next ten years, on top of the regular operation.

Supporting measures

Energy regulator VREG had the new grid tariffs for electricity, including the capacity tariff, introduced since 1 January 2023. These reformed grid tariffs are a necessary element in the energy transition, together with the digital meter. They help all Flemish households and companies to track and spread their consumption and thus put less strain on the grids. Without these support measures, the necessary investments in the electricity grids could rise much higher in the future. It is and remains a task of Fluvius to provide grid management at an acceptable social cost.

Multi-utility

But the challenges lie in several areas. For instance, the number of heat networks in which Fluvius is involved is growing every year. There is the importance of good, timely and reliable energy data to facilitate the energy market. And there is also the further expansion of data networks so that, with further digitalisation, everyone has access to fast internet. To this end, Fluvius and Telenet have agreed to work together on the data network of the future. Approval for this was sought from the European Directorate-General for Competition in 2022. And there are the consequences of climate change that require a well-developed sewerage network and the drawing up of rainwater plans. Besides higher levels of sewerage, we need to focus more on infiltration and reuse of rainwater. That is why we shifted up a gear in the sewerage works and are closely involved in the Flemish government's 'Blue Deal' initiative to structurally tackle water shortage and flooding problems.

Support, now and in the future

Where are we today in our journey towards 'climate neutral'? What solutions are already emerging and what decisions are still to be made? We must, will and can take action to help all cities and towns in Flanders move forward in this. That is what Fluvius is all about today, with an eye on tomorrow.

We have an important responsibility, including through exemplary behaviour, to get our citizens on board in the necessary behavioural change around using less and environmentally friendly energy. And then the support of the shareholders, the Flemish cities and municipalities, is essential to achieve this together. We need each other.

Wim Dries
Chairman of the Board of Directors

CONTENT OF REPORTING

In accordance with legal and statutory provisions, we report in this annual report on the activities of Fluvius System Operator cv ('Fluvius') during the past financial year 2022.

This report is conceived as a combined report in which we bring together the Activity Report, Financial Report and Sustainability Report in one single report. Reporting on the specific sustainability and CSR aspects is done with reference to the GRI standards (version 2021), issued by the Global Reporting Initiative (GRI). The information included in the GRI table at the back of this annual report forms an integral part of the annual reporting.

Thus, Fluvius System Operator complies with its legal obligation for large Belgian companies to report on certain non-financial elements and aspects of diversity (*Law of 3 September 2017 on the disclosure of non-financial information and information on diversity by certain large companies and groups*).

In the Financial Report, we present the following documents:

- ✓ the statutory annual accounts for the financial year ended 31 December 2022. These annual accounts were prepared in accordance with Belgian accounting standards (BE-GAAP). In particular, they include the balance sheet, the income statement with comments, the notes, the profit appropriation and the social balance sheet;
- ✓ the consolidated financial statements for the financial year 2022 of the Fluvius Group, closed on 31 December 2022, according to International Financial Reporting Standards (IFRS);
- ✓ The auditor's reports on the 2022 financial statements in BE-GAAP and IFRS;
- ✓ the declaration of the persons responsible for the annual accounts and the annual report (*cf. Article 12, §2 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market*).

This report also includes an analysis of Fluvius's business activities, and in particular the extent to which they are eligible ('*eligibility*') and aligned ('*alignment*') with the EU Taxonomy, cf. Article 8 of the relevant Regulation¹.

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

FLUVIUS SYSTEM OPERATOR AT A GLANCE

Fluvius, close to you

The cooperative company Fluvius System Operator (operationally known by its working name 'Fluvius') is the Flemish multi-utility grid company formed on 1 July 2018 from the merger of Eandis System Operator cvba and Infracvba. On 1 April 2019, the former Integran ov joined the Fluvius Economic Group when it was acquired by ex-lveg (now Fluvius Antwerpen).

Fluvius is responsible for the construction, management and maintenance of distribution networks for electricity, natural gas, sewerage, cable distribution and heat. The company also manages the municipal public lighting park in Flanders with 1.179.854 light points. Data management that supports the aforementioned business activities is also part of Fluvius' remit.

In total, Fluvius is responsible for 234.156 kilometres of utility lines. Fluvius operates in all 300 Flemish cities and municipalities, so that all Flemish people can count on the professional services of our 5.437 employees.

An indispensable link

In the free energy market in Flanders, Fluvius, as operator of the distribution grid, is an indispensable link between energy producers, energy consumers and transmission system operators.

On behalf of its shareholders, the commissioning associations

Fluvius System Operator is the operating company for 11 Flemish utilities, all of which have the legal form of an intermunicipal commissioning association and are the shareholders of Fluvius System Operator:

	electricity	natural gas	sewerage	cable distribution	public lighting
FLUVIUS ANTWERPEN	x	x	x	x	x
FLUVIUS LIMBURG	x	x	x	x	x
FLUVIUS WEST	x	x	x	x	x
GASELWEST	x	x			x
IMEWO	x	x			x
INTERGEM	x	x			x
IVEKA	x	x			x
IVERLEK	x	x			x
PBE	x			x	x
RIOBRA			x		
SIBELGAS	x	x			x

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

Fluvius works on behalf of the intermunicipal utilities listed in the table above. As the table indicates, most of these mission entrusted associations operate in the regulated activity of energy distribution (electricity and/or natural gas). As a result, a significant part of Fluvius's activities is subject to regulation by the competent energy regulator VREG (in full: the Flemish Regulator for the Electricity and Gas Market).

Fluvius's sewerage activity is also subject to regulation at the Flemish level, specifically by the VMM (in full: Flemish Environment Agency).

The cable distribution activity falls under the supervision of BIPT (in full: the Belgian Institute for Postal Services and Telecommunications) and VRM (in full: the Flemish Media Regulator).

Fluvius acts as an operating company for its shareholders/customers at cost, i.e. no profit margin is charged on the operating tasks performed. Each month, Fluvius passes on all its direct and indirect costs of operations, investments and public service obligations (personnel, contractors, suppliers, financing costs) in full to its shareholders/customers. Hence, the annual accounts of the operating company Fluvius System Operator close with a zero balance.

Fluvius System Operator does not own the distribution infrastructure (grid infrastructure with cables and pipes, cabins, metering installations, etc.). It is owned by the various mission entrusted associations.

Supported by three subsidiaries

To carry out its tasks, Fluvius System Operator also engages some subsidiaries and associated companies:

- De Stroomlijn CV: the customer communication centre that handles calls from our end customers
- Atrias cv: the federal clearing house platform for the energy sector in Belgium
- SYNDUCTIS cv: the company for coordination and synergy in utility infrastructure works.

Our mission, vision, strategy and values

Fluvius's mission, vision and values guide our company. We make them live in consultation with all our shareholders, employees, clients and partners.

Our mission

'Sustainably connecting society with our multi-utility networks'

- **Fluvius connects society.** This is not just about the physical connection we make through our networks. We also bring people together. Moreover, Fluvius is there for everyone.
- **We connect in a sustainable way.** We work for the long term, and we want to contribute to a better environment and climate. We will also support communities with forward-looking solutions that will give them long-term comfort.
- **Fluvius is committed to a wide range of utility services ('multi-utility').** Because we believe in the economies of scale and synergy this will bring to all cities and municipalities, citizens and companies in Flanders.

Our vision

'Fluvius wants to grow together with all stakeholders into the Flemish multi-utility company.'

Fluvius aims to become the operating company for most utility sectors in Flanders. Anyone who thinks of utilities in Flanders must first and foremost think of Fluvius.

In doing so, we invariably start from the world around us. We do not work for ourselves, but for all the cities, municipalities, customers, partners, suppliers and investors moving around us. Only with their support can we grow, by responding to their expectations. And by excelling in what we do, with service excellence.

Everything we do, we do for and with Flemish society. So we always seek consultation and cooperation. Openness and transparency are central to us.

Based on this vision and mission, we focus on four strategic pillars:

1. we go full steam ahead for one Fluvius
2. we create maximum synergy across networks
3. we provide forward-looking networks
4. we put the customer and the employee first.

Our corporate values

Our corporate values came about at the suggestion of our employees. They clarify 'who we are' and 'what we stand for', in short what characterises and unites us. They guide our behaviour and determine how we, as an organisation and as employees, will carry out the tasks foreseen in our mission to realise our vision. These values are:

- Stronger together!
- Driven by craftsmanship
- Customer focus
- Engagement
- Respect

Strategic choice of core tasks

Since 2020, Fluvius has based its operations on the following strategic choice in terms of its core tasks: *'Fluvius wants to be the multi-utility manager of (public) networks in the public domain, in order to achieve maximum synergy'*. This strategic choice applies to four sectors:

- energy (electricity, gas and heat)
- public lighting (street and square lighting, monument lighting, light-as-a-service)
- Water (drinking water and/or sewerage), if regional opportunities arise
- telecom² (fibre, FttH/5G, cable, etc.) with a view to setting up partnerships with telecom operators for this purpose.

The aforementioned activities also include setting up and managing the necessary data platforms directly connected to the various utilities.

In addition, Fluvius implements the imposed public service obligations and, in support of local authorities, Fluvius further offers energy services for local authorities to jointly drive energy savings in municipal buildings.

² Pending the establishment - in cooperation with telecoms company Telenet - of the corporate entity NetCo (see elsewhere in this report)

Administrative data

- The company was founded on 29 April 2002, under the name Electrabel Netmanagement Flanders nv. Later, the name was changed to Electrabel Netten Vlaanderen nv. On 30 March 2006, the company's legal form and name were changed to Eandis cvba. From 1 January 2016, the company was renamed Eandis System Operator cvba.
On 1 July 2018, a merger by acquisition was realised whereby Eandis System Operator cvba acquired its peer Infracx cvba. The name of the merged company thus created was changed to Fluvius System Operator cvba from the same date.
- Legal form: cooperative society (CV) - this since 1 January 2020 following the revision of the various legal forms determined by the Companies and Associations Code dated 23 March 2019 (published in the Belgian Official Gazette on 4 April 2019)
- Registered office of the company: Brusselsesteenweg 199 in 9090 Melle
- Enterprise number: 0477.445.084
- VAT number BE 0477.445.084 - RPR Ghent, Ghent division
- Website: www.fluvius.be
- Correspondence address:
Fluvius System Operator cv
Brusselsesteenweg 199
9090 Melle (Belgium)

Useful contacts

- For all information and concrete actions related to meter readings, premiums, connections, installing meters, investment works, social supplier services, faulty street lights and much more, please visit our website www.fluvius.be.
On our website, you also have the option to ask a question via a contact form or lodge a complaint.
- If you do not find sufficient answers through our website, you can contact us by phone at the general number 078 35 35 34 on weekdays 8am-8pm, Saturdays 9am-1pm.
- For urgent calls with permanence 24/7:
 - Gas odour 0800 65 0 65
 - Malfunctions and defects 078 35 35 00
- Speech and hearing impaired people can report gas odour, malfunctions and defects via SMS code message to 8635.
- Faulty streetlights can be reported at www.straatlampen.be or in urgent cases also via 0800 6 35 35
- Fluvius Complaints Committee: via website <https://www.fluvius.be/nl/thema/storingen-en-werken/klachten>

FIGURES AND GRAPHS - 31 DECEMBER 2022

	31.12.2020	31.12.2021	31.12.2022
FLUVIUS			
Financial (IFRS figures)			
Balance sheet total (in 1000 euro)			
• Fluvius System Operator consolidated group	5.839.203	6.497.808	6.889.767
• Fluvius economic group	15.826.158	16.699.180	17.242.497
Operating income (in 1000 euro)			
• Fluvius System Operator consolidated group	1.729.688	1.839.806	2.011.644
• Fluvius economic group	3.487.243	3.771.814	3.249.064
Staff			
Number of staff Fluvius System Operator	4.718	4.780	4.770
• executives	979	972	1.017
• non-executives	3.739	3.808	3.753
In full-time equivalents (FTE):	4.519,07	4.586,28	4.574,22
• executives	954,76	949,53	993,47
• non-executives	3.564,31	3.636,75	3.580,75
Additional number of staff members Fluvius Principal Association			
• number	773	717	667
• FTE	740,52	691,93	643,81
Total Fluvius			
• number	5.491	5.497	5.437
• FTE	5.259,59	5.278,21	5.218,03
Operating figures (commissioned by distribution system operators)			
Operation and management of grids			
Realised investment budget (gross, in million euro)	938,1	1.110,3	1.198,2
Outages (number of minutes/year/customer)	19 min 28 sec	19 min 51 sec	22 min 29 sec
Natural gas			
Connections	2.299.555	2.338.503	2.541.765
Low pressure network (km)	47.555	47.727	47.842
Medium pressure network (km)	10.041	10.060	10.070
Total grid length (km)	57.595	57.788	57.912
Electricity			
Connections	3.535.782	3.563.333	3.793.167
Low-voltage grid (km)	86.263	87.070	88.129
Medium-voltage grid (km)	46.567	46.841	47.146
High-voltage grid (km)	0	0	732
Total grid length (km)	132.830	133.911	136.007
Lamps public lighting and monument lighting	1.170.986	1.171.490	1.179.854
Heat			
Network length (km)	58,7	65,5	67,9
Connections	1.796	1.756 ³	2.123
Number of municipalities with Fluvius heat customers	15	15	15
Drainage			
Sewerage network (km)	11.761	11.861	11.899
Number of connections	635.613	649.942	658.991
Cable network infrastructure			

³ The decrease is due to the transfer of some clients to the respective social housing companies.

Connections	1.127.105	1.140.992	1.153.682
Cable network (km)	27.832	28.007	28.270
Social public service obligations			
Active budget meters electricity	35.635	36.136	49.070
Active budget meters natural gas	24.460	25.003	31.874
Charging points budget meter cards	minimum 1 per municipality	minimum 1 per municipality	minimum 1 per municipality
Number of customers at social supplier electricity	77.017	68.907	75.101
Number of customers at social supplier natural gas	56.349	50.556	56.915
Installed digital meters	562.802	1.270.458	2.150.963
Customer contacts			
Average number of customer office visits per month	3.585	3.107	3.970
Number of call centre contacts	1.968.288	2.564.892	2.555.833
Average total number of website visitors per month	451.798	661.460	806.692
Energy grants			
Number of premiums paid	92.246	96.956	92.790
Total premiums paid (euro)	48,14 million	68,03 million	91,15 million

MANAGEMENT REPORT

In accordance with the legal and statutory provisions, the Board of Directors of Fluvius System Operator cv ("Fluvius") reports on the company's corporate activities during the financial year that ran from 1 January 2022 to 31 December 2022.

Shareholder and group structure of Fluvius System Operator cv

The table below summarises the shareholder structure of Fluvius System Operator cv on 31 December 2022. This share distribution is based on the criterion of the number of EANs⁴ per shareholder. There were no changes during 2022. The total number of shares remained unchanged.

FLUVIUS SYSTEM OPERATOR	Shares with voting rights	
	number	% in Fluvius
Fluvius Antwerpen	4.688.069	18,10%
Fluvius Limburg	4.666.524	18,02%
Fluvius West	1.357.143	5,24%
Gaselwest	2.687.523	10,38%
Imewo	3.767.084	14,54%
Intergem	1.840.902	7,11%
Iveka	1.570.114	6,06%
Iverlek	3.486.875	13,46%
PBE	945.183	3,65%
Riobra	394.394	1,52%
Sibelgas	497.124	1,92%
TOTAL	25.900.935	100,00%

The Extraordinary General Shareholders' Meetings of the mission entrusted associations, held during December 2022, approved a number of amendments to the articles of association, mergers and partial demergers. As a result, a number of municipalities (or parts thereof) will change distribution system operators. More specifically, these are:

- a merger of Gaselwest and Fluvius West;
- a merger in Flemish Brabant, of Iverlek and PBE;
- the retention of Fluvius Limburg, Fluvius Antwerpen, Intergem, Iveka, Imewo, Riobra and Sibelgas subject to some necessary area exchanges.

These operations are being carried out to conform to the requirement of the Flemish government that each intermunicipal partnership should have a contiguous operating area and that each member municipality should have the same grid operator for electricity and gas distribution for the entire territory. The approved realignments will only enter into force on 1 January 2025, i.e. when a new legislature for the Flemish municipalities starts.

The mission entrusted association Sibelgas went to the Constitutional Court against the Flemish decree imposing a minimum of 200,000 connections per distribution network operator.

Consolidation circle

The consolidation scope of the Fluvius Group according to the criteria of Belgian accounting standards for the 2022 financial year is shown in the following table. In each case, Fluvius System Operator is the consolidating company.

⁴ EAN = European Article Number; one EAN corresponds to one connection for one utility.

consolidated company	consolidation method	capital participation of Fluvius System Operator
De Stroomlijn CV Brusselsesteenweg 199, 9090 Melle	full consolidation	62,17%
Atrias cv Kanselarijstraat 17A, 1000 Brussels	equity method	50,00%
SYNDUCTIS CV Brusselsesteenweg 199, 9090 Melle	equity method	34,38%

For the sake of completeness, we mention that SYNDUCTIS holds a 2,90% stake in the capital of De Stroomlijn.

On 28 January 2022, the AGSO Knokke-Heist joined SYNDUCTIS. The new shareholder subscribed to 6 shares, which were taken over from existing shareholders. This reduced Fluvius' participation to 746 shares out of a total of 2.170 shares, being 34,38%.

Fluvius System Operator also holds an unconsolidated 4,35% stake in Duwolim, in full 'Duurzaam Wonen Limburg'. In addition, Fluvius participates in these business centres at the request of some DSOs:

Company	DNB	% on total number of shares
Business centre Kortrijk	Gaselwest	24,52
Business centre Flemish Ardennes	Gaselwest	3,29
Waregem Business Centre	Gaselwest	6,66
Bruges Business Centre	Imewo	13,36
Business centre Ghent	Imewo	5,87

None of the companies or business centres in which Fluvius System Operator cv participates, are considered energy producers or suppliers. The participations of Fluvius System Operator in the five aforementioned regional business centres are not consolidated. This is because the company cannot exercise a decisive influence on their policy or has no right to appoint a majority of the directors there.

The parent company Fluvius System Operator did not acquire any shares in subsidiaries or associated companies during 2022. Nor did subsidiaries or associated companies acquire shares in their parent company.

Branches

Fluvius has no branch offices.

Amendments to Articles of Association

The articles of association of Fluvius System Operator were amended at the Extraordinary General Shareholders' Meeting on 23 December 2022 (not yet published in the Annexes to the Belgian Official Gazette). These amendments concerned almost exclusively the 'public electronic communication networks' activity. In doing so, they anticipate the transfer of the public electronic communication networks activity (cable distribution) to the independent entity to be set up together with the telecom company Telenet (with the working name 'NetCo' and in the legal form of a private limited company). Fluvius System Operator and Telenet will participate as shareholders in this new entity. Their participation will be organised through another entity (with the working name 'HoldCo' and with the legal form of a private limited company). The amended articles of association define the financial and other arrangements for the 'K' shares in relation to the public electronic communications networks activity: cost and revenue sharing, profit distribution mechanism, synthetic dividend, interim dividend, separation share and so on. Besides the amendments to the articles of association relating to the public electronic communication networks activity, a number of textual and rather

technical corrections and refinements were also registered in the articles of association. An annex to the articles of association included the distribution of K shares.

Changes in operating area

For the 2022 financial year, we note no changes in the operating area of Fluvius System Operator, nor of the distribution system operators for which Fluvius System Operator acts as an operating company.

VAT unit

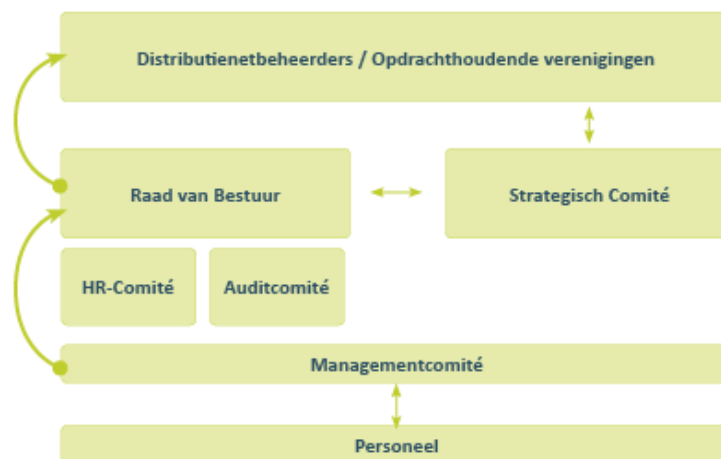
The VAT unit 'Economic Group Fluvius' includes Fluvius System Operator cv and its associated companies De Stroomlijn and SYNDUCTIS. Fluvius System Operator cv is the representative for this VAT unit.

Cash pooling

Several entities in the Fluvius Economic Group participate in a cash pooling system. Under this system, cash surpluses and deficits are settled among themselves on a daily basis in a single joint cash account at the bank. This system is more advantageous overall for the participants than if they each maintained separate cash accounts. The participants in the cash pooling at Fluvius are the operating company Fluvius System Operator itself, Fluvius OV, Interkabel, the subsidiaries De Stroomlijn and SYNDUCTIS and the 11 mission entrusted associations/shareholders.

Composition of governing bodies and management

The following is an overview of the various governing bodies within the Fluvius Economic Group and how they are interconnected. The structure in which the various management and supervisory bodies of Fluvius are organised is in full compliance with all applicable company law, decree and regulatory requirements.



BOARD OF DIRECTORS

The composition of the Board of Directors of Fluvius System Operator on 31 December 2022 was as follows:

Name	Function	Appointed on behalf of	Number of meetings attended	Public mandate
Wim DRIES	chair	Fluvius Limburg	11	Genk, mayor
Koen KENNIS	1 ^{ste} vice-chair	Fluvius Antwerpen	7	Antwerp, alderman
Christophe PEETERS	2 ^{de} vice-chair	Imewo	11	Ghent, chairman of the municipal council
Hans BONTE	3 ^{de} vice-chair	Sibelgas	7	Vilvoorde, mayor
Pete BUYSE	director	Intergem	11	Dendermonde, mayor
Geert CLUCKERS	director	PBE	11	Diest, alderman
Lieven COBBAERT	director	Gaselwest	8	Ichtegem, mayor
David COPPENS	director	Intergem	8	Aalst, chairman of the municipal council
Jan DALEMANS	director	Fluvius Limburg	8	Hechtel-Eksel, mayor
Charlotte DE BACKER	director	Imewo	9	Ostend, municipal councillor
Christof DEJAEGHER	director	Gaselwest	10	Poperinge, mayor
Jan DESMETH	director	Iverlek	10	Sint-Pieters-Leeuw, mayor
Ine FRANSEN	director	Fluvius Limburg	9	Maaseik, municipal councillor
Greet GEYPEN	director	Iverlek	11	Mechelen, alderman
Tom KERSEMANS	director	Iveka	5	Lille, alderman
Lies LARIDON	director	Fluvius West	10	Diksmuide, mayor
Nicky MARTENS	director	Riobra	11	Tienen, municipal councillor
Guy VAN DE PERRE	director	Iveka	11	Kasterlee, alderman
Adinda VAN GERVEN	director	Fluvius Antwerpen	11	Brasschaat, alderman

Overall attendance at Board meetings was 85,6%.

Mr Wim Dries was elected Chairman on 8 June 2022. He thereby succeeded Mr Piet Buyse, who has been serving as a director since then.

Ms Kristien Vingerhoets, director nominated by Fluvius Antwerpen, resigned from the Board of Directors on 1 March 2022. Her mandate has not yet been refilled.

All mandates will end at the General Shareholders' Meeting to be held during the first quarter of 2025. The mandates are renewable.

Mr Nick Vandeveldede acted as secretary to the Board of Directors until 31 December 2022. From 1 January 2023, this position will be assumed by Mr Bruce Almey, head of the Business Administration Department at Fluvius.

The Chair of the Executive Board has no managerial operational responsibilities within the company. This also applies to the Vice-Chairs and all other members of the Board of Directors.

No independent directors within the meaning of Article 7:87 of the Companies & Associations Code sit on the Board of Directors of Fluvius System Operator.

Guaranteed independence

At Fluvius System Operator, there is a strict separation between the Board of Directors and management. For example, the CEO and the other members of the Management Committee are not members of the Board of Directors.

Article 7:96 of the Companies & Associations 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 patrimonial nature on the part of a director, which conflicts with a decision or operation within the competence of the company's Board of Directors. This legal provision did not have to be applied in 2022.

AUDIT COMMITTEE

According to Article 24.B of the Articles of Association, the Board of Directors of Fluvius System Operator has established an Audit Committee. Its composition as at 31 December 2022 was as follows:

Name	Function	Number of meetings attended in 2022
Jan Desmeth	chair	6
Lieven Cobbaert	member	6
Lies Laridon	member	6

Ms Kristien Vingerhoets resigned as a director on 1 March 2022; consequently, her mandate on the Audit Committee also lapsed. No provision has yet been made for her replacement.

The Audit Committee met six times during 2022, including four physical meetings, one digital meeting and one meeting by written procedure. The most important issues dealt with by the Audit Committee were the internal audits carried out (on, among other things, second-line safety control, decommissioning of assets, strengthening the business continuity management and the Q factor (i.e. the quality of service factor in tariffs)). The Audit Committee also discussed financial reporting, the tariffs for distribution system operators and the 2022 audit plan.

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

HR COMMITTEE

As provided for in the Articles of Association (Article 24.C), the Board of Directors of Fluvius System Operator also established an HR Committee. Its composition as at 31 December 2022 was as follows:

Name	Function	Number of meetings attended in 2022
Greet Geypen	chair	6
Piet Buyse	member	5
Adinda Van Gerven	member	6

Ms Kristien Vingerhoets resigned as a director on 1 March 2022; consequently, her mandate on the HR committee also lapsed. No provision has yet been made for her replacement.

The HR Committee has the statutory mandate to monitor developments in Fluvius System Operator's HR policies and make recommendations on them to the Board of Directors. The Committee met six times in 2022, each time online. Among other things, the committee discussed long-term management incentives, collective labour agreements (social programming for white-collar workers, conversion to an agreement with executives, collective labour agreement 90), the company car policy, Great Place to Work, the organisation chart and the evolution of the Management Committee 2022-2028.

The HR Committee also reports to the Board of Directors.

STRATEGIC COMMITTEE

The Strategic Committee consisted of the following people as of the end of December 2022:

Name	Function	Number of meetings attended in 2022
Wim Dries	chair	9
Hans Bonte	member	9
Piet Buyse	member	6
David Coppens	member	7
Koen Kennis	member	9
Christophe Peeters	member	9

Mr Piet Buyse was the chair of the Strategic Committee until 8 June 2022. He was succeeded in that position by Mr Wim Dries from that date. The company's Articles of Association provide that the Chair of the Board of Directors also chairs the Strategic Committee ex officio (Article 24.D of the Articles of Association).

The Strategic Committee outlines the overall strategy for Fluvius System Operator and the entire Fluvius Economic Group. Particular attention is being paid to the company's relations with the public authorities and the regulator, its shareholders and other stakeholders within the distribution network management in Flanders.

In 2022, the Strategic Committee met nine times (three physical and six online meetings). Among other things, the Strategic Committee discussed the future structure, the vision for the sewerage business and the long-term financing of the Fluvius Economic Group.

The Strategic Committee reports to the Board of Directors.

We also mention that the Guidance Committee met five times (twice physically and three times digitally) in 2022. On behalf of the Board of Directors, this committee is closely following the negotiations with Telenet on the possible cooperation for the development of a superfast data network. For a substantive discussion, see elsewhere in this annual report in the section 'Agreement with Telenet on the establishment of a joint entity for superfast data network of the future'.

EXECUTIVE COMMITTEE

Article 24.A of the Fluvius Articles of Association prescribes that – where the Board of Directors is not composed entirely of independent directors – the Board of Directors shall establish an Executive Committee. The members of the Executive Committee must all be independent directors within the meaning of article 1.1.1. §2, 74° of the Flemish Energy Decree of 19 November 2010. They are appointed by the Board of Directors from among its members.

To date, this statutory provision of Article 24.A on the Executive Committee has not materialised: indeed, all the company's directors are independent directors, which means that Fluvius is not required to set up such a body in accordance with Article 3.1.28 3^e paragraph of the Energy Decree.

MANAGEMENT COMMITTEE

The 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 as at 31 December 2022 was as follows:

Name	Title/Authority
Frank VANBRABANT	CEO
Raf BELLERS	Director Supply Chain & Grid Management
Tom CEUPPENS	director of Customer Services
Guy COSYNS	director of Data Management
Wim DEN ROOVER	director Grid Operations
Jean Pierre HOLLEVOET	Director of Energy & Climate Transition
David TERMONT	Director of Finance & ICT
Nick VANDEVELDE ⁵	Director General Secretariat
Ilse VAN BELLE	HR director
Filip VAN ROMPAEY	director of Strategy

On 1 July 2022, Mr Hollevoet, who until then had been Director of Grid Management, took charge of the new 'Energy & Climate Transition' department. This new department coordinates all activities related to investments in the context of the energy and climate transition. From that date, responsibility over the 'grid management' domain was taken over by Mr Bellers, who was already director of Supply Chain.

The CEO attends the meetings of the Board of Directors ex officio, but without voting rights. The other members of the Management Committee may attend the meetings of the Board of Directors if this is opportune because of the items on the agenda. They do not have voting rights in the Board of Directors either. In principle, the Management Committee meets every week.

Integration into 'One Fluvius'

The merger of the former entities Eandis, Infrax and Integan that led to the creation of Fluvius System Operator in mid-2018 triggered a thorough integration process 'One Fluvius'. To maximise financial and efficiency benefits from this merger, it was decided to align processes, procedures and IT systems, with cost efficiency, customer-friendliness and flexibility at the forefront. The synergy plan for the company consists of 169 different initiatives with a total savings potential of EUR 120 million in annual recurring savings by the end of 2024. These savings are in the areas of processes and systems, as well as in personnel-related areas. The integration process also pays close attention to the creation of one common Fluvius culture.

A total of 21 projects were delivered at five different times during 2022. Most of these projects have now resulted in one uniform approach within Fluvius for certain processes and IT systems. Some examples: competence management, debtor management, administration for investment works, supplier evaluation.

Legal disputes

Proximus' claim

Following the takeover of the cable television customers and the establishment of a long lease on the cable network by Telenet, Proximus had brought an action before the Antwerp Court of First Instance for annulment of the contracts and for receiving damages. This claim was dismissed at first instance (judgment of 6 April 2009). Proximus subsequently lodged an appeal with the Antwerp Court of Appeal. Proximus claimed the delivery of the complete documents relating to the agreement between Telenet, Interkabel and the cable companies. It also sought the annulment of these agreements and damages of EUR 1,4 billion based on an expert report it had commissioned. The aforementioned agreements contained, through an indemnity clause at Telenet's expense, a limitation of liability for the cable companies in the Fluvius group. It follows that, in the event of a negative ruling, Interkabel and the cable companies would in principle only have to intervene in any damages suffered by Proximus up to a maximum of EUR 20 million.

⁵ Until 31 December 2022

By judgment of 18 December 2017, the Court of Appeal dismissed Proximus' claims in their entirety. Proximus lodged a cassation appeal against this judgment at the end of June 2019.

On 22 January 2021, the Court of Cassation ruled on this cassation appeal and decided that the judgment of the Antwerp Court of Appeal should be partially annulled. The partial annulment only concerns the point that the Antwerp Court of Appeal had not sufficiently justified why there should be no annulment of the agreement between Telenet and the cable companies, but does not rule on the merits of this. To examine and rule on this, the case is sent to the Brussels Court of Appeal. The Court of Cassation therefore did not rule to set aside the ruling on Proximus' claim for damages. This would have resulted in the final dismissal of Proximus' claim for damages.

On 16 June 2021, Proximus summoned Telenet and the cable companies to appeal after cassation. Through these proceedings, Proximus seeks the nullity of the agreements between Telenet and the cable companies. In addition, Proximus again claims damages (for the time being estimated at EUR 1 provisionally) for the erroneous conclusion and maintenance of the agreements. Furthermore, Proximus seeks the cessation of performance of the agreements and seeks a preliminary ruling in the event that it is considered that no remedy/damages would be possible for Proximus. In the first notice of appeal filed by Proximus following the appeal after cassation, its provisional claim for damages had not yet been estimated. Also in Proximus' latest claim filed in December 2022, its claimed damages have still not been estimated and its claim remains limited to EUR 1 provisional. Proximus requests that the debate on the exact extent of the damages should only be dealt with in a second phase, after an interlocutory judgment by the Court on the liability of Telenet and/or the intermunicipal partnerships. In subordinate order, Proximus requests the appointment of a court expert with the task of advising on the damages. The Fluvius DSOs must file their final brief by no later than 27 February 2023. The pleading date is not yet known.

Gas explosion in Wilrijk

On 3 September 2019, a gas explosion occurred in Wilrijk (Antwerp) resulting in one fatality, three seriously injured people and significant material damage. The council chamber in Antwerp had referred the company Fluvius System Operator and two of its managers (namely the CEO and the director Grid operations) to the correctional court for their possible involvement in events that allegedly led to the explosion. On 27 April 2021, the Antwerp Correctional Court pronounced the criminal acquittal for both managers of Fluvius, as the court did not consider them personally responsible for the events. The court pronounced the suspension of sentence for Fluvius System Operator and Fluvius was convicted of all civil claims. Fluvius was and remains of the opinion that the company, its officers and employees were not at fault in the tragic events and that insufficient account was taken of the evidence and arguments put forward by Fluvius during the proceedings, which should prove that Fluvius was not at fault. Based on these considerations, the company lodged an appeal against this ruling by the Antwerp Correctional Court. A first hearing in the appeal proceedings took place on 18 May 2022. As a result of this hearing, the Court of Appeal decided on 1 June 2022 to appoint an expert from the civil interim proceedings also for the criminal part. He must submit his report by 31 January 2023. The appeal hearing is scheduled for 29 March 2023.

Main evolutions at the companies in which Fluvius System Operator participates

De Stroomlijn

De Stroomlijn is the customer communication centre for Fluvius, TMVW/Farys and De Watergroep. The shareholders of De Stroomlijn are Fluvius System Operator (62,17%), TMVW/Farys (32,03%), SYNDUCTIS (2,90%) and De Watergroep (2,90%).

The accounts of De Stroomlijn are fully consolidated with those of Fluvius System Operator.

By the end of 2022, De Stroomlijn had 332 employees or 300,4 full-time equivalents. They are employed in four branches: Mechelen, Ypres, Ledeborg-Ghent and Hasselt.

De Stroomlijn realised a total turnover for 2022 of EUR 23,0 million (2021: EUR 19,9 million). Total assets as at 31 December 2022 were EUR 5,4 million (end 2021: EUR 2,7 million). The company's equity at the end of 2022 was EUR 265.400 (idem at the end of 2021).

Atrias - Central data platform launched

Atrias is responsible for creating and operating a common data exchange platform for data exchange between all parties in the Belgian energy market. Atrias unites all energy suppliers, transmission system operator Elia, gas transmission company Fluxys and the distribution system operators in Belgium. Atrias covers more than 10 million connection points and 300 million meter readings. Created to replace the separate data systems at Belgium's distribution system operators, Atrias centralises data processing for the Belgian energy market in a single, federal system.

The Atrias platform (Central Market System - CMS) with its associated communication rulebook (MIG-6) went live on 1 November 2021. From then on, the CMS controls the mutual exchange of market data (such as meter readings and billing data) and market processes (such as moves and supplier switches) through MIG 6.

All Belgian electricity and gas distribution system operators are shareholders in Atrias: Fluvius System Operator (50%), Ores Assets (16,67%), Sibelga (16,67%), Resa (15,05%), AIEG (0,54%), AIESH (0,54%) and Réseau d'Energie de Wavre (0,54%).

At the end of 2022, Atrias had 29 employees (or 27,8 full-time equivalents). They achieved a total turnover of EUR 53,2 million in 2022 for Atrias (2021: EUR 40,8 million). The balance sheet total as at 31 December 2022 was EUR 86,1 million (end 2021: EUR 87,9 million) with equity of EUR 18.600 (unchanged during 2022).

For consolidation purposes, Atrias is considered an associate. Atrias is consolidated with Fluvius System Operator through the equity method.

SYNDUCTIS

SYNDUCTIS promotes synergy in works in the public domain and implements an active lesser nuisance policy.

Following the accession on 28 January 2022 of the Autonoom Gemeentelijk Stadsontwikkelingsbedrijf (AGSO) Knokke-Heist, the participation of Fluvius System Operator in SYNDUCTIS amounts to 746 shares out of a total of 2.170, or 34,38%. The other shareholders of SYNDUCTIS are: De Watergroep, IWVA/Aquaduin, Aquafin, Pidpa, Proximus and TMVW/Farys. In addition, SYNDUCTIS works closely with the Flemish Roads & Traffic Administration (AWV) and the Flemish public transport company De Lijn on the basis of mutual cooperation agreements.

The business plan for SYNDUCTIS is based on the idea of quality service to the customer (local government, residents, merchants, companies). The development of a high-performance ICT platform should contribute to this.

SYNDUCTIS does not have staff of its own. The participating utilities make their own staff available to SYNDUCTIS according to the need and projects that arise.

SYNDUCTIS recorded sales of EUR 2,0 million in 2022 (2021: EUR 1,9 million). Total assets as at the end of December 2022 came to EUR 1,6 million (2021: EUR 1,6 million). SYNDUCTIS' equity remained unchanged over 2022 at EUR 21.700.

Fluvius consolidates SYNDUCTIS using the equity method.

Auditor control and remuneration

The auditing firm Ernst & Young Bedrijfsrevisoren BV (EY) acts as the company's auditor. Mr Marnix Van Dooren, company auditor, is EY's permanent representative.

EY's current three-year mandate continues until after the 2023 annual meeting. This mandate for EY also applies to IFRS reporting.

During 2022, an amount of EUR 81.000 was paid for the performance of the mandate as statutory auditor for the parent company Fluvius System Operator, supplemented by additional (statutory) assignments as an extension of the mandate as statutory auditor amounting to EUR 476.000, as well as other assignments performed by related persons amounting to EUR 566.000. The additional services were approved by the Audit Committee.

The commissioner is also in charge of monitoring the annual allocation and impact reports related to the green bond issued by Fluvius in late 2020.

For the 2022 financial year, the auditor carried out both an audit of the financial reporting (see the Financial Report) and a so-called compliance check on the non-financial and diversity information that Fluvius is required to include in its annual reporting under the law of 3 September 2017.

EY Bedrijfsrevisoren formally declared to the Audit Committee on 23 March 2022 that they are independent in the performance of their auditor's mandate. A similar declaration of independence was made to the General Shareholders' Meeting on 8 June 2022.

Fluvius System Operator has also mandated the auditing firm EY to attest cash management, Regulatory Asset Base (RAB) valuation and asset decommissionings. This mandate also expires after the 2023 annual meeting.

Brief discussion of financial results

The brief discussion of the balance sheet and income statement below is based on the consolidated IFRS annual figures for the Fluvius Group, which is Fluvius System Operator cv as the consolidating entity together with its consolidated entities Atrias, De Stroomlijn and SYNDUCTIS.

Financial statements financial year 2022 - Fluvius System Operator CV (consolidated, IFRS)

1. Statement of profit and loss

(in EUR 1.000)	2020	2021	2022	Evolution 2021-2022 (%)
Operating revenue	1.726.688	1.839.806	2.011.644	+9,3%
Operating expenses	1.709.216	1.824.812	1.999.662	+9,6%
Result from operations	17.772	14.914	11.982	-19,7%
Financial result	-10.490	-7.772	-4.752	+63,6%
Income tax expenses	6.982	7.142	7.230	+1,2%
Profit for the year	0,0	0,0	0,0	/

2. Statement of financial position

(in EUR 1.000)	2020	2021	2022	Evolution 2021-2022 (%)
Non-current assets	4.228.021	5.031.755	5.324.371	+5,8%
Current assets	1.61.182	1.466.053	1.565.396	+6,8%
Total assets	5.839.203	6.497.808	6.889.767	+6,0%
Equity	1.617	1.617	1.617	+0,0%
Non-current liabilities	4.238.997	5.036.071	5.277.248	+4,8%
Current liabilities	1.598.589	1.460.120	1.610.902	+10,3%
Total equity and liabilities	5.839.203	6.497.808	6.889.767	+6,0%

Investments in 2022

Gross investments realised by Fluvius in 2022 amounted to EUR 1.198,2 million (2021: EUR 1.109,9 million). Year-on-year, this therefore represents an increase of EUR 88,3 million, or +8,0%.

The 2022 investment amount in detail:

- EUR 738,1 million for electricity (including investments in 70/36 kV grids),
- EUR 242,9 million for gas,
- EUR 52,7 million for public lighting,
- EUR 113,5 million for sewerage,
- EUR 37,3 million for cable and data communication infrastructure,
- and EUR 13,6 million for district heating projects.

Investment plan 2023-2032 Energy & Climate Transition

Flanders faces the great challenge of climate and energy transition. The Flemish government has drawn up a Flemish Energy and Climate Plan that will serve as a guideline for shaping climate policy in the coming years. It is clear that Fluvius, as operator of the electricity and natural gas distribution networks, has a crucial role to play in the implementation of this Flemish climate plan. Partly for this reason, the Flemish Energy Decree stipulates that distribution system operators must draw up a detailed annual investment plan for electricity and gas. In mid-2022, Fluvius published the first version of such a long-term investment plan. The plan is based

on the social context, the applicable policy framework and a number of basic assumptions. Based on this, Fluvius worked out a plan for the period 2023-2032. This plan will be updated and adjusted every year, with input from new insights, changed environmental factors, and the latest status of investments made and planned. In the summer of 2022, the public consultation on this plan ran, giving everyone the opportunity to comment and make alternative proposals. Fluvius collected all comments at the end of the consultation period, responded to them and submitted the full plan with the results of the consultation to VREG. It is now up to the regulator to take a final decision on the investment plan.

Electricity

The 2023-2032 plan assumes continued electrification with, in particular, further growth in electric mobility and heating applications. Fluvius therefore proposes a 'no regret' investment plan, i.e. one that anticipates higher peak consumption to the maximum extent possible. Over a ten-year period, investment needs are estimated at around EUR 4 billion, of which roughly three quarters in low-voltage grids and a quarter for reinforcing the high-voltage grid. However, necessary preconditions are the availability of sufficient financial resources, qualified personnel (own personnel and/or personnel at contractors), and materials.

Gas

Also in view of the expected gradual phase-out of natural gas, the investment plan does not foresee any additional resources for further grid expansion in gas. Only investments related to the legal obligations on the security of supply to grid users and safe access to the grid are still included. The gas part is therefore characterised as a 'keep-it-running' plan. Towards 2032, gas investments are expected to halve to an annual amount of around EUR 88 million.

Regarding 'green molecules', Fluvius wishes to keep all options open for the future use of the existing gas distribution network pending further research and the outcome of all kinds of green gas test projects.

Sewerage gets the focus that is needed

All stakeholders agree that Flanders needs a global approach to the various aspects of the water issue. As the largest sewerage manager in Flanders, Fluvius wishes to actively contribute to this objective. Sewerage can and will play an important role in climate adaptation, to the extent that it is integrated into an overall water policy and thus provides an answer to the need for water buffering and wastewater treatment.

In 2022, Fluvius updated its vision for the sewerage activity. We put forward four overall objectives in which seven areas of action are then identified:

1. contribute to reducing drinking water consumption: synergy in installation of digital water meters; encourage reuse of rainwater;
2. commit to maximum circular use of water and restore the natural cycle of rainwater: collecting pollutants, cleaning watercourses, buffering and infiltrating rainwater; recovering water
3. Future-proof sewerage networks: digitising and automating sewerage networks;
4. Making data on the sewerage system available: alternative solutions to sewer system overloading.

The implementation of these objectives must always be socially and environmentally responsible, financially and technically feasible, and safeguard the comfort of the end customer.

Meanwhile, Fluvius continues to work on rainwater and drought plans for the benefit of local authorities.

In addition, Fluvius is setting up a pilot project in the province of Limburg to keep track of and locally reuse drainage water, which is water pumped up at construction sites and major earthworks and which is usually discharged into the sewerage system.

Fluvius fully supports the Flemish action plan 'Municipal sewerage management'. This plan, with the participation of the Flemish government, the municipal authorities, Aquafin and the sewerage managers, focuses on three priorities:

- the construction of new segregated sewers;
- a risk-based management of grid infrastructure for repairs and renewals, accommodating both central and decentralised waste and rainwater systems;

- and creating solutions for heavy precipitation and periods of drought.

This action plan should be accompanied by the appropriate instruments for funding.

We are preparing for a thorough scan of the entire sewerage network in the 86 municipalities where we are sewerage grid manager in the coming years. As a first step towards this, together with the other sewerage grid managers in Flanders, we have uploaded the inventory of the sewerage networks into one central system. The scan will initially focus on high-risk parts of the network, according to age and location. There, we will deploy mobile robotic cameras that 'drive' through the sewerage pipes. For less risky parts of the grid, photos from the well will be used. A pilot project has now started in the municipalities of Merchtem and Ingelmunster. A quarter of the sewerage network is expected to be inspected by the end of 2023, with the remaining sections to be inspected by the end of 2025.

Financing of Fluvius System Operator

Fluvius System Operator partly relies on public savings. The relevant laws and regulations therefore apply. Consequently, Fluvius operates in compliance with the rules on market abuse.

The mission entrusted associations/shareholders are guarantors for the bonds and related debt instruments issued by their operating company Fluvius System Operator (and, in the past, its predecessors Eandis System Operator and Infrac). These debt instruments are listed on the following stock exchanges:

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

By 2020, Fluvius had established a Euro Medium Term Note (EMTN) programme for the issuance of internationally placed bonds. The competent financial regulator FSMA approved the original base prospectus for this EMTN programme on 17 November 2020. The FSMA approved the latest version of the EMTN base prospectus on 7 June 2022.

Under this EMTN programme, Fluvius achieved the following financing transactions by 2022:

- on 6 July 2022, a bond in the amount of EUR 500 million with a maturity of 10 years and an annual fixed coupon of 4,000%;
- on 20 September 2022, a private placement in the amount of EUR 50 million with a maturity of 12 years and an annual fixed interest rate of 4,278%;
- on 28 October 2022, a private placement in the amount of EUR 50 million with a 20-year term and an annual fixed coupon rate of 4,778%;
- on 7 November 2022, a private placement in the amount of EUR 50 million with a term of 12 years and an annual fixed coupon rate of 4,625%;
- on 15 November 2022, a private placement in the amount of EUR 15 million with a maturity of 15 years and a fixed annual coupon of 4,610%;
- on 15 December 2022, a private placement in the amount of EUR 35 million with a term of 20 years and a fixed annual coupon of 4,254%.

In the autumn - in the context of an exceptionally volatile interest rate environment - Fluvius expressly aimed to spread its financing transactions over time and over several transactions with smaller amounts each time. In this way, the company wanted to maximise the spread of its interest rate risk. In any case, the debt financing instruments issued in 2022 had significantly higher interest rates than those issued in 2021.

On 30 November 2022, Fluvius repaid an ex-Eandis EMTN bond to bondholders on its contractual maturity date. This was a EUR 500 million bond with a maturity of 10 years (2012-2022) and a coupon rate of 2,750%.

Fluvius has two loan programmes with the European Investment Bank (EIB):

- for digital metering electricity amounting to EUR 425 million: of this amount, EUR 200 million had already been taken up in 2021, leaving a balance of EUR 225 million;
- for infrastructure related to the energy transition for a total loan amount of EUR 350 million: EUR 150 million of this had already been drawn in 2021. In addition, Fluvius borrowed a EUR 200 million tranche on 15 November 2022. This fully exhausted this programme.

In 2022, Fluvius System Operator did not execute any new transactions with derivative instruments.

The company shows no losses carried forward in its financial statements, both single and consolidated.

The rating of Fluvius System Operator

Fluvius System Operator has two corporate ratings, namely with Moody's Investors Service ('Moody's') and with Creditreform Rating AG ('Creditreform').

Moody's

The corporate rating at Moody's was maintained at A3 with a stable outlook throughout 2022.

The so-called CIS score at Moody's (i.e. the 'credit impact score' that reflects an assessment of the risks to the credit profile from environmental and climate, social and governance aspects) remained unchanged at CIS-3 (on a scale of 1 as highest positive to 5 as highest negative). A score of 3 means a moderate negative ESG risk for Fluvius' overall credit profile, according to the rating agency. Fluvius's sub-scores are: E-3, S-3 and G-2 where 2 stands for 'neutral to low' and 3 for 'moderately negative'.

Creditreform

On 16 August 2022, Creditreform revised the rating to 'A' with a stable outlook. The agency based its decision mainly on the combined effect of a tighter 2021-2024 tariff methodology and a more volatile economic context with rapidly rising inflation and rising interest rates. As a result - according to Creditreform - the mismatch between allowed income and borrowing costs could have a negative impact on the company's short-term results.

Data management

Data management includes collecting, managing, processing, securing and storing metering data at the access points to the distribution network for gas and electricity, managing the access register, exchanging data between market parties, facilitating innovations, and so on. The Flemish legislator has entrusted this task to the operating company as an extension of the other sub-tasks of distribution network management. Data management is exercised in full independence of the activity and accounts of data management from the other activities imposed on Fluvius.

Fluvius holds a key position in the energy market and the energy transition because of the massive amount of reliable data on energy consumption at its disposal. In this view, the digital meter is proving to be a real game changer. Data are becoming a lever in the transition. And the importance of data will grow even more. As a data manager, Fluvius wants to contribute maximally to the changing expectations of customers and the market in general.

Already today, we make data available to customers to help them on their way to more efficient energy consumption. Active end-users can thus also gain more control over their energy costs. We facilitate additional customised energy services and advice. Moreover, we are developing and supporting new services such as energy sharing, renewable energy trading and energy communities.

In the near future, our data management will support dynamic tariffs, encourage energy shifting and make that financially interesting. Fluvius's data management will also enable all kinds of applications of market flexibility. We are convinced that flexibility will eventually become the means to best match energy supply and demand.

Fluvius makes every effort to conduct data management with the strictest possible guarantees of privacy.

Agreement with Telenet on the creation of a joint entity for superfast data network of the future

By mid-2020, Fluvius had decided - after an open market consultation - to start exclusive talks with telecom operator Telenet on the roll-out of a superfast data network in Flanders. Fluvius had been concerned for some time that a new digital divide would eventually emerge in Flanders, with certain regions and customers having access to new, faster data connections and other regions and customers being deprived of them.

On 28 October 2021, Telenet and Fluvius then announced in a joint press release that, after intense bilateral discussions, they had signed a non-binding letter of intent for the evolution of their hybrid fibre-coaxial ('HFC') network infrastructure in Flanders. Based on this non-binding agreement, both parties continued negotiations. This eventually led to the announcement on 19 July 2022 of a binding agreement. With this, Telenet Group Holding and Fluvius System Operator confirmed that they will jointly establish an independent self-financing infrastructure company which was given the working name 'NetCo'. The ambition is that NetCo will offer speeds of 10 Gbps across its service area. Both Telenet (66,8%) and Fluvius (33,2%) will become shareholders of NetCo - on the basis of both their contributions to NetCo - through a joint holding company. Based upon the combination of the fixed network assets of both companies, NetCo will invest in the gradual evolution of the current hybrid fibre-coaxial ("HFC") network infrastructure towards a Fibre-To-The-Home ("FTTH") network with the ambition of providing 78% of Flanders with fibre by 2038 through a combination of own network construction and/or possible cooperation with external partners. Telenet's service area in parts of Brussels and Wallonia will also be contributed to NetCo and form part of NetCo's investments. The estimated investment of up to EUR 2 billion will be funded by NetCo's cash flows as well as additional intra-group credit facilities. No incremental external funding is therefore required. Most of these investments will be made over the next eight years. NetCo will also commit to further upgrade the existing HFC network via DOCSIS technology where FTTH will not be built. This will allow everyone in Flanders to continue to enjoy the fastest possible and most reliable internet connection.

With the signing of this agreement, both parties are taking another step towards the realisation of the 'data network of the future', including Fibre-To-The Home (FTTH) technology. That network of the future will be open, ultra-performing, accessible to businesses and households in both urban and rural areas. And it will be built with the lowest possible social cost. NetCo aims to operate a network with fully open access. The partnership is open to further collaboration with strategic and/or financial parties to develop this ambitious 'data network of the future'.

There is no obligation for Fluvius employees (both Fluvius System Operator and Fluvius OV) to transfer to NetCo. However, affected employees will be given the opportunity to voluntarily apply to NetCo. The approximately 160 Fluvius employees of the current cable distribution activity who do not transfer to NetCo will be given every opportunity for retraining and a new job at Fluvius under open vacancies.

The NetCo transaction has yet to be given the green light in regulatory procedures such as with the European Commission. In this regard, Fluvius and Telenet are fully cooperating, and doing so in a constructive manner, to bring this to a successful conclusion as soon as possible. This does mean, however, that the launch of NetCo will take place rather towards the summer of 2023.

Emergency supplier scheme

The year-end of 2021 was turbulent on the Flemish energy market, especially when it appeared that a number of energy suppliers had run into serious financial problems due to sharp price increases on the energy markets. As a result, Fluvius was called in as emergency supplier for the customers of Vlaamse Energieleverancier (failure on 7 December 2021 – 129.000 electricity and gas access points) and Watz (access to distribution network denied on 21 December 2021 – 34.000 electricity and gas access points). On 18 March 2022, the emergency supplier scheme was activated for AECO/Energie2030 customers.

The customers of these suppliers then immediately joined Fluvius, albeit temporarily⁶. The aim is for these customers to contract with another supplier as soon as possible so that the period during which they have to be supplied by Fluvius is as short as possible. In any case, no end customer has fallen without electricity or natural gas at any time. The emergency supplier tariff is cost-reflective and therefore higher than the averages on the commercial market, which should provide an incentive for the affected end customers to seek a new commercial supplier.

The financial risks and consequences for Fluvius are mainly in the area of overdue grid fees, the risk of customer defaults in the emergency supplier scheme and the unexpected purchase of additional volumes of electricity and gas.

Digital meter roll-out

A total of 880.505 digital meters were installed in 2022. Of these, 509.626 were electricity meters (57,9%) and 370.879 were gas meters (42,1%). The provisional final total for the period since July 2019 when the roll-out started comes to 2.152.426 digital meters.

Despite these significant numbers, there is still a backlog from the original schedule. This is due to several factors:

- the impact of the Constitutional Court's ruling (January 2021) on the principle of the reversing meter, which left many solar panel owners reluctant to have a digital meter installed;
- start-up problems with the contractors, which required more efforts to ensure safety and reliability; for a limited period. This forced Fluvius to switch to the 'four-eyes' principle;
- a small but persistent group of end-users who continue to refuse any access to the home, requiring more time and energy to be invested to install the meters anyway;
- unforeseen technical obstacles in the end-user's home, which prevent the digital meter(s) from being installed immediately;
- sometimes incorrect customer and contact details provided by the energy suppliers with whom customers have contracts;
- threat of stock-outs due to problems in the international supply chain.

We have noticed - especially since the outbreak of the energy crisis with sharply rising energy prices - that more and more customers are starting to see the benefits of a digital meter as a tool for managing and controlling their own energy consumption.

Switch to LED in public lighting accelerated

The large-scale investment programme to convert municipal public lighting in Flanders to LED is fully on track. With this, Fluvius is making an important contribution to the climate issue, because the energy-efficient LED lighting provides significant savings in terms of electricity consumption and thus CO₂ emissions. Moreover, this technology offers local authorities more possibilities to actively control public lighting with dimming, on/off switching based on motion detection and so on.

In 2022, 88.028 LED light points were added, bringing the total to 418.979. This means that 35,5% of municipal public lighting in Flanders is now LED-powered. This is slightly more than foreseen in the original planning.

In the context of rising energy prices, our municipal shareholders also started looking for ways to reduce the cost of their energy consumption. Public lighting also came into the picture. Partly for this reason, Fluvius decided to accelerate the roll-out of LED installations for public lighting. The end date for the entire conversion programme was brought forward from 2030 to the end of 2028. Municipal authorities will thus be able to enjoy the significant energy efficiency gains and associated cost savings offered by LED in public lighting sooner.

⁶ *The maximum period for which Fluvius must act as supplier to such consumers was raised from 60 days to 12 months on 28 January 2022 through a decree amendment, retroactively until 7 December 2021.*

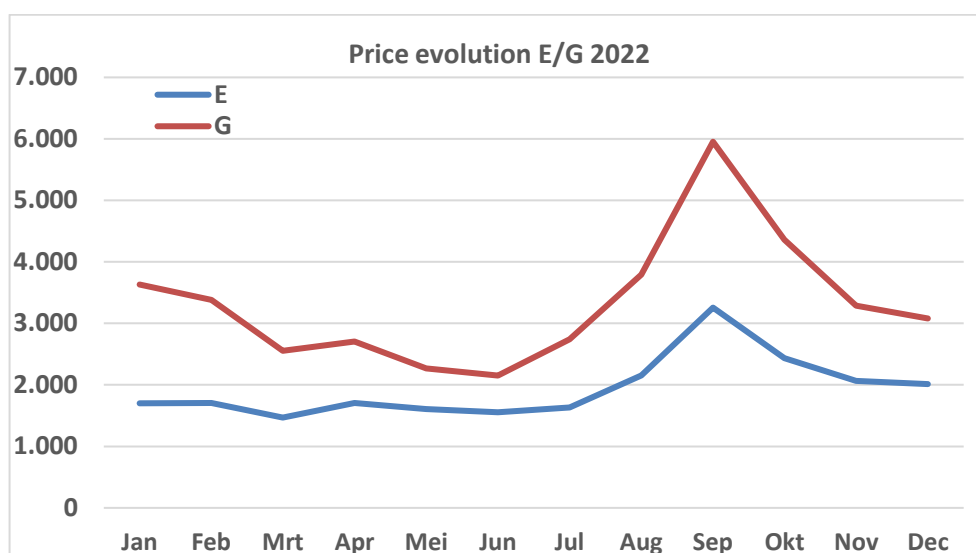
Macroeconomic context

On the macroeconomic front, the year 2022 was marked by rapidly and sharply rising inflation and rising interest rates. For Fluvius, this meant, among other things:

- that debt financing (both refinancing and financing of new projects) had to be done at a higher interest rate than in previous years when interest rates were persistently at extremely low levels, partly due to central bank policies;
- that the cost of purchasing services and goods and the use of contractors was negatively affected by the evolution of inflation;
- that wage costs, partly as a result of the mechanism of automatic wage indexation as applied in Belgium and in the electricity & gas companies sector, are on an upward trend.

Furthermore, the year 2022 was marked by significant price increases for gas and electricity, in Belgium but also in neighbouring countries. These increases were caused by a combination of mutually reinforcing factors, such as reduced gas supply from Russia, increasing uncertainty about energy security of supply and rising inflation.

By way of illustration, below is a graph showing the price evolution for electricity and gas during 2022 in Flanders (source: VREG). For electricity, it concerns the average consumption of a family of 3.500 kWh/year with a double-rate meter with 1.600 kWh daytime and 1.900 kWh night-time consumption. For gas, the line shows the monthly evolution of the price for a family with an annual consumption of 23.260 kWh, i.e. home heating and cooking on gas.



Very likely, the outlined price evolution has also had its direct impact on the consumption behaviour of end consumers. For 2022, Fluvius recorded the following volumes of transported energy (with percentage comparison compared to 2021):

- electricity: 30.631.938 MWh (-3,6%)
- gas: 55.902.053 MWh (-14,8%)

Fluvius's shareholders, the 300 Flemish cities and municipalities, were also looking for ways to save on energy costs. In that context, Fluvius proposed three options for public lighting to the local authorities: (1) energy-free nights with switching off public lighting in a geographical area, (2) deeper dimming/extinguishing of public lighting as a standard, or (3) an individual programme for extinguishing lighting per municipality. All of this within the limits of what is technically realistic. This operation required thorough preparation because - in anticipation of the complete conversion to interactive public lighting by 2028 - control is currently still largely done via communication signals (Central Remote Control or CAB) over the distribution network. The control systems had to be adapted individually to enable extinguishing and dimming according to the wishes of the local authorities.

The vast majority of Flemish municipalities have accepted the proposal to achieve energy savings through public lighting.

Covid: back to a state of normalcy

The situation regarding covid-19 as it manifested itself in Flanders during 2022 allowed management to switch back to a normal situation. Consequently, no more substantial restrictions on the operational activities of our teams were identified. However, a number of measures on the flexible combination of home/office work will be retained for administrative staff.

Fluvius no longer experienced a material negative financial impact from the covid pandemic for the full 2022 financial year.

Limited impact of war in Ukraine

The Russian invasion of Ukraine (February 2022) and the ensuing armed conflict had no material direct material or financial impact for Fluvius. Fluvius System Operator and the Fluvius Economic Group entities do not operate in Ukraine or Russia. The sanctions declared against Russia also did not have a material impact on Fluvius.

To the extent that the situation in Ukraine contributed to the disruption of the global supply chain, Fluvius also faced the delayed delivery of certain materials and consequently an increased risk of stock-outs. Fluvius anticipated this by stocking up on certain critical materials to ensure security of supply and operational performance.

District heating

Fluvius is active in several heat projects in Flanders. An overview⁷ of the projects for which Fluvius acted as grid operator and/or heat supplier in 2022:

Location	Project name	Number of household heat consumers	Number of non-domestic heat customers
Antwerp	Blue Gate	0	3
Antwerp	New South	1.180	65
Dessel	The Ark	22	0
Diksmuide	Hof ter Bloemmolen	130	0
Gistel	Brouwerijdomein	92	0
Hoogstraten	De Kluis	0	2
Kuurne-Harelbeke	Kuurne-Harelbeke	304	9
Mol	Guido Gezellestraat	64	0
Mol	Rodekruislaan	0	2
Roeselare	Roobaert Park	3	0
Roeselare	Sint-Idesbald	0	7
Turnhout	Niefhout	100	1
Veurne	Suikerpark (phase 1)	37	0
TOTAL		1.932	89

At the end of 2022, the first pipes went into the ground for the large-scale 'Heat Network Antwerp North' project. These works will last until the end of 2023. The heat for this project is industrial residual heat from Indaver (thermal processing of industrial waste). The heat will be used by Boortmalt for the production of malt. In a later phase, 3.200 social housing units in the Luchtbal and Rozemaai areas will be able to be heated with this heat project. The project will save 80.000 tonnes of CO₂ per year. The project fits in with the City of Antwerp's urban climate policy and will be the first 'open access' heat network in Belgium.

⁷ Source: VREG, RAPP-2022-18 (Warmtenetrappport 2021-2022)

Switching the distribution network to high-calorific gas

Imports of low-calorific natural gas from the Netherlands are gradually decreasing to eventually be phased out completely, so the Dutch authorities have decided. Belgian gas grid operators, including Fluvius, have therefore been working since 2018 to switch gas grids to high-calorific gas. About 1,6 million end customers (private individuals and companies) are affected. At Fluvius, these end customers are mainly located in the provinces of Antwerp, Flemish Brabant and Limburg. Originally, this switchover was to last until 2029. But thanks to optimisations in the planning and the simultaneous approach of this conversion with the roll-out of the digital meter, the end date for the conversion programme at Fluvius could be brought forward to the end of 2024. From then on, all Belgian end customers will be supplied with high-calorific gas.

Towards applications of green gas

Fluvius very actively follows up on developments concerning so-called 'green gases'. As is the case for many other projects to which Fluvius is contributing, we prefer to do this in cooperation with other interested parties.

The European project 'Ready4H2' is a good example of such a multidisciplinary project. The project aims to bring together knowledge and experience around hydrogen among European distribution system operators. On this basis, they want to arrive at a common vision on the injection of hydrogen into the distribution networks and on how to provide grid users with access to hydrogen. Fluvius fully supports the Belgian sector federation Synergrid for this project.

Bathybuild is a study investigating at the Flemish level whether and how hydrogen could help make heat and power needs climate-neutral in a cost-efficient way. The study analyses various ways of producing and distributing hydrogen, and compares hydrogen with other options such as heat pumps and district heating networks. We aim to identify some promising test cases in our area of operation in the near future.

Participations in Publi-T and Publigas

Nine mission entrusted associations from the Fluvius group⁸ have a stake in Publi-T. Five of these contracting associations⁹ also have a stake in Publigas. Publi-T, with 44,82%, is the reference shareholder in electricity transmission system operator Elia. With 77,71%, Publigas is the majority shareholder in the gas transmission company Fluxys.

The day-to-day management of these stakes in Publi-T and Publigas has been entrusted to the financial department of Fluvius System Operator, as part of the general operating mission carried out by Fluvius on behalf of its mission entrusted associations/shareholders. The strategic importance of these shareholdings is considerable, not only for the security of supply of our country but also for the realisation of the energy transition.

For the mission entrusted associations participating in Publi-T and/or Publigas, the financial aspects of these participations are important. Publigas paid a stable dividend in 2022; Publi-T's dividend was increased by 2%. Specifically, a dividend of EUR 31,61 million was paid to the five contracting associations in Publigas; a total dividend of EUR 22,5 million was paid to the nine contracting associations in Publi-T. A substantial part of the dividend that these contracting associations can pay to their participating municipalities comes from these participations.

⁷ These are: Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek and PBE.

⁹ These are: Fluvius Antwerpen, Gaselwest, Imewo, Intergem and Iverlek.

Customer satisfaction

Fluvius wants to keep its finger on the pulse of its end customers. Therefore, every year (now for 15 years in a row) we organise a survey to map our clients' satisfaction. We commission an independent agency to survey clients who have recently come into contact with our services.

For 2022, overall satisfaction scored 81,3%, which is 1,7 percentage points better than the 2021 score. As can be expected, scores vary by business process surveyed. Almost always, the processes 'fault management' and 'metering' score fine, but 'budget meter' and 'local production', on the other hand, score significantly lower in terms of satisfaction. For 'local production', the effect of the commotion surrounding the abolition of the reversing meter plays a major role. The results of this survey also indicate that improvements can still be made in terms of communication. Customers give a positive evaluation to the friendliness and willingness of our employees, the cleanliness of the works and efforts to limit nuisance.

	2021	2022
Request for premiums	86,4%	86,2%
Outage management	84,1%	75,8%
Prepayment	67,3%	66,2%
Connections	78,3%	88,5%
Studies & construction	91,7%	91,7%
Metering	86,3%	94,3%
Local production	64,2%	66,6%
Total	79,6%	81,3%

Our complaints management also gives an indication of how customer-focused we are in fulfilling our assignments.

In 2022, we recorded 26.896 first-line complaints; this is an increase of 1.635 complaints compared to 2021, or +6%. Second-line complaints, which are complaints that the complainant feels were not satisfactorily resolved in first-line, increased from 1.918 in 2021 to 2.552 complaints in 2022. This is an increase by 33%. We recorded the most complaints in 2022 in market operations (1.347, +94% year-on-year), Fluvius's supplier role (456, +268%) and connections (380, -37%).

Also considering the results of both the satisfaction survey and complaint management, Fluvius decided to focus its attention in 2023 on (1) customer-friendly digitisation with a focus on customer convenience, (2) turnaround times and communication about them, and (3) simplification of customer processes.

Great Place to Work

Fluvius wants to be and remain an organisation with a culture that excels in trust between colleagues and between management and employees, that excels with employees who are proud of their job, their team and their company, and in fun and camaraderie among colleagues in the workplace.

Therefore, within Fluvius, we consciously choose to want to be a 'Great Place to Work' for all our employees. This fits in with our Focus 2025 strategy: we want to put our customers and employees first. Through the annual Great Place to Work survey, we want to hear from our employees how they really experience working at Fluvius. The survey results tell us objectively what we are satisfied, even very satisfied with. But conversely, we also learn where the shoe pinches: what are we less satisfied about? This gives us useful insights: what

should we definitely continue to focus on? What do we want to see continued, and of course: what really needs to change?

In early 2021, Fluvius was awarded the 'Great Place to Work' (GPTW) certificate. This certificate is awarded to companies where employees indicate in an official survey that they enjoy working for the company, trust each other and are proud of their job. The survey with an audit of corporate culture was conducted by the Great Place to Work Institute Belgium in collaboration with Vlerick Business School. The main strengths of Fluvius are: the caring nature of the company with a good work-life balance, the camaraderie and the social relevance of the company.

In the second survey at the end of 2021, the overall score was lower than in the first survey at the end of 2020: 65% compared to 70,3%. The most recent survey - in 2022 - delivered a 1% increase at 66% compared to 2021. Management has decided to continue to focus on the four themes defined with the aim of continuing to grow towards GPTW certification.

As always, the detailed results of the Great Place to Work survey were discussed transparently in all teams, partly based on the scores for each business unit.

Research & development policy

Fluvius's focus today and tomorrow is unequivocally on climate and energy transition. From our facilitating role in the energy market in which numerous players are active, Fluvius also wants to look ahead and innovate where this has added social value. We prefer not to do this on our own, but in cooperation with others. We try to assist innovative market players in innovation processes for the development of new services and products in the energy system.

Fluvius participates in several European networks (EDSO, CEDEC, ...). Domestically, we are represented in Synergrid working groups and we are committed to academic chairs (e.g. at Vlerick Business School). Fluvius is one of the founding members of Internet of Energy ('IO.Energy'). This project - driven by the Belgian energy network operators - brings together companies, public authorities and academia.

We also participate in various research projects on relevant strategic challenges. These challenges are in the area of "flex" (including products for the distribution network, tariffs, flex market and others), data needs of the energy market, transactional market operation, behind-the-meter evolutions of the energy market and technology, evolutions concerning water, sewerage and district heating networks. But there are also the challenges around the future of gas distribution (including H₂, green molecules and others), grid monitoring and forecasting.

Some examples of ongoing research projects:

- Adrian, examines evolutions on the low-voltage grid that could become a major challenge in the future;
- COPPER, explores how the grid across different forms of energy can be prepared for the future by creating and directing partnerships;
- EV-CABiNET, examines the impact of electric vehicle integration on the capacity, security and grid quality of electrical installations.

As a next step, it is also important to test the acquired insights and new products in practice and adjust them where necessary with a view to their implementation in the market. To this end, we partner Living Labs (Mechelen, Green Energy Park, Thor Park) and there are initiatives ongoing or in the start-up phase on 'vehicle-to-grid', distribution network for sustainable gases (H₂, biomethane and others).

Other innovative projects

Fluvius is engaged in a number of initiatives based on big data and data analytics. All these projects are situated in the search for a forward-looking and efficiently functioning energy market in Flanders.

We are participating in a project on predicting the yield of solar panels, entitled 'Digital Energy'. This project runs in collaboration with VLAIO (Flemish Agency for Innovation & Entrepreneurship) and Tetra, a programme for practice-based research by colleges of higher education and integrated training in universities for companies and non-profit organisations.

REMUNERATION REPORT

In application of Article 3:6, §3 of the Companies & Associations Code, the information about the remuneration of the members of the Company's Board of Directors is included below. We also present the information on the remuneration for the Management Committee members.

Board of Directors

In 2022, the Fluvius System Operator Board of Directors met 11 times.

The remuneration of the company's directors is based on the highest remuneration that can be paid out to a municipal councillor in Flanders. At the end of 2022, this attendance fee was EUR 235,52 per session effectively attended, regardless of whether the meeting was physical or online.

The travel allowance received by directors for travelling to and from the location of physical meetings of the Board of Directors (and other governing bodies) was 40 eurocents per km in 2022.

The table below shows for each director the amounts paid out to them as attendance and travel allowances for the calendar year 2022. The corresponding amounts for 2021 are also shown to allow a comparison.

	2021			2022		
	ATTENDANCE FEE	TRAVEL ALLOWANCE	TOTAL	ATTENDANCE FEE	TRAVEL ALLOWANCE	TOTAL
Bonte Hans	0,00	10,36	10,36	2.586,11	76,44	2.662,55
Buyse Piet	5.706,31	77,70	5.784,01	3.414,59	209,60	3.624,19
Cluckers Geert	2.559,84	153,18	2.713,02	2.545,14	404,32	2.949,46
Cobbaert Lieven	3.413,12	170,94	3.584,06	2.993,31	502,44	3.495,75
Coppens David	3.626,44	0,00	3.626,44	3.224,89	82,66	3.307,55
Dalemans Jan	2.133,20	133,20	2.266,40	1.852,32	368,66	2.220,98
De Backer Charlotte	2.346,52	176,12	2.522,64	2.083,23	443,96	2.527,19
Dejaegher Christof	2.346,52	198,32	2.544,84	2.309,62	595,40	2.905,02
Desmeth Jan	3.199,80	9,62	3.209,42	3.473,48	80,86	3.554,34
Dries Wim	5.119,68	0,00	5.119,68	4.611,20	0,00	4.611,20
Franssen Ine	2.559,84	266,40	2.826,24	2.083,23	582,52	2.665,75
Geypen Greet	3.839,76	62,16	3.901,92	3.235,72	162,86	3.398,58
Kennis Koen	4.977,46	69,56	5.047,02	2.699,49	258,98	2.958,47
Kerseman Tom	1.706,56	0,00	1.706,56	1.145,76	64,38	1.210,14
Laridon Lies	4.906,36	193,88	5.100,24	3.930,78	687,82	4.618,60
Martens Nicky	2.559,84	111,00	2.670,84	2.545,14	313,92	2.859,06
Peeters Christophe	4.693,31	41,44	4.734,75	3.575,87	402,36	3.978,23
Van De Perre Guy	2.559,84	138,38	2.698,22	2.545,14	509,24	3.054,38
Van Gerven Adinda	3.626,44	148,74	3.775,18	3.926,26	358,70	4.284,96
Vingerhoets Kristien	2.559,84	0,00	2.559,84	0,00	0,00	0,00
TOTAL	64.440,68	1.961,00	66.401,68	54.781,28	6.105,12	60.886,40

For a correct interpretation of this table, please consider what follows:

- the totals per director are gross taxable amounts;
- the amounts for 2021 for Piet Buyse, Greet Geypen, Koen Kennis, Christophe Peeters and Kristien Vingerhoets include a correction relating to the year 2020;
- the amounts indicated are the total amounts paid to a director, including any amounts to which they may be entitled from their additional mandates (such as on the Audit Committee, the HR Committee, the Guidance Committee for negotiations with Telenet and/or the Strategic Committee).

Apart from the above amounts, no additional benefits were granted or paid to the directors, either in cash or in kind, during and in respect of the 2022 financial year.

Management Committee

For privacy reasons, the company does not disclose the performance of the individual members of the Management Committee and, consequently, their partly related remuneration.

The combined gross salary cost for 2022 for the members of the Management Committee was EUR 4.106.831,47. The comparable gross salary cost for 2021 was EUR 4.198.119,89. This gross salary cost consists of three components: (a) the basic annual salary, being the gross salary including holiday pay and the end-of-year bonus but without deduction of withholding tax and social security contributions, (b) the performance-dependent, variable part of the remuneration and (c) the employer's pension cost, which for 2022 amounted to EUR 211.539,58 (2021: EUR 205.203,55).

For the basic salary, the company uses the internationally recognised Hay methodology. This is in line with the market in the Belgian context. The remuneration of the members of the Management Committee is validated by the shareholders in the competent management bodies. The variable pay for the Management Committee members is linked to the score achieved by the company on a number of well-defined business indicators. The evaluation of the members of the Management Committee is validated annually within the competent governing bodies. In this way, the company aims to strengthen the long-term perspective in its policy and promote continuity.

For 2023, 36 long-term indicators will be used. Some of these business indicators that play a role in the variable remuneration of Management Committee members are directly linked to sustainability and corporate social responsibility:

- the realisation of the energy and climate transition investment plan
- the management of ESG risks, as measured by an independent external benchmark
- the accelerated roll-out of the digital meter
- the switch to LED in public lighting
- external customer satisfaction
- the investment rhythm for sewerage
- Great Place To Work as a measure of employee well-being
- accident statistics (frequency and severity rates, number of fluid accidents)
- staff absenteeism rate.

The executives' group could also achieve a results-based premium (Collective Labour Agreement 90) upon achieving predefined overall results. Customer satisfaction, the number of kilometres travelled for service trips and the number of kilometres driven with leased vehicles fitted this list.

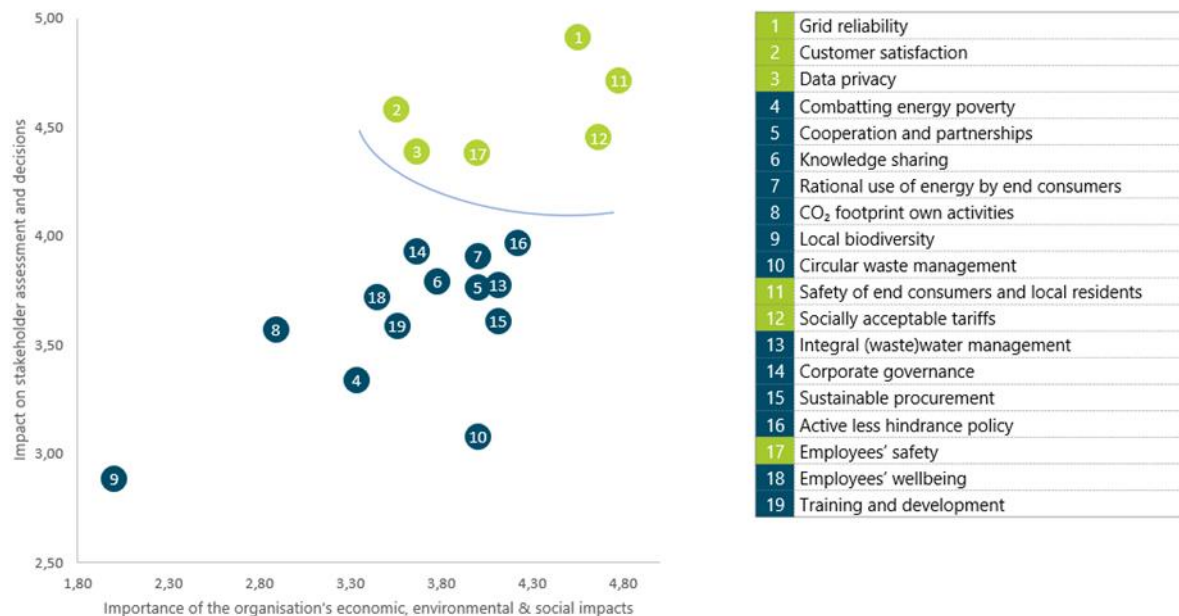
SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT

For a company like Fluvius, with exclusively public shareholders, Corporate Social Responsibility (CSR) is an indispensable tool to concretise its mission. As an energy and utility company, sustainability in the broad sense is inextricably linked to our strategy and core business, with a clear focus on energy efficiency, flexibility in energy use, supporting a shift to non-fossil energy supply and the role of sewerage in climate adaptation.

We expressly point out that all policies, procedures and measures described below cover all business activities, all personnel (both at Fluvius System Operator and at Fluvius OV) and the entire scope of Fluvius System Operator's operations.

Strategic approach

At the end of 2018, Fluvius completed a materiality analysis on the basis of a stakeholder survey. The survey of its own employees was repeated in the summer of 2020. The overall results of these analyses are shown graphically in the following materiality matrix:



As part of the impending reporting requirements of the Corporate Sustainability Reporting Directive (CSRD), Fluvius will conduct another materiality analysis during 2023, which will focus on the principle of double materiality.

We have written down the concrete commitments Fluvius makes to CSR and sustainability in a Charter. The Fluvius Board of Directors approved this Corporate Social Responsibility Charter on 4 December 2019. You can access this document at <https://over.fluvius.be/sites/fluvius/files/2019-12/9010106-mvo-charter-2019.pdf> You will also find numerous concrete examples of how Fluvius puts CSR and sustainability into practice in the 2022 Activity Report.

Fluvius' achievements in the field of sustainable and social entrepreneurship were distinguished with the 'SDG Pioneer' certificate (October 2020) awarded by Unitar (the United Nations Institute for Training & Research), Cifal Flanders (the Flemish branch of Unitar) and entrepreneurs' organisation VOKA. This certificate rewards companies that have successfully implemented ten actions over at least three years on each of the 17 United Nations Sustainable Development Goals (SDGs) and on at least four of the five pillars of the 2030 Agenda¹⁰.

Strategic commitment to sustainability and corporate social responsibility

In light of today's major societal challenges, Fluvius' management has defined the following four focus areas for its sustainability and CSR policy.

1. energy and climate transition
2. climate adaptation: sewerage
3. digitisation
4. sustainable work

For items 1 to 3, Fluvius has prepared vision documents.

A significant part of the energy and climate transition in Flanders will have to be realised in the distribution of energy. Just think of strengthening the local electricity grid to cope with the growing electrification resulting from the shift to electricity in mobility and heating.

For sewerage, we take a holistic view, i.e. we frame sewerage within a broader water policy. Thus, aspects such as buffering and infiltration are also addressed in our sewer investment policy.

Corporate governance statement

Fluvius System Operator is committed to putting the principles of corporate governance into practice. The Belgian Corporate Governance Codes for listed and unlisted companies¹¹ are the benchmark for the quality of corporate governance. Both these texts have inspired Fluvius System Operator's own Corporate Governance Charter, which the Board of Directors approved on 17 June 2021. Like both codes mentioned above, the Fluvius Charter also assumes a balance between entrepreneurship and control, and between performance and compliance.

The Board of Directors of Fluvius System Operator is responsible for the accuracy and completeness of the Charter. It is also the Board of Directors that updates the Charter in function of the development of corporate governance policy and in function of changing provisions and guidelines.

The Corporate Governance Charter was also drawn up with a view to the provisions imposed on Fluvius and the distribution system operators by the legislators and decrees to ensure the proper functioning of the energy market. Those provisions focus primarily on the relationship between network operators and users. These rules must ensure that all network users have non-discriminatory access to the gas and electricity distribution network. In a number of respects, Fluvius' Corporate Governance Charter must therefore deviate from the general Belgian charters. This is mainly a consequence of the specific laws and regulations governing Fluvius as an operating company for operators of distribution networks for gas, electricity and other utilities. Such deviations are also explained by the company's shareholder structure, notably the 11 mission entrusted associations, all of which in turn have only public local authorities as shareholders. In turn, this fact implies that specific legislation (e.g. on intermunicipal cooperation) applies.

¹⁰ *These 5 pillars are: (1) People - eradicate poverty and hunger in all its forms and ensure dignity and equality (2) Prosperity - ensure a prosperous and meaningful life in harmony with nature (3) Peace - promote peaceful, just and inclusive communities (4) Partnership - put the agenda into practice through a solid global partnership (5) Planet - protect the planet's natural resources and climate for future generations.*

¹¹ *These are the Belgian Corporate Governance Code for listed companies ('2020 Code') and the one for non-listed companies ('Buyse Code').*

The Board of Directors, the Audit Committee, the HR Committee and the Management Committee are attentive to possible application problems regarding the Charter. If necessary, they take measures to correct those problems. The concrete implementation of the Charter and its compliance are a task for both the directors, management and staff of Fluvius.

The Ethical Charter of Fluvius, our ethical compass

The Ethics Charter for Fluvius sets out what acting with integrity and ethics means in the performance of our assignments. It describes in detail how to act ethically within the professional context of Fluvius and its shareholders. As it were, it provides our employees with an ethical compass to approach moral issues, correctly assess complex situations, make the right decisions and act appropriately. Thus, it provides a handhold for putting our basic values into practice and making ethically correct decisions.

The Ethics Charter formulates clear guidelines on anti-corruption and prevention of bribery by our own employees. All our employees can also turn to their managers for advice on ethical issues.

The annual Great Place To Work survey also gauges the integrity of the company and its management. Employees can freely express their views on fair treatment, respectful behaviour within the company and the credibility of management.

A system of continuous reporting to management and the Audit Committee and periodic reviews has been installed. This should allow for an ever-growing awareness in the company and the improvement of resources and procedures.

Fluvius's Ethics Charter also lays down an independent and easily accessible procedure for reporting possibly unethical behaviour. Such reports can be made through various channels: to the supervisor, or via the website or post. A strictly independent and multidisciplinary Deontological Cell handles all internal and external reports. This document can be freely consulted at: <https://over.fluvius.be/nl/thema/onze-missie-visie-waarden-charters>

Ethics-related advice and notifications

Fluvius has a clear procedure for reporting unethical behaviour. Any employee can report possible or suspected violations of the Ethical Charter or external rules to the Deontological Cell. This body guarantees the strictly confidential treatment of any report or complaint. The Deontological Cell is made up of specialists from various parts of our company and is chaired by the head of the Legal Department. When a concrete report is made, the Cell starts a thorough investigation of the facts. If the report turns out to be justified, the file is passed on to the Human Resources Management Department with a concrete recommendation for the appropriate action (warning, sanction, etc.).

The general public can also report possible infringements to Fluvius. A whistleblowing procedure has been developed for this purpose, in full compliance with European rules¹² and Belgian legislation¹³ in that regard and with the necessary guarantees of confidentiality. During 2022, Fluvius received a total of 124 reports of possible ethics violations. The majority of these (104 reports) reached us via the mailbox¹⁴ available for this purpose; the remaining reports (20) were submitted via the website. After an initial investigation, nine files were transferred to the Deontological Cell for further investigation and treatment. Of these nine files, one was classified as inadmissible. The remaining eight had a settlement according to the described procedure. Most of the reports related to unbecoming behaviour by one of Fluvius's own employees or an employee of a subcontractor working for Fluvius.

¹² *EU Directive on the protection of persons who report breaches of Union law (EU/2019/1937) of 23 October 2019, also known as the Whistleblowing Directive*

¹³ *Law of 28 November 2022 on the protection of reporters of breaches of Union or national law established within a legal entity in the private sector*

¹⁴ *Fluvius-deontologischecel@fluvius.be*

In all eight cases, the person concerned was reminded of the applicable rules and regulations. In no case did disciplinary action have to be taken.

Fraud policy

Fluvius has developed its anti-fraud policy in three areas: prevention, detection and response. In this way, the company aims to have an effective deterrent against fraud, make it easier to detect fraud and significantly reduce the damage caused by fraud. We obviously look at both internal and external risks. However, the emphasis of our actions is on the 'prevention' part. Fluvius uses the methodology of fraud risk assessments. This way, we look for fraud-sensitive vulnerabilities in the organisation. In these assessments, we proceed in an identical way to other risk domains according to the process steps described in the ISO-31000 standard.

In fraud prevention, we seek to understand the reasons behind fraud: motive, rationalisation and opportunity. Each of these three factors within the fraud triangle is worked on through procedures and controls to prevent effective fraud.

Sustainability policy

In 2022, Fluvius took concrete steps in further strengthening and deepening its policy on sustainability and corporate social responsibility. For the coming years, Fluvius has defined its sustainability policy priorities. Spearheads here are (1) reducing the ecological footprint (CO₂) of its own activities and (2) making the supply chain ('supply chain') more sustainable. These fit into the SDGs 13 (climate action) and 12 (sustainable production & consumption).

Fluvius has now also decided in principle to fully align the investment policy for the Fluvius Economic Group with the Flemish Energy & Climate Plan 2021-2030¹⁵. All investment decisions in the future will have to contribute to the overall climate objectives set by Flanders in this plan. This principle policy decision is now being quantified concretely in terms of budgetary impact and financing needs. And concrete investment projects are also now being further delineated.

Business activities in the light of EU Taxonomy

Fluvius System Operator (and by extension the Fluvius Economic Group) falls under the scope of the European Directive on non-financial information¹⁶. As soon as applicable, Fluvius will also fall under the scope of the new European Corporate Sustainability Reporting Directive¹⁷. The European Union has developed and issued a taxonomy for sustainable business activities¹⁸.

¹⁵ *Approved by the Flemish Government on 9 December 2019. Among other things, this plan aims to reduce greenhouse gas emissions by 35% in 2030 compared to 2005, save 84.062 TWh of energy and achieve a renewable energy share of 28.512 GWh in 2030. For the integral document see, for example:*
https://emis.vito.be/sites/emis/files/articles/3331/2019/2019-12-09_VEKP.pdf

⁷ *Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups*

¹⁷ *Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting*

¹⁸ *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088*

To meet these reporting requirements, Fluvius - in collaboration with an external consultant - has carried out a thorough analysis of all its business activities. In application of the transparency rule included in Article 8 of the relevant Regulation, the extent to which these economic activities can be considered environmentally sustainable in terms of turnover, capital expenditure and operational expenditure is reported below.

Given the specific missions of Fluvius System Operator as an operating company and the structure of the Fluvius Economic Group, the following observations should be taken into account when interpreting the results of the analysis:

A. Fluvius consolidated group

Fluvius System Operator, and by extension the Fluvius consolidated group, acts as the operating company for its 11 shareholders/mission entrusted associations. The turnover recorded by the operating company consists of the full pass-through without any profit margin to these associations of all investment and operating expenses incurred on behalf of and for the account of these entities. There are (virtually) no own investments for the Fluvius consolidated group and all operating expenses are included in turnover. The relevant figures for revenue, capital expenditure and operating expenses used in this analysis are IFRS figures for the 2022 financial year.

B. Fluvius Economic Group

As for the Fluvius Economic Group, the company voluntarily reports on the taxonomy eligibility ('eligibility') and alignment ('alignment') of its business activities with the taxonomy. IFRS figures for the 2022 financial year are also used in this reporting.

The degree of sustainability (measured by share in total turnover, capital expenditure and operating expenditure) is presented below in tabular form for both Fluvius consolidated group and Fluvius economic group. The choice for this double reporting was made because of (1) the specific group structure with one operating company (consolidated with three subsidiaries) and 11 shareholders/clients who simultaneously own by far the majority of the group's assets, and (2) the fact that in this way sustainability reporting runs in parallel with financial reporting.

Approach to sustainability analysis

In a first step, each separate economic activity in Fluvius's portfolio was checked for inclusion in the list of taxonomy-eligible economic activities.

Next, we analysed, for the effectively eligible activities, the extent to which they qualify as sustainable or, in the wording of the taxonomy, whether they are aligned with the taxonomy. In other words, do these business activities (or parts of them) offer a substantial contribution to climate mitigation (this is mitigating the effects of climate change) or climate adaptation (this is taking measures to better cope with the negative impacts of climate change).

Fluvius then checked whether the eligible activities additionally (1) do not seriously compromise the proposed environmental objectives (the so-called 'do no significant harm' principle) and (2) observe minimum safeguards (the so-called 'minimum social safeguards'). Fluvius conducted this exercise using the available technical screening criteria¹⁹. This part of the exercise was carried out by the external consultant based on interviews with Fluvius managers from various parts of the organisation and the analysis of submitted public and internal documents.

The third step was to calculate - for each relevant economic activity - the sustainable share of total turnover²⁰, capital expenditure and operational expenditure for that activity.

¹⁰ See regulation (EU) 2020/852

²⁰ The general term 'turnover' here is equivalent to 'revenue from contracts with customers' in IFRS terminology.

Fluvius wishes to underline that the exercise as explained here is based on the relevant rules issued to date and the published answers to frequently asked questions ('FAQs'). The full framework is currently unfinished and highly subject to rapidly successive changes. For example, at the reporting date, only the environmental objectives 'climate mitigation' and 'climate adaptation' have been elaborated²¹.

In many cases, therefore, the result of the analysis presented below rests on a number of interpretations and assumptions made by management. These were necessary to match the content of the liabilities to the specific nature of the company/group and its business activities. This made the whole exercise of arriving at a sound approach to this reporting very challenging. As the EU Taxonomy framework will be further developed by the competent authorities of the European Union, Fluvius will be able to further refine this analysis in the coming years.

In addition, Fluvius wishes to underline that the EU Taxonomy framework has only very recently, and then only partially, been established. Management is committed to take due account of some of the requirements of the EU Taxonomy. In 2023, the necessary steps will be taken to strengthen and deepen the sustainable character of Fluvius's core business (Economic Group). Particularly on risk management, steps have been taken to further broaden risk identification and management systems, including human rights in the supply chain.

Delineation of eligible economic activities ('eligible economic activities')

For the consolidated Fluvius group, the following activities were identified as 'eligible':

Fluvius consolidated group	Economic activity
Turnover	4.9
CapEx	6.5
OpEx	6.4 / 6.5

For the economic group Fluvius:

Fluvius economic group	Economic activity
Turnover	4.9 / 4.15 / 5.1 / 5.3 / 7.3 / 9.3
CapEx	4.9 / 4.15 / 5.1 / 5.3 / 6.5 / 7.3
OpEx	4.9 / 4.15 / 5.1 / 5.3 / 6.4 / 6.5 / 7.3

- transmission and distribution of electricity [activity 4.9] : the operating company Fluvius System Operator is responsible for the distribution of electricity via medium- and low-voltage grids (owned by the authorised electricity distribution system operators), thus forming the link between the transmission level and the final consumer. The task of the operating company consists in operating the grids (almost 3,8 million connections and over 135.000 km of lines), maintaining and expanding them. This activity fits 100% into the climate mitigation criterion, as electrification is widely considered a key element in the decarbonisation of the economy and society.
- district heating/cooling distribution [activity 4.15]: Fluvius actively participates in a variety of district heating projects in Flanders. See also elsewhere in this annual report for an explanation of this topic. Our role in district heating projects focuses mainly on the construction and maintenance of the

²¹ Commission delegated regulation (EU) 2021/2139 of 4 June 2021

network section, but to facilitate such projects Fluvius can also act (temporarily) as a supplier of heat if required.

- construction, extension and operation of water collection, treatment and supply systems [activity 5.1]: as part of a global vision on water policy in Flanders, Fluvius is taking action - on behalf of the municipal authorities - for the separate treatment of waste water and rainwater, for installations for buffering and infiltration of water in order to restore the natural cycle for rainwater.
- construction, extension and operation of waste water collection and treatment [activity 5.3]: Fluvius - on behalf of its associated municipal authorities - is responsible for the construction and operation of sewerage networks, through which wastewater and rainwater is collected and transported to Aquafin's treatment plants²².
- operation of personal mobility devices, cycle logistics [activity 6.4]: Fluvius is committed to the further electrification of its own fleet of commercial and leased passenger vehicles.
- transport by motorbikes, passenger cars and light commercial vehicles [activity 6.5]: cf. activity 6.4 above.
- installation, maintenance and repair of energy efficient equipment [activity 7.3]: Fluvius provides energy efficiency services for the benefit of its end customers, and especially associated municipalities.
- professional services related to energy performance of buildings [activity 9.3]: Fluvius provides energy efficiency services in buildings owned by associated municipalities.

Economic activities 4.14 (transmission and distribution networks for renewable and low-carbon gases) and 5.2 (renewal of water collection, treatment and supply systems) are also relevant to Fluvius, but no significant revenue, CapEx and OpEx were recorded for these activities in 2022.

Calculation method of KPIs relating to revenue, CapEx and OpEx

For both the consolidated Fluvius group and the Fluvius economic group, the proportion of 'eligible' and 'aligned' economic activities is calculated relative to the total. Specifically, this was done as follows:

- Fluvius consolidated group
 - a) Turnover: numerator = share of the activity 'transmission and distribution of electricity' from the denominator / denominator = revenues from contracts with customers cf. note 2.7 from the relevant IFRS accounts.
 - b) CapEx: numerator = additions in 2022 for company vehicles and leased vehicles (property, plant & equipment and lease obligations related to rolling stock) / denominator = sum of 'acquisitions' in intangible assets, property, plant & equipment and lease obligations during the 2022 financial year.
 - c) OpEx²³: numerator = cost for rental of cars and bikes / denominator = sum of rent and rental charges.
- Fluvius economic group
 - (a) Revenue: numerator = portion of customer revenue from aligned activities (see table above) from denominator / denominator = revenue from contracts with customers cf. note 4 from the relevant IFRS accounts.
 - (b) CapEx: numerator = net investments in grid-related electricity distribution, heating grids, the intangible fixed assets for the 'New Foundations' project (= the new ERP system), investments in public

²² In Flanders, Aquafin is responsible for the financing, construction, optimisation and management of supra-municipal sewage treatment infrastructure.

²³ Short-term lease payments and the leasing of low value assets are recognised in Fluvius's IFRS accounts as rental expense during the lease term, and not capitalised.

lighting, sewerage and cars / denominator = sum of the 'acquisitions' in intangible assets, tangible fixed assets and lease liabilities during the 2022 financial year.

(c) OpEx : numerator = all operating expenses for EU Taxonomy-eligible activities for which CapEx was recognised, excluding depreciations, capital losses and recoveries, plus passenger car and bicycle rental / denominator = all operating expenses for activities for which CapEx was recognised, excluding depreciations, capital losses and recoveries, plus passenger car and bicycle rental.

The figures shown were provided by the Accounting Department (Financial Management Directorate) of Fluvius. These data were compiled by them based on the data available in the company's accounting systems (IFRS accounting for both Fluvius System Operator consolidated and Fluvius Economic Group). Intercompany amounts were eliminated in the process. The extent of 'eligible for EU Taxonomy' and 'aligned with EU Taxonomy' was determined by mutual agreement between this Fluvius department and the consultant engaged, using the applicable criteria (period February/March 2023). Where necessary for a correct interpretation, specialists in the company were consulted for additional interpretation.

Tables EU Taxonomy

The following are the official tables as defined by the relevant European Commission regulations²⁴.

Summary:

FLUVIUS Consolidated Group

	TOTAL	not eligible	eligible / not aligned	aligned
	in EUR 1000	%	%	%
Turnover	1.943.672	38,2	0,0	61,8
CapEx	9.076	30,4	69,6	0,0
OpEx	3.961	90,8	9,2	0,0

FLUVIUS Economic Group

	TOTAL	not eligible	eligible / not aligned	aligned
	in EUR 1000	%	%	%
Turnover	2.400.414	22,9	3,0	74,1
CapEx	1.059.180	28,0	0,6	71,4
OpEx	216.901	22,9	0,2	76,9

²⁴ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

In detail (all amounts stated in thousands of EUR):

1. Fluvius consolidated group

1.A Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3) Currency	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17) Y/N	Taxonomy aligned proportion of turnover, year N (18) Percent	Taxonomy aligned proportion of turnover, year N-1 (19) Percent	Category (enabling activity or) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES				%																
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Transmission and distribution of electricity	4.9	1.200.411	61,8%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	Y	Y	Y	Y	61,8%	n.a.	E	
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		1.200.411	61,8%														61,8%	n.a.		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0,0%																	
Total (A.1 + A.2)		1.200.411	61,8%														%	%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		743.261	38,2%																	
Total (A + B)		1.943.672	100%																	

1.B Capital expenditure ('CapEx')

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) Currency	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17) Y/N	Taxonomy aligned proportion of CapEx, year N (18) Percent	Taxonomy aligned proportion of CapEx, year N-1 (19) Percent	Category (enabling activity or) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1))		-	0,0%														0,0%	n.a.		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	6.320	69,6%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.320	69,6%																	
Total (A.1 + A.2)		6.320	69,6%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		2.756	30,4%																	
Total (A + B)		9.076	100,0%																	

2. Fluvius economic group

2.A Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3) Currency	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria (Do Not Significantly Harm)						Minimum safeguards (17) Y/N	Taxonomy aligned proportion of turnover, year N (18) Percent	Taxonomy aligned proportion of turnover, year N-1 (19) Percent	Category (enabling activity or) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES				%																
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Transmission and distribution of electricity	4.9	1.753.161	73,0%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	Y	Y	Y	Y	73,0%	n.a.	E	
District heating/cooling distribution	4.15	1.894	0,1%	100%	0%	0%	0%	0%	0%	n.a.	Y	Y	n.a.	Y	Y	Y	0,1%	n.a.		
Installation, maintenance and repair of energy efficiency equipment	7.3	12.309	0,5%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	0,5%	n.a.	E	
Professional services related to energy performance of buildings	9.3	12.133	0,5%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	n.a.	n.a.	n.a.	Y	0,5%	n.a.	E	
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		1.779.498	74,1%														74,1%	n.a.		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Construction, extension and operation of water collection, treatment and supply systems	5.1	33.986	1,4%																	
Construction, extension and operation of waste water collection and treatment	5.3	37.095	1,5%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		71.081	3,0%																	
Total (A.1 + A.2)		1.850.579	77,1%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		549.836	22,9%																	
Total (A + B)		2.400.414	100%																	

2.B Capital expenditure ("CapEx")

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) Currency	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria (Do Not Significantly Harm)						Minimum safeguards (17) Y/N	Taxonomy aligned proportion of CapEx, year N (18) Percent	Taxonomy aligned proportion of CapEx, year N-1 (19) Percent	Category (enabling activity or) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Transmission and distribution of electricity	4.9	591.194	55,8%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	Y	Y	Y	Y	55,8%	n.a.	E	
District heating/cooling distribution	4.15	11.933	1,1%	100%	0%	0%	0%	0%	0%	n.a.	Y	Y	n.a.	Y	Y	Y	1,1%	n.a.		
Construction, extension and operation of water collection, treatment and supply systems	5.1	49.895	4,7%	0%	100%	0%	0%	0%	0%	n.a.	n.a.	Y	n.a.	n.a.	Y	Y	4,7%	n.a.		
Construction, extension and operation of waste water collection and treatment	5.3	54.460	5,1%	0%	100%	0%	0%	0%	0%	Y	n.a.	Y	n.a.	J	Y	Y	5,1%	n.a.		
Installation, maintenance and repair of energy efficiency equipment	7.3	48.537	4,6%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	4,6%	n.a.	E	
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1))		756.019	71,4%														71,4%	n.a.		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	6.320	0,6%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.320	0,6%																	
Total (A.1 + A.2)		762.339	72,0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		296.841,0	28,0%																	
Total (A + B)		1.059.180,0	100,0%																	

2.C Operational expenses ("OpEx")

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) Currency	Proportion of OpEx (4) %	Substantial contribution criteria						DNSH criteria (Do Not Significantly Harm)						Minimum safeguards (17) Y/N	Taxonomy aligned proportion of OpEx, year N (18) Percent	Taxonomy aligned proportion of OpEx, year N-1 (19) Percent	Category (enabling activity or) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES				%																
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Transmission and distribution of electricity	4.9	123.999	57,2%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	Y	Y	Y	Y	57,2%	n.a.	E	
District heating/cooling distribution	4.15	844	0,4%	100%	0%	0%	0%	0%	0%	n.a.	Y	Y	n.a.	Y	Y	Y	0,4%	n.a.		
Construction, extension and operation of water collection, treatment and supply systems	5.1	11.567	5,3%	0%	100%	0%	0%	0%	0%	n.a.	n.a.	Y	n.a.	n.a.	Y	Y	5,3%	n.a.		
Construction, extension and operation of waste water collection and treatment	5.3	12.625	5,8%	0%	100%	0%	0%	0%	0%	Y	n.a.	Y	n.a.	Y	Y	Y	5,8%	n.a.		
Installation, maintenance and repair of energy efficiency equipment	7.3	17.805	8,2%	100%	0%	0%	0%	0%	0%	n.a.	Y	n.a.	n.a.	Y	n.a.	Y	8,2%	n.a.	E	
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1))		166.840	76,9%														76,9%	n.a.		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Operation of personal mobility devices, cycle logistics	6.4.	84	0,0%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	410	0,2%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		494	0,2%																	
Total (A.1 + A.2)		167.335	77,1%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		49.567	22,9%																	
Total (A + B)		216.901	100%																	

Policy on non-discrimination

Fluvius has an unequivocal policy of non-discrimination. This is one of the principles of the Ethical Charter that applies to the entire company. Non-discrimination comes into play in the recruitment of new employees, promotion opportunities, etc. The Fluvius Ethical Charter also explicitly states that no form of discriminatory behaviour is allowed within the company.

Gender diversity in board and management bodies (situation on 31 December 2022)

	Total	Male	Female
Board of Directors	19	13	6
Audit Committee	4	2	2
HR Committee	4	1	3
Strategic Committee	6	6	0
Management Committee	10	9	1

Among Fluvius System Operator's senior management, there are 51 men and 9 women.

The low percentage of women in the company's Management Committee and senior management positions is still largely due to the historical fact that (mainly) technical positions were mainly held by men.

For your information, of the total workforce at Fluvius System Operator, 70,2% are male and 29,8% are female. The current composition of the Board of Directors meets the imposed rule that "at least one-third of the members must be of the opposite sex to the other members".

Labour relations policy

Fluvius rigorously applies all aspects of the extensive Belgian labour legislation: health and safety in the workplace, free association of employees, structured consultation and information exchange between employer and employees in the Works Council and the Committees for Prevention and Protection at Work, free social elections, etc.

To the extent that Belgian labour legislation complies with relevant international treaties and conventions (including the conventions of the International Labour Organisation ILO), Fluvius is also indirectly in full compliance with these international standards.

Fluvius System Operator falls within the scope of Joint Committee 326 (gas and electricity sector). In this joint committee, employers and employees conclude collective bargaining agreements that apply to all employees in this sector in Belgium. Such collective agreements²⁵ acquire general binding force as soon as they are filed with the federal government. See <https://werk.belgie.be/nl/themas/paritaire-comites-en-collectieve-arbeidsovereenkomsten-caos/collectieve-4>

In any possible breach of labour laws or regulations, individual workers or their trade union delegates can have an investigation carried out by the independent external Social Inspection.

In addition, Fluvius employs social assistants. Any employee, when facing problems of a social nature, can contact these social assistants. They will look for a solution in all discretion. The 'Welfare' team consists of five people.

²⁵ since January 1999

Policy on diversity

Remuneration within the company depends entirely and exclusively on the position held by employees. Their gender does not play any role in it. Fluvius's biannual pay gap report examines the company's remuneration structure in great detail. This report is drawn up in application of the law of 22 April 2012 combating the gender pay gap and must be discussed by the Works Council. The Works Council then decides, based on the results in the pay gap report, whether actions should be taken for gender-neutral remuneration.

The latest 2019-2020 report concludes that the performance process (i.e. pay based on performance delivered) is gender-neutral, that there are only very minimal differences in the percentage distribution between men and women and that there is no structural disadvantage towards female employees. It is further concluded that the selection and promotion process is gender-neutral: any employee can and may apply internally based on an established selection process and the predefined profile for the vacant position. The fact that more men are employed in senior technical positions at Fluvius and many operational technical positions are held by men is a direct consequence of the fact that (1) more men than women graduate in technical fields of study, (2) that, as a result, fewer women also enter positions with a technical profile, and (3) that this type of entry-level position is a necessary basis for advancing to managerial technical positions. The Works Council of Fluvius System Operator, after a detailed discussion of the 2019-2020 pay gap report, ruled that no additional actions were required.

In Fluvius recruitments, the age of the candidate does not play any role. Our recruitments during 2022 were effectively spread across various age groups:

	%
<20	5,8
20-29	24,4
30-39	35,6
40-49	18,6
50-59	12,7
60+	2,9
	100,0%

Occupational safety

Important parameters in occupational safety are the frequency and severity rates of accidents. These figures show the number of occupational accidents of own staff with absence from work and the number of days of absence from work in relation to the number of working hours performed per year, respectively.

In 2022, the frequency rate was 6,33, missing the target of a maximum frequency of 4,50. We counted 50 accidents resulting in lost-time injuries. The severity rate came out at 0,16 for 2022, but the target here is a maximum severity rate of 0,09. The recorded accidents resulted in a total of 1.297 days of work incapacity. We recorded three 'fluid' type accidents, i.e. an accident involving our commodity products electricity or gas. For this accident type, we use zero fluidised accidents as our standard. Fluid accidents resulted in five lost-time casualties in 2022.

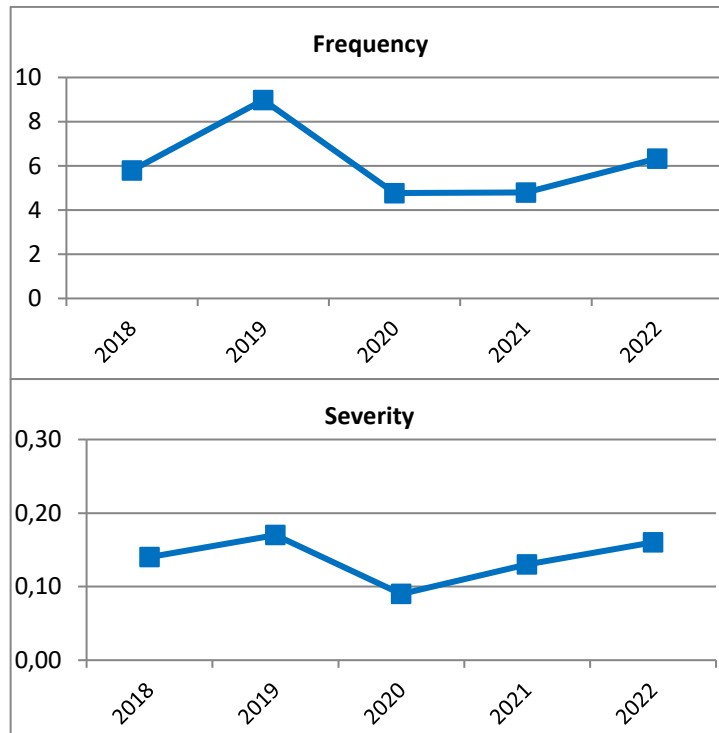
There were no fatal workplace accidents in 2022.

The most common causes of accidents and incidents of own personnel in 2022 were bumping and crushing, contact with energy sources, fire/explosion, human or animal aggression and traffic. The highest numbers of days lost were caused by fire/explosion, bumping and crushing, contact with energy sources, excessive exertion or strain and falls.

In a five-year perspective (2018-2022), we see the following results:

five-year average		2022	
frequency	6,13	6,33	worse
severity	0,14	0,16	worse
lost-time accidents	48	50	worse
days of work incapacity	1.063	1.297	worse

In all areas, the scores for the 2022 operating year thus came out worse than the five-year average.



The management took advantage of these scores to once again and explicitly remind the entire staff of the risks inherent in our business activities, and the basic precautions such as wearing personal protective equipment always and everywhere. To this end, the safety campaign *"Stop. Think. Do. It's that simple!"*. In the technical teams, additional safety days and/or safety hours take place where colleagues can exchange experiences and tips on safety and prevention.

Training policy

Fluvius is committed to training its employees, both in terms of professional technical knowledge and for general skills and attitudes. A training plan is submitted to and discussed in the Works Council every six months. Fluvius follows the sectoral collective labour agreements on education and training and the relevant legislation.

For 2022, 18,82 hours/FTE/year of formal and 24,52 hours/FTE/year of informal training were recorded. This brings the total training to 43,34 hours/FTE/year or 5,42 days. This is above the prevailing norm of 5 days (40 hours) per FTE/year.

See also the social balance sheet for more figures on our training efforts in 2022.

Policy on communities and human rights

An active communities policy is considered less material for Fluvius, given that its own area of operation is limited to the Flemish Region. Moreover, most of its activities are carried out within a strict legislative and regulatory framework. Also, the fact that all Flemish municipal authorities indirectly - through their shareholding in one or more of the shareholders of the operating company Fluvius System Operator - hold all the shares of the operating company is a guarantee of good relations and cooperation between the company and the local authorities in Flanders. The directors of both the shareholding intermunicipal partnerships and Fluvius System Operator are themselves all democratically elected local mandataries.

As a major buyer of materials and technical products, Fluvius pays due attention to respect for human rights, especially in its supply chain. Fluvius is aware that there are risks associated with a supply chain that for some materials is organised on a global scale. Regarding human rights aspects for the materials used and the entire supply chain, Fluvius's procurement procedures and specifications provide for a number of measures to prevent abuses, such as production in low-wage countries. For example, prospective suppliers must submit a declaration of honour. In 2021, the Procurement Department - as one of the spearheads of Fluvius's CSR and sustainability policy - started a broad project to make its own supply chain more sustainable from 2021. Joining the sustainability platform Ecovadis is an important tool in this respect, as it allows us to screen suppliers on their sustainability profile. Fluvius itself is also screened by Ecovadis.

Regarding the control of its suppliers, Fluvius itself does not conduct active audits at foreign production sites. However, following the extension of a supply contract, Fluvius did have an audit, more specifically on working conditions at a Chinese production site, carried out for the first time by an independent research agency in April/May 2021. Such audits will be organised periodically in the future.

Within the framework of the EU Taxonomy and the minimum social safeguards formulated therein, Fluvius has made a clear commitment to respect applicable international standards and norms and to set up the necessary structures to this end within its own organisation. Our explicit endorsement of the United Nations Sustainable Development Goals (SDGs) is a first proof of this. This commitment has been translated into an action and priority plan 2023. Building on the existing risk management, the Corporate Social Responsibility Charter and the risk monitoring procedures and methodologies in place within the Procurement Department, Fluvius will in 2023 focus on the specific human rights risks in suppliers (identification, development of appropriate mitigating measures, analysis using an assessment matrix). This should allow us to start implementing controls and actions, and reporting on them, in the second half of 2023.

Anti-competition policy

As an operating company for its shareholders, Fluvius System Operator is fully bound by the laws and regulations governing the activities it undertakes, mainly energy distribution (electricity and gas), sewerage, district heating networks and the associated data management. Within its electricity and gas operating area (i.e. the Flemish Region), Fluvius System Operator occupies a unique position without competitors. This situation was created by the legislator to ensure the most efficient organisation for managing various utility activities in Flanders. On the flip side, Fluvius and its shareholders are subject to the strict requirements of the laws and regulations on technical requirements, public service obligations of a social and environmental nature, and financial management (including the system of the allowed income for electricity and gas whereby the regulator sets the tariffs for the services provided and thus immediately determines the income). In this view, there is no risk of anti-competitive practices at Fluvius.

Policy on lobbying and public decision-making

Fluvius operates in a context in which a very large part of its remit is regulated. Fluvius's tasks stem, on the one hand, from missions of general interest transferred to it by its shareholders - the local authorities - and, on the other, from missions laid down in Flemish, federal and European legislation. The Flemish Energy Decree, the Federal Electricity and Gas Act and European directives on the internal energy market determine the legislative framework in which Fluvius operates.

The legislative framework determines not only which tasks Fluvius must perform, but also to a large extent the way in which it does so. For example, the Flemish Energy Decree imposes a non-discrimination obligation, a confidentiality obligation and professional secrecy on Fluvius's staff and directors. Incompatibilities are also laid down for the directors and staff members of Fluvius to avoid conflicts of interest. For contracts with contractors and suppliers, public procurement legislation applies. All legal obligations are translated into Fluvius's processes and work instructions.

But Fluvius goes beyond what is required by law. Fluvius has developed an Ethical Charter (see separate section elsewhere in this report). The Ethics Charter is an important part of Fluvius's Integrity Policy. By communicating this transparently, internally and externally, Fluvius fulfils its mission, vision and values to all stakeholders. The guidelines of the Ethical Charter are strictly applied by Fluvius's staff members who are directly or indirectly active in public policy making and lobbying.

In no way is Fluvius involved in donations of any kind to political parties.

Climate policy and approach to reducing CO₂ emissions

Fluvius places its approach to reducing greenhouse gas emissions in the broader context of corporate social responsibility, formulated in the Fluvius Corporate Social Responsibility Charter. In it, we state that sustainability should be respected in all company activities. Our climate ambition is based on the objectives set out in the Paris climate agreements. That is why we measure our CO₂ emissions in a biennial exercise according to the international standards of the GHG Protocol. This allows us to continuously validate our ambition level.

We divide the results into two groups: (1) emissions over which Fluvius has direct control (scope 1 and 2), such as emissions from our own operations, emissions due to our own transport and for heating purposes and (2) emissions with indirect control (scope 1 and 2), such as grid losses from electricity and gas distribution. From 2023, we will start measuring our scope 3 emissions.

The latest available emissions results are those for the year 2020; emissions are still being calculated for the 2021-2022 cycle, but their results were not yet available at the time of compiling this annual report. The year 2020 will also be used as the reference year for future evolution:

2020	in tonnes CO eq ₂
Scope 1 (excluding grid losses)	20.083
Scope 1 grid losses gas distribution	217.320
Scope 2 (excluding grid losses)	1.423
Scope 2 grid losses electricity distribution	153.891
Total emissions with direct control	21.507
Total emissions with indirect control	371.211
Total emissions Fluvius	392.717

For the future, Fluvius has formulated the following ambitions:

- in the activities under our direct control, we set an SBTi-inspired²⁶ target, i.e. a minimum 30% reduction in emissions by 2030 (compared to the reference year 2020);
- in 2023, we will calculate Fluvius's scope 3 emissions for the first time;
- By 2050, we will be a net-zero organisation in terms of emissions from all activities.

²⁶ SBTi: Science Based Targets Initiative, an international partnership that aims to help companies reduce their emissions in line with international climate agreements

Grid losses 2022

Electricity grid losses are - as shown in the table above - a major source of CO₂ emissions (scope 2). The electricity distribution networks of the DSOs managed by Fluvius recorded an overall grid loss rate of 3,68% (or a net efficiency of 96,32%) in 2022. In absolute figures, there is a grid loss of 1.168,7 GWh out of a total infeed on the concerned distribution grids of 31.800,1 GWh.

The company's policy is to minimise these grid losses in order to minimise their ecological and financial impact due to CO₂ emissions and purchases of volumes of electricity. Within the current regulatory framework, the regulator VREG catalogues the costs of electricity purchases to cover grid losses entirely as endogenous costs.

Biodiversity policy

Biodiversity scores as a less material topic in the materiality analyses for Fluvius. However, Fluvius does take the protection of plants and animals into account when planning or maintaining networks in the immediate vicinity of nature reserves or areas with valuable fauna or flora. For example, it then considers which type of public lighting causes the least disruption or how a distribution network can be constructed with the least disruption to the surrounding area.

Socially responsible purchasing

Our procurement procedures are largely governed by Belgian public procurement legislation. The majority of our purchases fall within the scope of this legislation. Its correct application is considered the absolute minimum. But Fluvius wants to go further. That is why we apply our Socially Responsible Procurement (SRP) Charter. This helps us to further shape our purchasing policy with the most positive ecological, social and economic impact, over the entire lifecycle. SRP is also fully in line with our Corporate Social Responsibility (CSR) Charter. By acting on the SRP principles, Fluvius contributes to SDG 12 (sustainable production and consumption) and SDG 13 (action against climate change and its impact).

Specifically, SRP at Fluvius includes:

- (1) appropriate screening and assessment of (candidate) suppliers on aspects of environmental, ethical and social elements. These elements are included in exclusion, selection and award criteria for procurement dossiers. The Ecovadis platform, in which Fluvius actively participates, helps us do this.
- (2) take into account circular procurement, positive ecological footprint, local growth, respect for working conditions at home and abroad and social economy.

Through Ecovadis, we screen our key suppliers on their ESG profile and performance. The number of suppliers we want to assess on ESG will increase in the coming years. We are also screened ourselves, of course.

Addressing the security of corporate information

A dedicated Information Security department coordinates work to secure IT systems and minimise the risks of disruption to company data. The company also provides internal training on this topic.

Fluvius has appointed a Data Protection Officer (DPO) in the organisation. The role of this DPO is to (i) inform and advise on GDPR²⁷ obligations, (ii) monitor compliance with GDPR and other privacy legislation, (iii) raise awareness and train staff on this and (iv) act as a point of contact for the Belgian Data Protection Authority (GBA).

In addition, Fluvius has an internal privacy statement that regulates which employees' personal data can be used via consent and in what way. This privacy statement was updated in 2022.

The 2019 'Information Security' regulations contain clear and binding guidelines for employees on how to properly handle company data. These regulations are also substantively linked to the Labour Regulations.

²⁷ GDPR: General Data Protection Regulation

Internal Audit

The internal audit at Fluvius System Operator operates according to internationally accepted IIA standards. IIA stands for 'Institute of Internal Auditors'. This working method and certification guarantee a high level of professionalism in internal audit work.

In 2021, the Internal Audit Department was externally audited, as provided for in IIA standards. Fluvius System Operator was found to be fully compliant.

Emergency procedures

Fluvius also has formal procedures that will apply in the event of an emergency or disaster. They describe the roles, responsibilities and procedures whenever an emergency response is required. The restoration of normal operations of the company is also described in these plans.

During emergencies, a core team at management level meets to coordinate the necessary activities. The overall emergency plan consists of four complementary basic documents: (1) a Crisis Management Plan, which also includes a communication plan, (2) contingency plans, (3) a Disaster Recovery Plan and (4) business continuity plans.

These procedures were activated for the first time at the start of the corona crisis in 2020 and they proved their robustness then.

Sustainability in pension funds

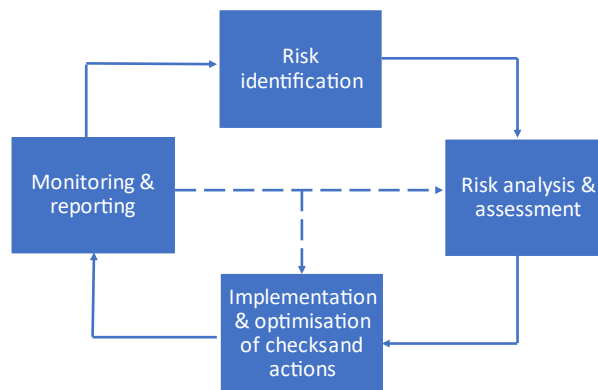
For the second pillar of its employees' pensions, Fluvius has significant amounts being managed by specialised fund managers. Fluvius has entered into discussions with these partners to introduce more ESG aspects²⁸ into the management of Fluvius' pension funds. The fund managers have agreed to report to Fluvius on a regular basis on how they put this into practice and what results they have achieved.

RISK POLICY

Risk and risk management policies

Fluvius has outlined an internal guideline for risk management. Because every company, including Fluvius, faces uncertainties and risks. Fluvius tackles the potential risks in a structured way for all policy aspects and through the methodology of 'integral risk management'. Continuous monitoring and various procedures should help maximise the management of uncertainties and risks.

²⁸ ESG: environmental, social and governance



The same methodology is also used to assess identified 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 departments systematically and regularly audit all business processes - including the financial processes - for potential risks. Each recommendation is assigned a score that determines the priority for remediation.

This cycle is then repeated to evolve to a higher maturity level.

We scale risks into five categories: (1) strategic risks, (2) business risks, (3) generic business risks, (4) operational risks and (5) generic operational risks. We retain only those risks that are relevant to one or more business processes. For the electricity distribution business activity as an example, we have identified risks such as: network performance, continuation and expansion of the activity, process control, safety, environment, legislation & regulation, culture and/or ethics, image, (external) customer satisfaction, finance.

All identified risks end up in a risk matrix. This shows the probability and impact for each risk. The probability ranges from 'conceivable' to 'permanent'; the impact ranges from 'negligible' to 'catastrophic'. Based on 'probability x impact', each risk is quantified. The ranking of risks thus obtained is the starting point for developing measures.

To assess or score the strategic risks, Fluvius uses a simple colour scale:

- green: there is no danger to the strategic objectives - no action required
- yellow: it is a risk that may inhibit the achievement of the strategy - requires attention and actions on underlying risks
- orange: these are impeding risks - short-term action is necessary
- red: the risk is assessed as a threat to the achievement of strategic objectives - there is an immediate need for coordinated action.

A risk exercise is held at least once a year by the risk owners and managers. The list of risks is updated annually. Adjustments to risks or their grading can be made at any time if there are indications. Reporting on risks to the Management Committee and the Audit Committee is done on a quarterly basis; if necessary, ad hoc reporting follows.

Financial risks

The Executive Board has identified the following financial risks:

- **Price risk**

As an operating company, Fluvius System Operator charges all its costs related to the operational activities in its area of operation - in full and without any profit margin - to its shareholders/principals, i.e. the 11 mission entrusted associations. The latter are themselves subject to a regulatory or contractual system for their income:

- For electricity and gas, the Flemish Electricity and Gas Market Regulator (VREG) determines the tariff revenues of the DSOs. There is therefore no material price risk for these entities in the Fluvius Economic Group, except for the possible risk associated with the rejection of certain charges.
- The income of mission entrusted associations performing sewerage tasks stems from applicable legislation, in particular the Flemish Drinking Water Decree of 18 July 2003 (coordinated 15 June 2018). Investments in this activity are borne by the Flemish Environment Agency and the municipal authorities.
- Finally, the cable activity is subject to various contractual arrangements with the company Telenet, which provides commercial services over the cable network owned by the relevant mission entrusted associations.

The consolidated and non-consolidated companies in which Fluvius System Operator has a capital stake (these are De Stroomlijn, Atrias, SYNDUCTIS) also operate in the same way. They each pass on the relevant part of their costs to Fluvius, which then integrates these costs into its own total operating costs for a pass-through to the mission entrusted associations.

- **Liquidity risk**

Fluvius System Operator's financial services 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 instruments at its disposal. More specifically, these are a cash facility ('*straight loan facilities*'), a revolving credit and a treasury note programme ('*commercial paper*'). The first two instruments are committed facilities, the treasury note programme is on a non-committed basis.

Fluvius is confident that these funding resources are sufficient in the short term to adequately absorb the liquidity risk present.

- **Credit risk**

Credit risk comprises the risk that one party to a financial instrument will default on its obligations, which may result in a financial loss for the other party. The maximum credit risk is the balance sheet value of each financial asset.

Fluvius System Operator - and formerly Eandis and Infracore - has been active as an issuer of various debt instruments in the framework of its operating mission for the benefit of the mission entrusted associations for several years. In the past, both Eandis System Operator and Infracore have issued bond loans. This was fully in line with a policy of diversification in terms of the nature of the instruments, counterparties, instruments with or without capital repayments and so on.

Bank loans also form a substantial part of the financing of Fluvius Economic Group. However, these loans are taken up directly by the mission entrusted associations and therefore do not constitute a financial risk for Fluvius System Operator (and by extension the Fluvius Consolidated Group).

Fluvius actively manages the maturity profile to maximise the timing of the necessary refinancing. For more details on the amounts relevant to credit risk, see the financial accounts.

- **Collection risk**

The collection risk in the operating company Fluvius System Operator is rather limited, as the company generates almost all of its revenues from passing through the cost price of its operational activities to its principals, i.e. the eleven mission entrusted associations, which are also the company's shareholders. In energy distribution, these get their revenues from charging the grid fees to the commercial suppliers operating on the Flemish market.

However, there is a certain collection risk for the DSOs associated with the decree-imposed activity of emergency supplier, as there the affected end-users have to pay their consumption bills directly to Fluvius.

- **Currency risk**

All regulated and non-regulated revenues of Fluvius System Operator and of the companies in the scope of consolidation, are in euro. All outstanding debt instruments of any kind are also denominated in euro. As a result, the Fluvius Group is not exposed to any material currency risk.

MAJOR EVENTS AFTER THE CLOSE OF THE 2022 FINANCIAL YEAR

After the close of the 2022 financial year on 31 December 2022, the following significant facts and developments occurred.

Changes in management

With effect from 1 January 2023, some changes were made to the Management Committee:

- Mr **Nick Vandeveld**, who was director Secretariat General, secretary to the governing bodies of Fluvius System Operator and a member of the Management Committee, retired on 1 January 2023. He will not be replaced as a member of the Management Committee. Mr **Bruce Almey** is secretary of the Board of Directors and the other governing bodies of Fluvius System Operator from the same date.
- Mr **David Termont**, who was already director of Financial Management and ICT, also took over responsibilities that were under the management led by Mr Nick Vandeveld from 1 January 2023.
- Mr **Raf Bellers**, who was already director of Supply Chain, will hold the title of director of Grid Management with responsibilities for Grid Management and Supply Chain from 1 January 2023.

Start of the capacity tariff

On 1 January 2023, the capacity tariff for electricity was introduced. This capacity tariff moves away from the pure principle of consumption quantities (expressed in kWh) for billing the use of the distribution network. For the distribution system operators, this is a financially neutral operation as the allowed income set by the regulator remains the same, but the way this allowed income is distributed among the various end customers changes.

Specifically, from now on, the digital meter measures an end customer's electricity consumption per quarter-hour in kWh. The average consumption during 15 minutes is the quarter-hourly power (expressed in kW). The monthly peak is equal to the highest quarter-hourly power in one month. For the capacity tariff, the grid operator recalculates the average of the last 12 monthly peaks each month. For end consumers who still have an analogue electricity meter pending the installation of a digital one, the capacity calculation is performed on the basis of a flat monthly peak of 2,5 kW.

The Flemish energy minister has filed a lawsuit in the Brussels Court of Appeal against the decision of the energy regulator VREG to introduce the capacity tariff from 1 January 2023. The case was argued before the Court on 25 January 2023 with interventions on behalf of the minister, VREG, Fluvius and the federation of energy companies Febeg. Fluvius pleaded for a decision in the interests of legal certainty and continuity of public service.

On 1 March 2023, the Court of Appeal rejected the annulment appeal on behalf of the Flemish government as admissible but unfounded. This confirmed VREG's decision to make the capacity tariff effective from 1 January 2023 and has no further consequences for its application.

Phasing out energy services

On 3 February 2023, the Flemish government gave its approval in principle to a preliminary draft decree amending the Energy Decree as regards grid management, energy efficiency and environmentally friendly energy production. This decree, once adopted, provides for a phasing out of the possibility for distribution system operators to offer energy services (ESCO/EDLB) to their shareholders/partners, whether or not in cooperation with the Flemish Energy Company ('Vlaams Energiebedrijf'). The said energy services can be offered until 31 December 2024 at the latest. The execution of projects before this date may continue until 31 December 2027 at the latest.

the Board of Directors,
Brussels, 29 March 2023

2022 in a nutshell

In this Fluvius annual report, we highlight the most notable projects, figures and achievements from 2022. Common threads running through all these activities are the:

- focus on our employees
- focus on our customers
- focus on connection: with colleagues, customers and society.

1. Focus on employees

We are working towards a company where everyone enjoys working, today and tomorrow. Trust between employee and management is key. Also important: pride in one's own and the collective achievements and fun and camaraderie at work.

In 2022, we continued to work on the four themes that are crucial for us to make Fluvius an even better employer:

- Great Place to Work: investing in a quality working environment
- Trust and shared leadership: a culture of trust, shared leadership and continuous improvement
- Safety first: working safely is a permanent concern
- Keep working on wellbeing: continuously working on everyone's wellbeing.

- **Great Place to Work**

At Fluvius, we want to be a Great Place to Work (GPTW) for all our employees. In a workplace with the GPTW quality label, everyone carries professional pride, camaraderie, collegiality and trust. In practice, we do this by (continuing to) talk to our employees. What do they appreciate and what could be improved? Based on this feedback, we set up actions, with shared leadership as the guideline.

- ***GPTW poll 2022: steady, hopeful progress***

Every year, we ask all employees to what extent they experience Fluvius as a great place to work. In doing so, they judge 60 different aspects. This year, we again achieved a very high response rate of no less than 83%, which makes the results particularly representative.

For 2022, we achieved an overall final rating of 66% (65% in 2021). This is just insufficient for GPTW certification. On the other hand, it is hopeful that satisfaction is rising in a turbulent year for Fluvius and the entire energy sector. We learn a lot about employee (dis)satisfaction. Because they were also able to comment on their scores, we also know what makes our people (less) enthusiastic and what they perceive as points for improvement or pain.

Quote: "A final rating of 66% falls just short of a new GPTW certification, but once again we learned a lot about employee (dis)satisfaction."

Striking figure: 83% as response rate: this makes the results of the GPTW survey particularly representative.

– **Working on collective trust**

The Great Place to Work (GPTW) survey gauges five dimensions:

- credibility
- respect
- honesty
- pride
- camaraderie.

In 2022, we gained ground in all areas. The Comradeship pillar again achieved the GPTW standard of 70% or more (75%). Respect and pride flirt with the crucial 70% threshold (68% and 69% respectively). On honesty and especially credibility, Fluvius still has the most work to do (with scores of 64% and 60% respectively).

Managers are the most satisfied employees, scoring over 70% on all pillars. A gap appears to have developed between management on the one hand and team leaders and white-collar workers on the other. We responded to this by organising several brainstorming sessions with some 300 Fluvius participants. From these sessions, we also learned a lot about company perception and employee satisfaction, which we will use to further increase employee satisfaction in 2023.

• **Trust and shared leadership**

At Fluvius, we strive for a culture of trust, shared leadership and continuous improvement. To achieve this, we remain committed to two strategic choices:

- guiding managers and teams towards shared leadership
- betting on the New World of Work

– **Guiding leaders and teams towards shared leadership**

The teams need to be able to take more initiative in their daily assignments. For this, they need trust from management so that they do not have to check everything again.

This creates a win-win situation:

- Employees gain trust, participation and autonomy. This ownership ensures greater commitment and job satisfaction.
- Customers are helped even faster because employees are allowed to make their own decisions.
- Managers have more time for strategic matters.

Opting for self-organising teams requires a fundamental change in mentality, both among managers and employees. An intensive training programme introduces everyone to this new way of working.

With internal coaches, teams find out which values and beliefs are crucial for more [shared leadership](#). We also offer concrete techniques to work better (together).

For 2022 and 2023, we are focusing on four themes, namely increasing trust and psychological safety, learning to engage constructively in a conflict, sharpening culture and shared leadership, and bridging the widening gap.

– **Betting on the New World of Work**

With the New World of Work, we are committed to location-independent working. This means that you can do your work from any location, whether at home or in the office. Digital tools and resources (such as MS Teams and Sharepoint) help us achieve this. In addition, we need to be able to work based on trust and autonomy, fully in line with our choice for shared leadership.

If we all work more location-independently, our office environment has to be adapted to it. We still go to the office mainly to work together and consult with our colleagues. Those who want to, can do individual tasks more from home. That is why we are moving from fixed individual workstations to flexi-workstations and collaboration spaces in the office.

– ***Being and staying employable in a flexible organisation***

In a rapidly changing, professional environment, we want to constantly evolve and upskill ourselves. That is why we are fully committed to developing the right competences in our employees. A flexibly employable employee needs three things:

- fitness (= ability to work)
- motivation (= wanting to work)
- the right competences to be and remain employable

In 2022, our own Fluvius Academy, the set of internal training centres, could present the following impressive figures:

- Training days attended 22,000, of which 27% were contractor personnel
- Courses: 672, of which:
 - ✓ 421 in class
 - ✓ 73 online
 - ✓ 250 e-learnings
 - ✓ 1 via virtual VR glasses
- Teachers' Corps
 - ✓ 40 instructors
 - ✓ 10 experts
 - ✓ < 100 experts by experience
- Locations
 - ✓ 4 own sites: Melle, Mechelen, Torhout and Hasselt
 - ✓ external centres
 - ✓ 22 practical classrooms, 18 theory classrooms, 4 hybrid classrooms

• **Safety first**

Working safely remains at the top of the priority list at Fluvius. Especially in our sector, it is a permanent point of attention, training and motivation, both for our own employees and for our contractors.

– ***Safety = top priority***

Everyone takes responsibility for their own safety as well as that of colleagues and third parties.

Working safely starts with strict adherence to our safety regulations. But it goes beyond that: every Fluvius employee thinks along, takes extra safety measures or decides not to carry out a task if it cannot be done safely. This way of working is called the **STOP principle**.

At Fluvius, we aim for ZERO accidents: we want everyone who leaves for work in the morning to return home safe and sound in the evening. In autumn 2022, our new safety campaign, '**Stay alert with the workplace check: Stop-Think-Do**', was launched. With it, we offer a clear step-by-step plan for working safely that everyone knows and always has to hand.

Crucial here is that colleagues have the confidence to address unsafe behaviour not only to each other, but also to **third parties**. Through e-learnings and training, employees become familiar with this. An app shows our technicians a handy checklist of safety measures for each type of site visit.

Finally, we also pull the prevention advisers of our contractors and partners into our 'safety pool'.

– **Workplace accidents**

Important parameters in workplace accidents are the frequency rate and the severity rate. These figures reflect the number of occupational accidents with work loss and the number of days of work loss, respectively, in relation to the number of working hours performed per year.

In 2022, we achieved a **frequency rate** of 6.33. This result unfortunately fell short of our target of 4.50. The majority of accidents are due to falls, trips and slips. Our technicians and meter readers often enter unfamiliar territory, customers' homes or construction sites where we are not the main contractor.

With the **severity rate**, we clocked in at 0.16 in 2022, while aiming to stay below 0.09. In terms of **fluid accidents** (with one of our basic products electricity and natural gas), we have a zero tolerance policy. Unfortunately, we recorded 3 fluid accidents with a total of 5 casualties.

Quote: "Within a culture of shared leadership, everyone takes responsibility for their own safety, as well as that of colleagues."

• **Keep working on well-being**

Fluvius aims for satisfied employees who feel good about themselves. We pay close attention to everyone's well-being and energy balance, and keep working on it constantly.

– **Human energy in balance**

Human energy is divided into four 'batteries'. In our initiatives, we always focus on one or more of these four (physical, mental, social and meaningfulness).



– **Prevention before all else**

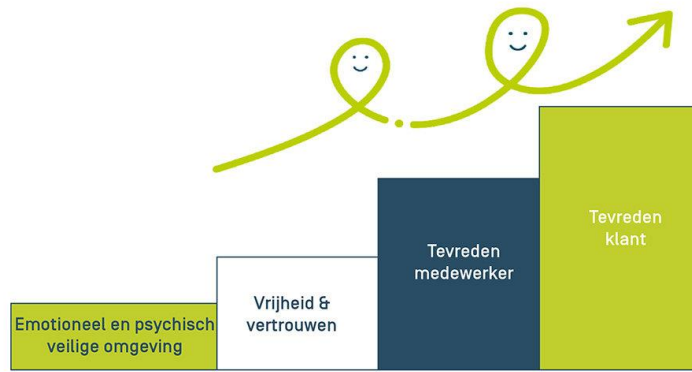
Employees coping with stress, health problems or conflicts at work can turn to our social assistants. Meanwhile, our team coordinator and social assistants are all trained in stress and burnout coaching.

But above all, we strongly believe in prevention. Specifically, we work on the health and working happiness of every Fluvius employee through structural actions.

Quote: "Meanwhile, our team coordinator and social assistants have all also been trained in stress and burnout coaching."

– **Welfare webinars**

The in-house wellbeing webinars are always a great success. The original themes were continued and expanded to include a webinar on stress.



– **Welfare training**

The introduction of the revamped wellbeing training was digital, and successfully so. Managers and employees learned skills to work reactively and proactively on well-being. Examples of these training courses include 'Boost your energy', 'Stress' and 'Absenteeism policy - speaking positively about attendance'.



– **Digital wellbeing support through Mindlab**

We have been working with Mindlab since 2021, a digital platform that gives participants information and tips on a number of wellbeing topics. Colleagues can work on these themes when and where it suits them best. As more than 200 employees already found their way to the platform and were satisfied with it, we have continued the cooperation with Mindlab in 2022.

– **Fitness tests and health scans**

We offer our employees free fitness tests and health scans. Those who want to can be guided by a health coach for several months on the topics of nutrition, exercise and sleep. Together with partner Energy Lab, we put as many employees as possible in motion with sporting challenges and launched specific campaigns on healthier eating and coping with stress.

– **Improper behaviour**

The results of the welfare survey in late 2020 showed that a number of employees had been victims of unacceptable behaviour. Also in 2022, we engaged with colleagues from different regions to clarify exactly what this term means, see where everyone's boundary lies and make agreements for the future.

2. Focus on customers

For all those who call on Fluvius, we offer the best possible service. By this we mean: a service that responds smoothly to the customer's needs and expectations. This means, among other things, a quick and clear answer, prompt execution with minimum waiting time and disruption, and clear communication.

That is what we aim at for the approximately 6.5 million inhabitants of Flanders who rely on us and also for our shareholders, all 300 Flemish cities and municipalities.

We continued to build optimal customer satisfaction with projects within six customer-centric policy themes:

- **Close to the customer**

At Fluvius, we always start from our customers' expectations. The goal: to make the **Customer Experience (CX)** as consistent and positive as possible in every customer contact, regardless of process, channel or employee.

- **What does the customer want?**

Customer expectations in terms of new applications and processes are rapidly evolving under the influence of commercial actors in the energy market. To respond to this, we previously set up **the CX team** within customer service. This team of five experts gathers customer insights, enters into dialogue with customers, detects opportunities and, together with colleagues from across the company, continues to polish the daily operations to realise the ideal customer experience.

To meet our customers' needs even better, we are committed to **four service promises** for our customers. We want every employee to know these promises and apply them each day.



- **Polling customers: high marks for 'connections' and 'meter reading'**

Through our customer satisfaction survey, we learned that in 2022 our customers were most satisfied with the 'meter reading' (94%) and 'connections' (89%) processes. Especially the smoothness of the process and the friendliness and helpfulness of our staff are greatly appreciated. We also see a high satisfaction score for 'premiums' (86%). An action point for this is that we need to keep working on the turnaround time for premium processing.

Our customers are slightly less satisfied with the notification of their 'local generation'. In 2022, a lot of local generation plants were notified. Moreover, we commissioned a new notification tool, which led to quite long lead times.

Another process about which our customers are less satisfied this year is 'breakdowns'. This is partly due to the fact that more customers with voltage problems (solar panel inverters failing) responded to the survey this year: about 20% of respondents experienced this type of failure. Resolving this type of problem often requires adjustments to the grid. This leads to longer lead times. In addition, the failure of local solar production also has a negative financial impact for the customer, which triggers greater dissatisfaction.

As in previous years, we also see a lower satisfaction score for the 'prepayment' process (66%). What is new in 2022 is that we now also measure the satisfaction of customers who have been actively using Prepaid for four months. From this, we learn that customers identify a positive impact on their financial situation as they get to know the system. After four months, satisfaction therefore rises to 89%.

For the 'studies and construction' process, we had to change the survey methodology this year because of the privacy legislation GDPR. This modified methodology did not yet yield reportable figures for 2022. It was therefore decided to exceptionally keep the 2021 result for this topic out of the calculation of the general satisfaction score.

Striking figure: 94% 'Meter reading' scored 94% satisfied customers

Overall customer satisfaction: annual result

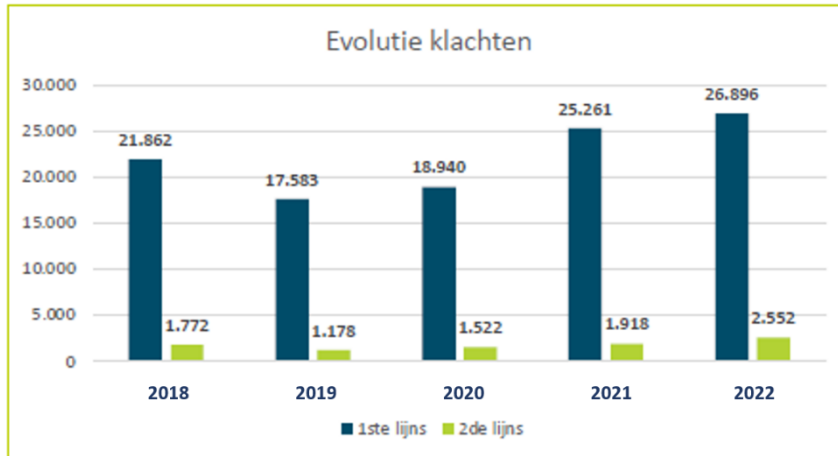
Type of service	2021	2022
Meter reading	86%	94%
Study & aptitude	92%	92%
Connections	78%	89%
Premium applications	86%	86%
Fault management	84%	76%
Local production	64%	67%
Prepayment	67%	66%
Total	80%	81%

– **Dealing with complaints**

Customers address us through various channels to report a complaint. We call these 'first-line complaints'. When customers express dissatisfaction with the handling of their original complaint, we call this a 'second-line complaint'.

In 2022, we received a total of 26,896 effective first-line complaints and 2,552 second-line complaints. This is an increase of 6% (1,635 complaints) and 33% (634) respectively compared to 2021. The number of first-line complaints received is the highest in the past five years. This increase is caused by an increase in complaints within the 'Market Operations', 'Supplier Role Fluvius' and 'Local Production' activities.

Due to high energy prices, customers have become more conscious of their consumption pattern and behaviour. In addition, lead times (premiums & green electricity) and proactive communication remain points of attention. Within the activities 'Connections', 'Faults/Defaults', 'Tariffs' and 'Quality', we recorded a decrease in complaints.



– **Customer-oriented communication**

In 2022, we took further steps towards even more customer-oriented communication. In doing so, we worked on proactivity, relevance and accessibility.

Self-service and digital

With an 'omnichannel policy', we communicate our information and services to a broad target group of customers. **Self-service** and **digitisation** are central to this: this allows a large proportion of our customers to call on us 24/7.

We also continue to provide the best possible support to non-digital customers. We are committed to the 'Avoid-Click-Call-Face' customer channel strategy. Here, live customer contact is preferably not necessary, for instance because it is clear to the customer, the customer is helped online or contacts our call centre. In this way, we want to use the available resources as efficiently as possible.

Customer channels

- The [Fluvius website](#) received 8,426,564 visitors in 2022, the [prepaid mini-site](#) 163,515.

Website visitor numbers



- Customers contacted us **by phone** over 2,556 000 times in the past year. This is an increase of about 30,000 calls compared to 2022.
- We handled 236,000 website **contact forms**.
- Through our '**direct messaging**' channels (WhatsApp, Facebook Messenger, Web chat, Twitter), we recorded a total of 32,000 customer conversations.

- Fluvius practices 'social listening': when customers publicly ask questions about Fluvius on **social media**, a team of customer advisers formulates a response.
- More and more customers are finding their way to [My Fluvius](#). Through this online application, customers can monitor their consumption themselves, open and close the data ports of their digital meter, and [apply for premiums](#). The total number of customers who registered a new account rose to 1,967,750 in 2022 (compared to 279,898 in 2021). Moreover, these customers regularly consult My Fluvius: in total, we counted 5,834,296 sessions (compared to 2,048,508 in 2021). In doing so, they click the 'Consumption' tile most often (3.5 million times).
- We counted 47,600 customer visits in our **14 customer offices**. Our customer offices have wide opening hours and customers can visit them without an appointment.

My Fluvius: which applications do customers open most often?

Welke applicaties worden het meest geopend?



- **Networking**

Fluvius is a grid company. We build public grids for electricity, natural gas, public lighting, sewerage, cable television, telecoms and heat. We then give our customers access to these public grids. And finally, we provide services around these utilities day and night. The focus is on reliability and affordability.

- **Two ambitions: reliable and affordable**

- **Reliable**

Low- and medium-voltage interruptions meant that a Fluvius low-voltage customer was cut off from electricity supply for an average of 22 minutes and 29 seconds in 2022. This puts Flanders among the absolute best-in-class in Europe. This is how we contribute to the comfort of our customers.

- **Decrease in distribution network tariffs**

These tariffs determine how much revenue the Flemish network operators receive. The Flemish regulator VREG sets these tariffs according to its tariff methodology. The so-called 'allowed income' for the network operators fell by 20% in 2022 for electricity compared to the previous year, and by 6% for natural gas. This is partly thanks to some government decisions around

- * the sale of green certificates
- * the way public service obligations are billed and
- * the transformation of some federal surcharges into a special excise duty.

For households with average consumption, distribution network tariffs fell by 87 euro for electricity (incl. transmission) and 18 euro for natural gas in 2022. For companies, a similar evolution can be seen. As always, the actual situation varies from one distribution system operator to another.

- ***Additional efforts for energy and climate transition***

The [energy and climate transition](#) is thundering inexorably forward and Fluvius is committed to supporting it to the maximum extent possible. On 8 June 2022, we submitted a [detailed investment plan](#) with measures to be taken between 2023 and 2032. On 13 June 2022, Fluvius also established a [new Energy and Climate Transition Department](#). A dedicated team is coordinating the impact of the energy transition and climate adaptation on our business activities, so that we can more quickly prepare public utilities for tomorrow's societal expectations.

- ***Smart network management***

We continue to invest in technically advanced ways to monitor our grids in 'real time' and control them as flexibly as possible. Such a system will allow us to accommodate much more green energy on our existing grids, keep our grid reliability high and avoid some heavy grid investments. This digitisation is crucial for the [energy transition](#).

At the end of 2021, we already completed the roll-out of the Distribution Management System (DMS), our central smart grid management system for the whole of Flanders. From there, we can already monitor and control our entire medium-voltage grid today. But we want to be able to respond well to the energy transition, and the related rising electricity consumption and increasing injection. That is why we are also making all new distribution and customer cabins readable and controllable via our DMS as standard. At the end of 2022, we installed our 500th 'digital substation' in Viane, a borough of Geraardsbergen.

- ***Local production on the rise***

Although Fluvius is not responsible for electricity production, we play a crucial role in the transition to more sustainable, low-carbon energy. More precisely, we provide the connection of decentralised (= local), often renewable energy sources. Moreover, we distribute the generated electricity through our grids.

The locally installed capacity on our grids is systematically increasing. In 2022, [55 onshore wind turbines](#) were [added](#) land and by the end of 2022 we reached [700,000 PV installations](#) in Flanders.

Installed decentralised power 2021 - 2022

	% 2021	kVA 2021	% 2022	kVA 2022
Solar panels ≤ 10 kVA	38,4	2 668 016	39,9	3 155 303
Solar panels > 10 kVA	21,7	1 504 499	20,0	1 580 097
Wind turbines	18,6	1 291 327	18,7	1.476 472
Combined heat and power (CHP)	14,3	991 146	14,2	1 124 725
Bio-CHP	3,6	252 994	3,3	259 832
Biomass	1,5	105 687	1,4	114 397
Other	1,8	126 554	2,6	202 319
TOTAL	100	6 940 222	100	7 913 145

– *Notable network projects of Fluvius in 2022*

- **Fluvius records more than 4 000 incidents after passage of storms Eunice and Franklin**
[Across Flanders, Fluvius recorded 3,600 sites with localised power outages and almost 500 more cases of cable distribution breakage.](#) Fluvius deployed more than 500 technicians, dispatchers and contractors around the clock that whole weekend.
- **Emergency connection for emergency villages in Mechelen and Antwerp**
 The first step in establishing emergency villages for Ukrainian refugees is the construction of utilities. [Fluvius pulled out all the stops to quickly establish electricity connections for the villages.](#)
- **Fluvius makes Hageland ready for energy transition**
 A new switching station in Bekkevoort reinforced the local power grid, with a view to [increasing the receiving capacity for renewable energy on the grid.](#)
- **Fluvius connects three new Wervik wind turbines to the grid**
 The connection was an important step in the realisation of the 108-metre-high turbines. [They have been providing green power to over 5,000 families since autumn 2022.](#)
- **Fluvius completes installation for injection of green gas at Verko**
 A new plant of waste processing company Verko ferments vegetable, fruit and garden (VFG) waste. [Since summer 2022, Verko has been injecting green gas \(biomethane\), generated from GFT waste, into the Fluvius' gas grid](#) and using it as fuel for refuse trucks.
- **Fluvius combines business connections with major grid reinforcement for Aalst and surrounding areas**
 In combination with works for some large business connections, [Fluvius simultaneously renewed and reinforced the existing electricity grid for the residents of Aalst and the surrounding area.](#) This win-win operation in preparation for the energy transition simultaneously resulted in less disruption due to the bundled approach.
- **Electricity grid Fluvius goes underground below: biggest catch-up for Diksmuide**
 Over the past few years, Fluvius has brought 35 km of medium-voltage power lines underground, of which almost 20 km in Diksmuide. This is [a major step forward in a long-term project to make overhead power grids less vulnerable and ensure reliability in the region.](#)

- ***District heating networks: on the rise***
More and more local governments are using heat as an energy source. Thus, by the end of 2022, we counted more than 67.9 km of [heat networks](#) in 15 Flemish municipalities, to which 2,123 customers are connected. The number of heat projects also increased. As heat is also part of our multi-utility vision, we take care of the construction and operation of heat networks.

- ***Role of Fluvius: heat networks on public domain***
We are fully committed to maximising the realisation of the available potential for district heating networks in Flanders. We propose to regulate the construction and management of such networks on the Flemish public domain, under the supervision of a Flemish regulator. In this case, the network would be owned by the municipality (or a group of municipalities). This approach solves a number of risks and social questions.

Where it is feasible, we want to allow the free market to play a maximum role, such as in heat production and supply and also in the construction of heat networks on private property.

- ***Our most notable heat projects in 2022***
 - **Antwerp North heat grid: the port**
On 20 December 2022, the [first pipe of the Heat Network Antwerp North](#) was symbolically [laid, which](#) will be connected to residual heat from Indaver's rotary kilns. From 2024, the first industrial heat consumer will be connected to it. Then, from this network, Fluvius will lay a residential network supplying heat to some 3,200 social housing units of Woonhaven in the Luchtbal and Rozemaai districts from then on.
 - **Heat network Aalst: residual heat Tereos**
The new flats and residential complexes rising at the quays in Aalst will be heated with residual heat from glucose and starch manufacturer Tereos. [Fluvius and Tereos, in cooperation with the City of Aalst, have signed a 30-year agreement for this purpose.](#) Fluvius also concluded a cooperation agreement with project developers Odebrecht and Groep Huyzentruyt for the supply of heat purchased from Tereos. Construction of the heat network may start in autumn 2023 to be operational in 2024.
 - **Suikerpark heat grid in Veurne: crisps manufacturer PepsiCo**
Works for the first heat network in the Westhoek are progressing well. In September, a [new, important phase](#) started: the West Flanders Intermunicipality (WVI), Fluvius and Noven are making the link between the residual heat from PepsiCo's chip oven and the new residential area Suikerpark. From 2023, all Suikerpark residents will heat their homes with this residual heat.
 - [In both Antwerp and Turnhout](#), we have drawn up a roadmap for a city-wide heat network.
 - Besides the many new heat projects, we will of course continue to take the operation of the already [operational heat networks](#) to heart.

- ***Data networks of the future: fibre optics***
To connect all Flemish people to 'fast' and budget-friendly internet, Fluvius went looking for partners to jointly build the 'data network of the future' in Flanders. On 19 July 2022, Telenet Group Holding NV and Fluvius concluded a binding agreement to this end. The ambition is to eventually offer speeds of 10 Gbps.

As previously announced, the two companies are jointly establishing a new, independent and self-financing infrastructure company (working name 'NetCo'). In it, Telenet has a 66.8% stake and Fluvius 33.2%. In doing so, NetCo will make the choice: invest

- in the gradual evolution of the current hybrid fibre-coaxial (HFC) network infrastructure towards a Fibre-to-the-Home (FttH) network or
- in the upgrade of the existing HFC network. The ambition here is to provide 78% of Flanders with fibre by 2038, possibly in cooperation with external partners. This will allow everyone in Flanders to continue to enjoy the fastest possible and most reliable internet connection.

The investment of an estimated maximum of EUR 2.0 billion is mainly funded by NetCo's cash flows and therefore does not require increasing external funding. Perhaps the new company could start operations in summer 2023. The plan is for Telenet to contribute its service area in parts of Brussels and Wallonia to NetCo. Thus, these will also be part of NetCo's investments.

– **Water management: largest sewer network operator in Flanders**

We want to play a strategic role in Flemish water management. By joining forces with the municipalities, [wastewater can be treated even better](#).



– **Investment in the sewerage network**

We want to increase our sewerage budget by more than half over the next decade. We will increase the current average budget of EUR 80 million to EUR 130 million from 2024, and certainly until 2033. That should give us the necessary clout to achieve our ambitious goals. We link those pennies to a clear roadmap that lists the most important steps. In addition, Fluvius set up a new department within our Network Operations Department to realise all necessary investments and operational tasks.

– **Blue Deal**

In Flanders, we alternate between water shortages and flooding. It is sometimes too wet and sometimes too dry. Our nature is highly fragmented, which also puts pressure on ecosystems.

To tackle these problems structurally, the Flemish government launched the Blue Deal in 2020. This is the collective name for a [large number of projects and initiatives](#) supported by Fluvius, focusing among other things on softening, humidification, circular water use, cooling and greening.

• **All light LED**

Today, just over 1 in 3 streetlights (35%) in Flanders is already an LED lamp. Together with our shareholders, the local authorities, we are fully committed to modernising public lighting (OV).

- **Systematic replacement with LED**
[By 2028, we will systematically replace all analogue public lighting with interactive LED lights](#), as stated in the Flemish coalition agreement. To this end, we signed a declaration of intent together with the Association of Flemish Cities and Municipalities (VVSG) and technology federation Agoria.
- **Light-as-a-service: accelerating investment in the past**
 Since 2019, municipalities can subscribe to our '[light-as-a-service](#)' formula, in which we take on the borough's legacy. In 2022, five municipalities opted for this 'OV 2.0' package.

Thus, 90.33% of all Flemish cities and municipalities have by now already decided to take up this offer, which meets their demand for financial and technical support for the switchover to LED.

It also responds to local authorities' need for interactive and flexibly controllable lighting and for energy savings and CO₂ reduction.

Quote: "Today, more than 1 in 3 streetlights in Flanders is already an LED lamp"

- **Data management**

As an independent data manager, we make a lot of data available to various parties in the energy landscape. In this way, we build on an open, active and reliable relationship with all our customers, suppliers and third parties, local governments and other authorities, as well as our regulators. In doing so, we always respect the privacy legislation and pay a lot of attention to data quality.

We offer quite a few datasets on [our website](#) as open data and we are systematically expanding this offering.

- **MIG-6 is one year old**
 All processes within the market - such as new connections, supplier switches and measurement regimes - are described in the 'MIG' (Message Implementation Guide). These are the rules of the game which all market players and their IT systems closely follow. Today, to meet the changing expectations of the energy transition, we are working with the latest version of MIG-6.

 For the energy market, MIG-6, combined with new processes, provides a big step towards the market operation of the future. But there are also new opportunities for our customers.
 - Customers can opt for monthly billing for electricity and gas. Thus, there are already 20,957 contracts with monthly billing for electricity and 10,129 for gas.
 - Customers can apply to energy suppliers for a 'metering regime 3', where quarterly values are exchanged and dynamic supply contracts are possible. Today, 11,555 customers already enjoy this metering regime.
 - Customers can share or sell energy to other connection points (EANs). By the end of 2022, we counted more than 600 customers engaging in some form of energy sharing. This figure is rising steadily.
- **Link with Housing Pass and V-test**
 Woningpas, the Flemish government's online application containing all kinds of relevant information about every home and plot in Flanders, is becoming increasingly user-friendly. Thanks to a close collaboration with Fluvius, since the beginning of 2022, users will also find information about their registered solar panels, energy meter(s) and annual consumption for gas and electricity. Anyone who wants to see this data in the Housing Pass must apply to share energy data on our customer portal [my.fluvius.be](#).

[Energy regulator VREG's online tool V-test](#) also [uses this data exchange](#). With V-test, customers can compare all gas and electricity contracts offered in Flanders. Thus, since June 2022, VREG possesses the most recent and accurate information needed for a realistic comparison between energy contracts.

– **Accelerated digital meter roll-out**

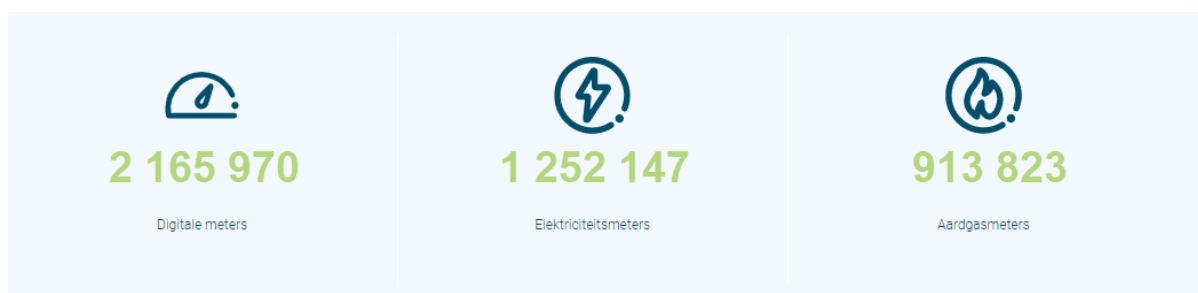
On 10 November 2022, we clocked [2 million digital meters installed in Flanders](#), an increase of almost 1 million meters year-on-year. This was also an important milestone in terms of market share, as they have since been installed in at least 1 in 3 households in Flanders.

In 2022, the digital meter clearly gained in popularity and support. Due to high energy prices, more and more Flemish people started looking for detailed information about their energy consumption. In addition, households with digital meters also gained many new possibilities in 2022, such as selling solar power, as well as monthly billing and energy sharing.

Another important project that started in 2022: **digital water meters**. On 18 February 2022, the [first digital water meter](#) was installed in a pilot project of three Flemish water companies (De Watergroep, FARYS and Pidpa) and grid company Fluvius. That project is preparing the large-scale rollout of the digital water meter.

Thanks to intensive cooperation between the utilities, the installation of the digital meters for electricity, gas and water is done simultaneously, through the same contractor. In addition, existing communication technology is maximally reused: the digital water meters - like the gas meters - are linked to our digital electricity meter and can thus communicate with the outside world.

– **How many digital meters in Flanders by the end of 2022?**



– **My Fluvius: free online application to get started with digital consumption info**

With [My Fluvius](#), every household can consult its consumption data free of charge and online and thus get a better overview of its energy consumption. The digital meter sends this data to My Fluvius.

The digital meter offers My Fluvius by default the history of consumption info per day for both electricity and gas. Customers can also request detailed data, hourly for gas and quarter-hourly for electricity. The free provision of that info is an important step in raising awareness and sensitising every Fleming to more economical, smart and greener energy use.

More and more families with a digital meter are also actively adopting it by activating their free access to [My Fluvius](#). By the end of 2022, this was the case for 373,616 households, accounting for 30% of all households with a digital electricity meter. No less than 74,381 households linked a device with a smart app ([maakjemeterslim.be](#)) to the user port of their digital meter. This allows them to monitor their energy consumption almost live (per second for electricity and per quarter of an hour for gas).

- **Collective for sustainable world**

In collaboration with numerous partners, we put our expertise at the service of society and contribute to a sustainable world. We use our knowledge and resources as leverage to use our planet's natural resources (water, energy, etc.) wisely. Goal: generate more renewable energy, reduce CO₂ emissions in Flanders and encourage people to use energy and water rationally.

- **93,000 premiums**

Those who make energy-efficient investments can apply for [a premium](#) for this from us. In 2022, the Flemish Energy and Climate Agency (VEKA) paid out almost 93,000 premiums, totalling over EUR 91 million.

Figure in the spotlight: EUR 91 million. This total amount VEKA paid out to Fluvius customers in 2022, in the form of premiums for energy-efficient investments.

- **Continued focus on BENOveren and energy savings**

Following the campaign around [BENOveren](#) in 2020, we continued to promote Better Renovation in 2022.

This was done via [the blogs 'Renovate and BENOveren'](#) and [the blogs 'What does Fluvius do for you?', among others](#).

- **Free online info session 'Save on your energy bills'**

[Local authorities can organise free 'Energy Flash Sessions'](#) on various topics: from energy saving to renovation works. We organise these for residents at the request of the city or municipality.

In October and November 2022, we organised four online sessions in cooperation with the Bond Beter Leefmilieu. There, an energy specialist gave practical info on more efficient energy consumption in 1.5 hours. The tips went beyond simply putting on a thicker jumper or putting a lid on your pot while cooking. Participation was free.

- **Energy care plan for public buildings**

We help cities and municipalities in achieving the 2030 and 2050 climate goals by taking the energy efficiency of their buildings out of their hands:

- 48% of local governments called on our services
- 21 cities and towns received a new energy care plan from us in 2022
- 2,653 unique users found their way to our energy management platform E-lyse
- 25% of Flemish cities and municipalities received our support for their energy-saving projects.

- **Energy and housing premiums merge into 'My Renovation Premium'**

The Flemish government decided in early 2022 to merge two premiums into one:

- the income-related renovation premiums of Wonen Vlaanderen and
- the premiums for insulation and energy-saving appliances we paid out.

The new premium is called the 'My Renovation Premium'. From now on, you can apply for it in one place: [mijnverbouwpremie.be](#). In this way, the government wants to lower the threshold for applying for the premiums.

- **Fight against energy poverty**

Those who no longer get an energy contract from their commercial supplier due to payment difficulties can contact us directly. With a broad service of follow-up and counselling, as a social energy supplier we try to ensure that these customers become and stay debt-free. The aim is for them to eventually make the switch back to a commercial supplier.

But we go even further and take action to reduce energy poverty. From our expertise, we can contribute, together with a wide range of partners. Among vulnerable target groups, we also focus on energy efficiency by encouraging energy-conscious behaviour and energy-saving investments.

– ***Energy scans at underprivileged families***

In 2022, we carried out 22,873 [energy scans](#), giving vulnerable households concrete tips on how to reduce their energy bills. At the same time, we made some small, energy-saving interventions: LED lamps, economy shower head, draught strips, ...

In 2022, this customer group used 146,058 discount vouchers worth EUR 150, 200 or 250 to buy an energy-efficient fridge, freezer, washing machine or tumble dryer.

– ***Fluvius Prepaid***

As a social supplier, we helped some 132,000 customers in 2022 who are struggling financially and can no longer turn to their commercial supplier. We supply energy until they have signed a new energy contract with another supplier. We also offer them insight into their consumption and prevent their debts from rising further.

With the introduction of Prepaid in early 2021, we only contacted the customer to install a digital meter if he/she did not pay the energy bill with us either. Since 1 July 2022, for electricity, we are allowed to activate Prepaid immediately as soon as the customer comes to us. With this new regulation, we prevent those who are already struggling financially from getting into even more debt. By the end of 2022, we counted almost 81,000 active Prepaid meters.

– ***Goodbye to the budget meter***

At the end of 2022, we also said goodbye to the classic budget meter with its accompanying recharge card: the end of an era. On 9 January 2022 - after almost 20 years - the plug went out. The story of the budget meter began shortly after the liberalisation of the energy market in 2002. Network operators were given an additional role in that liberalised market: that of social supplier. Not much later, the first budget meters were installed: in 2004 for electricity, followed five years later by the budget meter for natural gas.

About ten years ago, the first self-service devices appeared. At such a device, you could use your bank card to recharge yourself without the help of a customer office employee. This allowed customers to recharge their budget meter card 24/7.

Already since 1 July 2019, we no longer install classic budget meters. Customers who come to us as a social supplier have since been given a digital meter with the Prepaid function. The main advantage of this method is that the customer can do everything from home. There is also no longer any visual distinction from a 'regular' digital meter, so that the stigma risk disappears.

– ***Fluvius emergency supplier for gas customers AECO/Energie2030***

As a result of the global energy crisis, energy supplier AECO/Energie2030 was denied access to the Flemish gas distribution network on 18 March 2022. This step was taken because AECO/Energie2030 could no longer fulfil its contractual obligations to the Flemish gas market. [Fluvius became a temporary 'emergency supplier' to this energy supplier's 200 gas customers](#), who in the meantime were looking for a new commercial supplier.

– ***Anti-fraud***

Detecting fraud is a 'public service obligation' for us, imposed by the government. We have been committed to fraud detection for years and continued to do so in 2022. It is socially important work: fraud is tantamount to stealing money from other customers. It is also crucial for grid security.

In 2022, we published our 2021 fraud report.

- In 2021, we recovered EUR 11,731,970 worth of minimum support. Moreover, as a result, we avoided future disbursements worth an estimated EUR 16,300,000. We charged a total fraud cost of EUR 56,946.
- Based on analysis of the EPB database with our installation data, we identified 277 files where the solar panel installations were most likely in breach of EPB regulations . In 2021, we initiated the treatment of 30 files and 8 official reports were made.
- In the context of late or unregistered PV installations, we identified and dealt with 1,232 files, with a claim of EUR 467,945 in overdue prosumer fees. In doing so, we charged a fraud cost totalling EUR 50,844. Around 70% of these claims were also settled in 2021.
- In 2021, the Energy Inspectorate conducted 47 premium checks. In 26 cases, the inspectorate effectively detected fraud. This number is stable compared to the previous year. In these, a premium amount of EUR 362,530 was checked. These checks resulted in an avoided cost of EUR 61,307.
- In 2021, 221 meter fraud files were closed for a total estimated amount of EUR 4.8 million. EUR 1.3 million was effectively recovered. In 2021, we experienced an increase of 78% compared to the previous year. This amount, which is exceptionally high mainly thanks to one large case, is a composite of court cases on cannabis plantations and meter fraud.

3. Focus on connection

As a grid operator, Fluvius is and remains in touch with Flemish society. We make every effort to treat our surroundings with care and social responsibility. In doing so, we consider the environment and the many sectors, companies and organisations involved in our operations, from contractors to education.

Corporate social responsibility is strongly woven throughout our policies. Thus, we contribute ecologically and socially to society in general and to a number of stakeholder groups in particular.

- ✓ Ecological project
- ✓ Fluvius' charities
- ✓ Education and training

• Ecological project

On the ecological front, we are mainly active around sustainable mobility and a number of '[Green Deals](#)'. These are voluntary agreements between (private) partners and the Flemish government to jointly achieve a certain environmental objective. In the field of sustainable mobility, we mainly focus on electric driving, according to the principle of Electric First.

– **Electric First: choice for sustainable mobility**

For several years now, we have had an [Electric First policy](#) for our commercial vehicles. We replace existing petrol and diesel cars with the most ecological alternative currently available. Is a 100% electric model satisfactory in terms of driving range or payload? Then electric is our first choice.

In recent years, we replaced several hundred petrol and diesel commercial vehicles - including lease cars - with fully electric cars, plug-in hybrid models or natural gas (CNG) vehicles. In the coming years, we will renew around 800 service vehicles in total in this way. For us, opting for 'as green as possible' and 'maximally electric' means saving more than 1 million litres of fossil fuel a year in the long run.

Number in the spotlight: 1,000,000, that's how many litres of fossil fuel we want to save by opting for sustainable mobility.

– **Renewed waste policy for contractors**

In 2021, together with the relevant internal stakeholders, we launched a renewed waste policy for contractors. Under this, contractors themselves ensure that all waste materials released during their work for us are processed according to the rules. Examples include residual waste, paper and cardboard, hard plastics, asbestos and old public lighting fixtures, but also copper cables, mixed metals, etc. Exceptions are materials that meet the criteria of the circular economy and materials to be recovered that are specifically mentioned in the technical specifications. The implementation of this renewed waste policy is currently ongoing and will be finalised in 2023.

– **Processing public lighting fixtures via custom company**

Circular materials can be reused a number of times and eventually broken down in an environmentally friendly way. One example is old public lighting fixtures. Contractually, we got permission to gradually process the waste stream of old fixtures ourselves through the principle of circular economy.

Back in 2021, the local social economy company W-Technics in Zele conducted some pilot tests with the dismantling of these lamp fixtures. Thanks to better sorting at the source, the company ensures a cleaner recycling and waste stream.

This pilot project received a positive assessment both financially and socio-ecologically and was continued in 2022. Therefore, we will expand and perpetuate this treatment principle. For the remaining seven contractors in this contract, we are looking into starting a similar exercise.

– **Circular purchases: processing old clothes**

In 2019, we submitted a project to Flanders Circular to [sustainably process old work clothes](#). We eventually found a circular solution for the old T-shirts and polo shirts, where the clothes were first shredded into high-quality fibres and then processed into new yarns. From these, we had new clothes made.

The design is based on eco-design principles, allowing for recycling once again. Employees could buy these clothes to benefit Food Banks. In spring 2022, as part of Kom Op Tegen Kanker (Fight against Cancer), we also offered a jumper and stockings made from the same circular yarn. This project has been completed.

In late 2022, another small initiative was launched in which safety shoes and boots will also be selectively collected and recycled through partner Circular Footwear Alliance.

– **Sustainability Competence Centre**

Our organisation has signed a charter on Corporate Social Responsibility (CSR). As part of this, we are guided by the principles of socially responsible procurement (SRI) when purchasing work materials, goods, services and ICT. Examples of these principles are sustainability and social justice. We screen and assess (candidate) suppliers in terms of ecological and social aspects. When selecting and awarding procurement files, we take these criteria into account wherever possible.

To put this procurement policy into practice, we set up a **Sustainability Competence Centre (CCD)**. In it, we gather and share as much knowledge as possible about sustainability and how to integrate it in a procurement project. We wrote a **practical guide** that provides useful tips and tricks for each phase of the procurement procedure to further apply sustainability. The Sustainability CCD also advises colleagues on specific procurement aspects and organises brainstorming sessions on this theme.

The CCD takes into account these five focus areas:

- Positive ecological footprint
- Local growth
- Respect for working conditions
- Social economy
- Circular procurement

In 2022, the CCD welcomed Fluvius's CSR coordinator as a new member. Besides additional knowledge sharing, this provides a stronger connection with the Fluvius CSR Board. From that wider cooperation, the CCD also cooperated on assignments relating to, for example, EU Taxonomy and the European Investment Bank.

In the coming years, we will focus even further on these themes as well as on the UN [Sustainable Development Goals \(SDGs\)](#), namely sustainable procurement and our own carbon footprint.

By 2023, we aim to embed CSR commitment even more 'upstream' in Fluvius procurement policy. For instance, the CCD actively participates in the Procurement Planning Forum, identifying procurement dossiers that can have a substantial impact on our CSR ambitions. In those pilot files, for instance, we can set CSR selection and award criteria in the sourcing process, or include Ecovadis scores in the implementation phase.

- **Fluvius' charities**

In 2022, we also continued our long-term cooperation with our charities. We organised actions for the **Food Banks** and **Fight against Cancer**. Involvement and a nice interaction between our employees and the charity play a key role here.

- ***Food banks: Fluvius goes heart***

Also in 2022, we organised our internal year-end campaign under the name 'Fluvius goes heart' to raise money for the **Food Banks**. In doing so, we encouraged mutual connection between colleagues as much as possible. For instance, the 'Warm Hearts Market', an online auction for and by colleagues, was met with great approval. The same applied to the sale of unique gift paper designed in-house. Moreover, Fluvius employees showed their warm hearts with generous free gifts. [These initiatives raised a total of no less than EUR 72,706.96 for the Food Banks.](#)

- ***Fight Against Cancer***

In 2022, around the Ascension weekend, 'The 1000 km for Kom op tegen Kanker' took place in Mechelen. This edition raised over EUR 6 million for cancer research. Thanks to all Fluvius colleagues, 37 colleagues cycled their hearts out and our share in the total amount raised was EUR 87,304.60 euros. The 20 Fluvius runners added another EUR 12,500 in March. In total, all Fluvius employees together donated some EUR 100,000 to Fight Against Cancer.

Figure in the spotlight: More than 170,000 euros. We raised this total for Fight Against Cancer and the Food Banks combined.

- **Education and training**

Because we attach great importance to training and development, we cooperate intensively with the education sector. Besides internships, [we also offer dual learning](#) for students from specific fields. At the annual Spitsdagen, the various educational players get to know our organisation and each other better. In addition, we make our internal training offer available to partners and contractors.

– **Dual learning**

We organise a combination of training and work experience in the form of dual learning. Since the 2018-2019 school year, we have hosted students from the Logistics direction.

For the 2021-2022 school year, we started a new route for the direction Installer Utilities with 21 students. We also offer that direction for the school year 2022-2023, with nine students at Fluvius itself and three students at one of our contractors.

In our **Fluvius Academy**, we prepare all our technicians to build, repair and maintain distribution grids and connect customers to these grids. Apprentices in the dual track learn the tricks of the trade step by step at the Fluvius Academy. They then apply the knowledge they have acquired in practice under the watchful eye of experienced technicians.

– **On internship**

In the 2021-2022 school year, 17 BSO/TSO students did internships in technical positions, along with eight graduate/bachelor/master students from technical fields. We also received three administrative profiles from BSO/TSO and four bachelors/masters from an administrative direction. About 20 students from Oscar Romero College undertook individual days' internships spread throughout the 2021-2022 school year.

Quote: "We offer a combination of training and work experience, in the form of dual learning."

GRI TABLE

Code	Description	2020	2021	2022	Remarks / References
2-1	Organizational details	Fluvius System Operator Brusselsesteenweg 199, B-9090 Melle (Belgium) Commonly known as Fluvius, or abbreviated to Fluvius SO. Cooperative society - 100% of the share capital in each intermunicipal mission entrusted association is held by the Flemish cities and municipalities. Fluvius is active in all Flemish cities and municipalities.			as from 1 January 2020 the legal form was changed into 'cooperative society' due to changes to the Belgian Code of Companies and Associations
2-2	Entities included in the organization's sustainability reporting	Fluvius System Operator is the consolidating entity. Are being consolidated: De Stroomlijn, Atrias, Synductis. The consolidated entities are not included in the CSR reporting.			see the Report by the Board of Directors for more details
2-3	Reporting period and frequency	01.01.2020-31.12.2020 per calendar year	01.01.2021-31.12.2021 per calendar year	01.01.2022-31.12.2022 per calendar year	
	publication date	31.3.2021	31.3.2022	31.3.2023	
	contact point	e-mail: investors@fluvius.be			
2-4	Restatements of information	none			
2-5	External assurance	Assurance by the external auditor on the presence of the non-financial information, as imposed by the law of September 3rd, 2017. The auditor's findings are included in the Auditor's Report.			
2-6	Activities, value chain and other business relationships	Distribution of electricity and gas; sewerage; cable TV infrastructure; data management; district heating; public lighting Our customers are households, SMEs, large enterprises and public authorities, exclusively within the Flemish Region. Fluvius integrates sustainability and CSR criteria in its terms of reference as exclusion and awarding criteria. Fluvius has joined the Ecovadis platform to better and more deeply integrate sustainability criteria into its supply chain.			also see 308-1
	Scale of activities	revenues 1,73 billion € / balance sheet total 5,84 billion € / equity 1,62 million €	revenues 1,84 billion € / balance sheet total 6,50 billion € / equity 1,62 million €	revenues 2,01 billion € / balance sheet total 6,89 billion € / equity 1,62 million €	from IFRS
	Significant changes	none			see Report by the Board of Directors
2-7	Employees	4.718 employees (including Fluvius OV: 5.491) contract unlimited duration: 4.466 - limited duration: 236 - focus groups & apprenticeship contracts: 16 M: 3.350 - F: 1.368 full-time: 3.786 - part-time: 932	4.780 employees (including Fluvius OV: 5.497) contract unlimited duration: 4.509 - limited duration: 246 - focus groups & apprenticeship contracts: 25 M: 3.359 - F: 1.421 full-time: 3.851 - part-time: 929	4.770 employees (including Fluvius OV: 5.422) contract unlimited duration: 4.576 - limited duration: 182 - focus groups & apprenticeship contracts: 12 M: 3.351 - F: 1.419 full-time: 3.828 - part-time: 942	figures about Fluvius System Operator / Fluvius engages subcontractors for part of its activities
2-8	Workers who are not employees	Fluvius engages other companies for part of its activities, in the form of service contract with agreed service levels. These companies deploy the necessary employees, but their numbers are not required or known by Fluvius. These employees are not controlled by Fluvius.			
2-9	Governance structure and composition	All shareholders are represented in the General Assembly. The highest governing body is the Board of Directors. The Board is assisted by the Audit Committee, the HR Committee and the Strategic committee. Day-to-day management of the company is entrusted to the Management Committee. On specific CSR topics, the Management Committee is assisted by the internal CSR Board.			also see the Report by the Board of Directors for detailed information
2-10	Nomination and selection of the highest governance body	The General Assembly appoints the members of the Board of Directors on nomination by the shareholders. A compulsory rule of 2/3-1/3 is applied on gender diversity of the directors.			
2-11	Chair of the highest governance body	The Chair of the Board of Directors and the CEO are separate functions			

2-12	Role of the highest governance body in overseeing the management of impacts	<p>The Board of Directors establishes the mission, vision, strategy and the performance indicators. Management is to implement these.</p> <p>See the materiality and urgency analysis based on a stakeholder dialogue (end 2018, partly repeated in 2020)</p> <p>Risk management is part of the integral risk management monitored by the Board of Directors and the Audit Committee. Fluvius has its own independent Internal Audit department, which reports its findings and recommendations directly to the CEO and the Audit Committee/Board of Directors.</p>		
2-13	Delegation of responsibility for managing impacts	<p>Sustainability policy is part of the general operational duty of the management; the CSR Board coordinates and advises the CSR and sustainability policies.</p> <p>The general responsibility is with the Management Committee. The CSR Board is chaired by the Secretary-General (member of the Management Committee).</p>	<p>Sustainability policy is part of the general operational duty of the management; the CSR Board coordinates and advises the CSR and sustainability policies.</p> <p>A dedicated CSR coordinator has been appointed.</p> <p>The general responsibility is with the Management Committee. The CSR Board is chaired by the Secretary-General (member of the Management Committee).</p>	also consult the CSR Charter and the Report by the Board of Directors
2-14	Role of the highest governance body in sustainability reporting	The Board of Directors - on proposal of the Management Committee - approves the annual Activity Report/CSR Report.		
2-15	Conflicts of interest	The Corporate Governance Charter includes relevant stipulations. The energy regulator, as an external party, is closely monitoring on a permanent basis.		
2-16	Communication of critical concerns	The Management Committee reports to the Audit Committee and the Board of Directors. No critical concerns were signalled to the Board of Directors during the reporting period.		
2-17	Collective knowledge of the highest governance body	After the complete renewal of the Board of Directors, following the municipal elections every 6 years, the directors receive an extensive training.		
2-18	Evaluation of the performance of the highest governance body	No formal evaluation takes place		
2-19	Remuneration policies	See Remuneration Report in the Report by the Board of Directors. Variable remuneration for Management Committee members is based on a number of LT KPIs.		
2-20	Process to determine remuneration	The general remuneration policy is based on sectoral collective bargaining agreements, with annual detailed reporting to the HR Committee. Collective Bargaining Agreement 90 for executive staff and employees allows for a bonus on condition that some predefined targets are met. No other stakeholders are involved in remuneration policies.		
2-21	Annual total compensation ratio	Data not available		
2-22	Statement on sustainable development strategy	see Preface by the Chairman of the Board		
2-23	Policy commitments	<p>Fluvius has implemented an integral risk management policy</p> <p>Mission, vision, strategy and values are laid down in documents. Norms of behaviour are included in the Ethical Charter.</p>	<p>Fluvius has implemented an integral risk management policy</p> <p>Mission, vision, strategy and values are laid down in documents. Norms of behaviour are included in the Corporate Governance Charter and the Ethical Charter, both updated in June 2021</p>	see company website https://over.fluvius.be/nl/thema and the Report by the Board of Directors
2-24	Embedding policy commitments	Policy commitments (strategic commitments) are assigned to a responsible person (member of MC or senior manager) for implementation by project or regular organisation, and monitored by three strategic steering committees for respective domains Net&System, Customer&Marketplace and Corporate&Employee.		
2-25	Processes to remediate negative impacts	Complaints can be registered at the Fluvius customer contact center or the Flemish ombudsperson service for energy. Complaints are treated to satisfaction in 1st line, or escalated to an independent 2nd line.		

2-26	Mechanisms for seeking advice and raising concerns	The Ethical Charter is used as a guide for ethical behaviour. Unethical behaviour can be signalled. Art. 25 of the Labour regulation guarantees an independent and objective treatment of reported infringements.	The Ethical Charter is used as a guide for ethical behaviour. Unethical behaviour can be signalled. Art. 25 of the Labour regulation guarantees an independent and objective treatment of reported infringements. A whistleblower procedure and deontological team for handling reports was established as part of the implementation of the new Ethical Charter during 2021.		
2-27	Compliance with laws and regulations	8 environment-related incidents reported	10 environment-related incidents reported.	12 environment-related incidents reported.	
2-28	Membership associations	Fluvius is a member of a.o. (1) the federal sector organisation Synergrid, (2) E.DSO, the European association of distribution grid operators, (3) The Shift, Belgian network for the transition towards a sustainable society and economy			
2-29	Approach to stakeholder engagement	Identification and selection of stakeholders took place prior to the materiality analysis. The stakeholder inquiry (end 2018) was an online questionnaire.			see Activity Report and materiality analysis
2-30	Collective bargaining agreements	100% of employees are covered by collective bargaining agreements.			
3-1	Process to determine material topics	The selection and definition of topics are primarily determined by the corporate strategy laid out and the elements indicated by the materiality analysis.			
3-2	List of material topics	Identification and selection of material topics was the object of the materiality analysis.			
3-3	Management of material topics	A materiality analysis was performed in 2018 by Sustainalize. A double materiality analysis is planned in 2023, in order to comply with the Corporate Sustainability Reporting Directive.			
201-1	Direct economic value generated and distributed	Turnover: 1,73 billion € / materials & services: 1,09 billion € / wages: 617 million € / financial costs: 132 million €	Turnover: 1,84 billion € / materials & services: 1,20 billion € / wages: 596 million € / financial costs: 125 million €	Turnover: 2,01 billion € / materials & services: 1,34 billion € / wages: 646 million € / financial costs: 124 million €	from IFRS; more details are to be found in the financial statements
201-2	Financial implications and other risks and opportunities due to climate change	Fluvius wants to assist the Flemish local authorities with hands-on advice and projects to help them obtain their climate objectives (Covenant of Mayors and others). Fluvius is aware of the following LT trends: energy transition towards a carbon-low, flexible and renewable energy system, the potential future of natural gas as a fossil fuel, investments in clean surface and river water. The exact financial impact has not been calculated.	Fluvius has decided in principle to fully align the investment policy of the Fluvius Economic Group with the Flemish Energy & Climate Plan		
201-3	Defined benefit plan obligations and other retirement plans				see financial reporting
201-4	Financial assistance received from government	no assistance of financially material scope			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	data not available			
202-2	Proportion of senior management hired from the local community	100% (local community = Flemish Region)			
203-1	Infrastructure investments and services supported	The company invests on behalf of its shareholders in maintenance, development, safety and reliability of the grid infrastructure for several utility services.			For more financial details on investments, see financial reporting and Report by the Board of Directors
	Infrastructure investments and services supported	Gross investments 2020 in infrastructure and related items: 938,1 million €.	Gross investments 2021 in infrastructure and related items: 1.109,9 million €.	Gross investments 2022 in infrastructure and related items: 1.198,2 million €.	
203-2	Significant indirect economic impacts	Fluvius's value propositions describe how and in which areas the company wants to bring about a positive impact on Flemish society. The Flemish local authorities are being supported by Fluvius in their efforts towards energy savings, energy efficiency and realizing their climate objectives.			

204-1	Proportion of spending on local suppliers	no data available			local market = Belgium
205-1	Operations assessed for risks related to corruption	100%, through the terms of reference in procurement procedures			
205-2	Communication and training about anti-corruption policies and procedures	The Ethical Charter was introduced to all employees. The Purchasing Dept. offers specific training for its employees.			published on website (see 2-23)
205-3	Confirmed incidents of corruption and actions taken	no known cases	no known cases	no known cases	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	none	none	none	
301-1	Materials used by weight or volume	not applicable			
301-2	Recycled materials used	not applicable			
301-3	Reclaimed products and their packaging materials	not applicable			
302-1	Energy consumption within the organisation	due to the merger into Fluvius and as a consequence of different methods of measuring at the former companies, no reliable data are available at this moment			
302-2	Energy consumption outside of the organisation	data not available			
302-3	Energy intensity	data not available			
302-4	Reduction of energy consumption	see remark at 302-1			
302-5	Reductions in energy requirements of products and services	not applicable			
303-1	Interactions with water as a shared resource	not applicable			
303-2	Management of water discharge-related impacts	not applicable			
304-1	Operational sites owned, leases, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	not applicable			
304-2	Significant impacts of activities, products, and services on biodiversity	Public lighting may have an impact on nocturnal fauna. Fluvius investigates new technology to reduce this impact to a minimum level. The general roll-out of led in public lighting creates more opportunities for dimming and active switching-off, which positively impacts the surroundings.			
304-3	Habitats protected or restored	not applicable			
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	not applicable			
305-1	Direct (scope 1) GHG emissions	Year of reference is 2020 Natural gas grid losses, only containing CH4 as greenhouse gas: 217.320 ton CO2eq Other scope 1 emissions, containing CO2 and SF6: 20.083 ton CO2eq	Due to the nature of enterprise operations, calculation every 2 years is sufficiently frequent. Emissions for 2021 and 2022 will be calculated together, sometime during 2023.		

305-2	Energy indirect (scope 2) GHG emissions	Year of reference is 2020 Electricity grid losses: 153.891 ton CO ₂ eq Other scope 2 emissions: 1.423 ton CO ₂ eq	Due to the nature of enterprise operations, calculation every 2 years is sufficiently frequent. Emissions for 2021 and 2022 will be calculated together, sometime during 2023.		
305-3	Other indirect (scope 3) GHG emissions	No data available. First calculation since the Eandis-Infrac merger due in 2023.			
305-4	GHG emissions intensity	No data available			
305-5	Reduction of GHG emissions	Not applicable to year of reference	Due to the nature of enterprise operations, calculation every 2 years is sufficiently frequent. Emissions for 2021 and 2022 will be calculated together, sometime during 2023.		
305-6	Emissions of ozone-depleting substances (ODS)	not applicable			
305-7	NOx, SOx and other significant air emissions	not applicable			
306-1	Waste generation and significant waste-related impacts	Fluvius maximises the use of separate waste streams and recycling.			
306-2	Management of significant waste-related impacts	Fluvius actively raises awareness for correct waste management with employees and subcontractors, by regularly inspecting waste streams and reporting on them. Excavated soil is analysed, cleaned if necessary and then reused by certified companies, known by their Dutch abbreviation TOP, which translates to "interim repository of excavated soil". PCB-contaminated transformers are incinerated in a controlled manner with recovery of chlorine. Residue after incineration is recycled. No data are available on volume or weight of these separate fractions.			
306-3	Waste generated	Total of 306-4 and 306-5			
306-4	Waste diverted from disposal	Soil: 476.000 ton Transformers and related equipment, non-PCB contaminated: 1.042 ton Other fractions: 2.875 ton + 921 m ³	Soil: 551.000 ton Transformers and related equipment, non-PCB contaminated: 1.978 ton Other fractions: 2.985 ton + 2.076 m ³	Soil: 463.000 ton Transformers and related equipment, non-PCB contaminated: 552 ton Other fractions: 2.414 ton + 2.911 m ³	In 2022, more transformers have been converted and reused, rather than scrapped.
306-5	Waste directed to disposal	Transformers, PCB-contaminated: 38 ton Other fractions: 1.226 ton + 102 m ³	Transformers, PCB-contaminated: 58 ton Other fractions: 1.169 ton + 785 m ³	Transformers, PCB-contaminated: 45 ton Other fractions: 983 ton + 1.033 m ³	
308-1	New suppliers that were screened using environmental criteria	compulsory exclusion grounds: fraud, child labour, illegal labour / facultative exclusion grounds: infringements on environmental, labour and social laws / similar clauses in terms of reference / collaboration with social inspection authorities / major suppliers of products (80 suppliers and 136 production sites): check of CSR policies and frequent onsite audits (2020: approx 18 site visits, a lower amount due to covid-related restrictions). Digital supplier screenings have taken place as well.	compulsory exclusion grounds: fraud, child labour, illegal labour / facultative exclusion grounds: infringements on environmental, labour and social laws / similar clauses in terms of reference / collaboration with social inspection authorities / major suppliers of products (80 suppliers and 136 production sites): check of CSR policies and frequent onsite audits (2021: approx 28 site visits, a lower amount due to covid-related restrictions). Digital supplier screenings have taken place as well.	compulsory exclusion grounds: fraud, child labour, illegal labour / facultative exclusion grounds: infringements on environmental, labour and social laws / similar clauses in terms of reference / collaboration with social inspection authorities / major suppliers of products (80 suppliers and 136 production sites): check of CSR policies and frequent onsite audits (2022: approx 55 site visits). Digital supplier screenings have taken place as well.	
308-2	Negative environmental impacts in the supply chain and actions taken	Since 2019, Fluvius is affiliated with the Ecovadis platform for the screening of suppliers. 20 key suppliers have been surveyed in Ecovadis campaign 2020, of which 17 with positive results.	45 key suppliers and contractors have been surveyed in Ecovadis campaign 2021, of which 38 with positive results. The campaign consisted of evaluation of new suppliers and re-evaluation of the existing portfolio (from campaign 2020).	20 suppliers and contractors have been surveyed in Ecovadis campaign 2022, of which 13 with positive results. The campaign consisted of evaluation of additional suppliers and re-evaluation of the existing portfolio.	
401-1	New employee hires and employee turnover	313 hires (313 full-time) / 214 exits (174 full-time, 40 part-time)	279 hires (275 full-time) / 252 exits (206 full-time, 46 part-time)	275 hires (270 full-time) / 273 exits (230 full-time, 43 part-time)	also see Social Balance Sheet in financial reporting

401-2	Benefits provided to full-time employees that are not provided temporary or part-time employees	All pay-outs and benefits for full-time employees are also available, on a pro rata basis, for part-time employees			
401-3	Parental leave	2.594 days of parental leave (= 0,21% of total number of labour days)	3.640 days of parental leave (= 0,30% of total number of labour days)	3.069 days of parental leave (= 0,25% of total number of labour days)	all employees in parenting leave remain employed, so a 100% retention rate
402-1	Minimum notice periods regarding operational changes	fully conforming to Belgian labour legislation - when jobs disappear as a result of operational changes, all employees are redeployed to other jobs in Fluvius.			
403-1	Occupational health and safety management system	Occupational health and safety management is implemented as required by Belgian labour legislation and Collective Bargaining Agreements for the sector of gas and electricity companies in Belgium. All workers, activities and workplaces are covered.			
403-2	Hazard identification, risk assessment, and incident investigation	<p>The dynamic welfare care system forms the basis for managing welfare risks within the company. This care system seeks continuous improvement so that all employees take care of the health and safety of themselves, internal and external colleagues, customers and other people involved.</p> <p>An internal guideline describes the approach for hazard identification, risk analysis and risk management, enabling the organisation to identify, evaluate and manage its welfare risks on an ongoing basis.</p> <p>All accidents and incidents are reported and investigated. The investigation always takes place in cooperation between the internal prevention department and the organisation's line management, with an advisory role by the Committee for Prevention and Protection at Work. Accidents and incidents involving contractors are also reported and investigated, in consultation between the Fluvius prevention services and the contractor.</p>			
403-3	Occupational health services	<p>Fluvius has an Internal service for Prevention and Protection at the Workplace (IPPW). Besides fulfilling its legal missions, the IPPW supports management and employees in the elaboration, programming, implementation and evaluation of the welfare policy and the application of regulatory provisions. The IPPW's identification document describes in detail the structure and operation of the prevention service.</p> <p>For assignments that the IPPW cannot perform itself, it calls on an approved External service for Prevention and Protection at the Workplace (EPPW). These assignments include:</p> <ul style="list-style-type: none"> * specific advice, risk analysis and support on health, hygiene, ergonomics, toxicology and psychosocial aspects. * Provide health monitoring of Fluvius employees. <p>In the framework of psychosocial aspects, internal follow-up is provided by, among others, social assistants and confidential counsellors; these are assisted by an external prevention advisor on psychosocial aspects.</p>			
403-4	Worker participation, consultation, and communication on occupational health and safety	100% of employees is represented through elected Committees for Prevention & Protection at the Workplace, conforming to Belgian labour legislation. Most recent social elections took place on November 19th, 2020.			
403-5	Worker training on occupational health and safety	Discussion of safety performance and issues is part of monthly meetings in all teams.			
403-6	Promotion of worker health				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
403-8	Workers covered by an occupational health and safety management system	All employees are covered. Contractors present at Fluvius workplaces and construction sites are covered by Belgian labour legislation and contractual agreements.			

403-9	Work-related injuries	Occupational accidents: frequency: 4,77 / gravity: 0,09 / number of lost labour days: 735 / number of occupational accidents with labour days lost: 41 / no work-related fatalities Illness: 53.179 days of illness	Occupational accidents: frequency: 4,79 / gravity: 0,13 / number of lost labour days: 1.052 / number of occupational accidents with labour days lost: 39 / no work-related fatalities Illness: 64.522 days of illness (last year 58.956 days were erroneously reported)	Occupational accidents: frequency: 6,33 / gravity: 0,16 / number of lost labour days: 1.297 / number of occupational accidents with labour days lost: 50 / no work-related fatalities Illness: 71.162 days of illness	
403-10	Work-related ill health	Fluvius registers employees with risk of possible exposure to lead or asbestos, but the company is of the opinion that this does not involve a high risk of occupational disease. Fluvius implements an active policy of maximum risk reduction.			
404-1	Average hours of training per year per employee	21,53 hours/employee	25,64 hours/employee	25,96 hours/employee	also see Social Balance Sheet in financial reporting
404-2	Programmes for upgrading employee skills and transition assistance programmes	are part of the entire scale of training programmes on offer			
404-3	Percentage of employees receiving regular performance and career development reviews	All employees (management, executives, others) are involved in performance evaluation. There is a wide offer of career development available for all our employees			
405-1	Diversity of governance bodies and employees	as to diversity, we ensure that diversity in society is also being reflected in the company itself. For the composition of the Board of Directors, Fluvius complies with the legal rule of 'at least 1/3 of directors is of a different sex than the majority of directors'.			
405-2	Ratio of basic salary and remuneration of women to men	Wages at every level are completely independent of the employee's gender. the bi-annual Wage Gap Report (2017-2018) has shown that (1) gender neutrality is guaranteed (2) that salary is only determined by the nature of the executed job ('method of qualification') and (3) no action plan is needed. The Wage Gap Report is extensively discussed by the Works Council.	Wages at every level are completely independent of the employee's gender. the bi-annual Wage Gap Report (2019-2020) has shown that (1) gender neutrality is guaranteed (2) that salary is only determined by the nature of the executed job ('method of qualification') and (3) no action plan is needed. The Wage Gap Report is extensively discussed by the Works Council.		
406-1	Incidents of discrimination and corrective actions taken	none	none	none	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	no operations with such risk			
408-1	Operations and suppliers at significant risk for incidents of child labour	no operations with such risk			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	no operations with such risk			
410-1	Security personnel trained in human rights policies or procedures	not applicable			
411-1	Incidents of violations involving rights of indigenous peoples	not applicable			

412-1	Operations that have been screened to human rights reviews or impact assessments	not applicable		
412-2	Employee training on human rights policies or procedures	not applicable		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In administrative terms of reference, conditions are included in line with the norms of the International Labour Organisation (ILO). Potential suppliers underwrite a Code of Conduct, which also involves their own (sub)contractors, suppliers and holders of licences.		
413-1	Operations with local community engagement, impact assessment, and development programmes	Fluvius is an active partner for the Flemish local authorities (300 cities and municipalities).		
413-2	Operations with significant actual and potential impact on local communities	not applicable		
414-1	New suppliers that were screened using social criteria	Fluvius integrates social criteria in its terms of reference to a maximum degree and within the boundaries set by the public procurement legislation.		
414-2	Negative social impacts in the supply chain and actions taken	See 308-2 for actions in the supply chain. Fluvius has no operations with risks as described under 407-1, 408-1 and 409-1.		
415-1	Political contributions	none		
416-1	Assessment of the health and safety impacts of product and service categories	Fluvius is well aware of the potential hazards of electricity and gas. Therefore, the company strives to create a fully-fledged safety culture internally. Externally, all necessary safety precautions are implemented.		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	none	none	none
417-1	Requirements for product and service information and labeling	not applicable		
417-2	Incidents of non-compliance concerning product and service information and labeling	not applicable		
417-3	Incidents of non-compliance concerning marketing communications	no incidents reported	no incidents reported	no incidents reported
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	none	none	none



FLUVIUS SYSTEM OPERATOR Group

Consolidated Financial Statements IFRS

Year end 31 December 2022



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Financial Statements

Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2022	2021
Operating revenue	3	2.011.644	1.839.806
Revenue from contracts with customers		1.943.672	1.762.323
Other operating income		67.972	77.483
Operating expenses		-1.999.662	-1.824.892
Cost of trade goods	4	-253.907	-204.564
Cost for services and other consumables	5	-1.083.894	-996.650
Employee benefit expenses	6	-645.989	-596.413
Depreciation, amortization, impairments and changes in provisions	7	-14.032	-26.080
Other operational expenses		-1.840	-1.185
Result from operations		11.982	14.914
Finance income	8	119.430	116.980
Finance costs	8	-124.182	-124.752
Profit before tax		7.230	7.142
Income tax expenses	9	-7.230	-7.142
Profit for the period		0	0



Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2022	2021
Profit for the period		0	0
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long-term employee benefits	24	51.815	113.363
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	24	-51.815	-113.363
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		0	0
Total comprehensive income for the period		0	0



Consolidated statement of financial position

(In thousands of EUR)	Notes	2022	2021
Non-current assets		5.324.371	5.031.755
Intangible assets	10	429	988
Property, plant and equipment	11	1.928	2.473
Right-of-use assets	12	24.774	34.138
Investment in joint ventures and associates	13	17	17
Other investments	14, 26	863	828
Rights to reimbursement on post-employment employee benefits	15	154.869	196.584
Derivative financial instruments	16, 26	704	0
Long-term receivables, other	17, 26	5.140.787	4.796.727
Current assets		1.565.396	1.466.053
Inventories	18, 26	163.720	141.116
Short-term receivables, other	17, 26	700.000	500.000
Trade and other receivables	19, 26	333.702	344.715
Receivables cash pool activities	19, 26	277.027	417.318
Cash and cash equivalents	20, 26	79.144	62.904
Assets held for sale	21, 26	11.803	0
TOTAL ASSETS		6.889.767	6.497.808
EQUITY	22	1.617	1.617
Total equity attributable to owners of the parent		1.517	1.517
Contributions excluding capital, reserves and retained earnings		1.517	1.517
Non-controlling interest		100	100
LIABILITIES		6.888.150	6.496.191
Non-current liabilities		5.277.248	5.036.071
Interest bearing loans and borrowings	23, 26	5.105.241	4.810.494
Lease liabilities	12, 26	17.138	24.860
Employee benefit liabilities	24	154.869	195.263
Derivative financial instruments	16, 26	0	4.133
Provisions	24	0	1.321
Current liabilities		1.610.902	1.460.120
Interest bearing loans and borrowings	23, 26	1.053.036	963.078
Lease liabilities	12, 26	8.601	10.099
Trade payables and other current liabilities	25, 26	399.994	330.606
Liabilities cash pool activities	19, 26	146.235	154.030
Current tax liabilities	9, 26	3.036	2.307
TOTAL EQUITY AND LIABILITIES		6.889.767	6.497.808



Consolidated statement of changes in equity

(In thousands of EUR)	Contributions excluding capital	Reserves	Retained earnings	Equity attributable to owners of the parent	Non- controlling interest	Total
Balance at 1 January 2021	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 31 December 2021	1.284	213	20	1.517	100	1.617
Balance at 1 January 2022	1.284	213	20	1.517	100	1.617
Result for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Balance at 31 December 2022	1.284	213	20	1.517	100	1.617

*Further information is disclosed in the note 'Equity'.



Consolidated statement of cash flows

(In thousands of EUR)	Notes	2022	2021
Profit for the period		0	0
Amortization of intangible assets	7, 10	629	610
Depreciation on property, plant and equipment and right-of-use assets	7, 11	12.490	13.023
Change in provisions (Reversal -; Recognition +)	7, 24	-1.321	-115
Impairment current assets (Reversal -; Recognition +)	7, 26	2.234	12.562
Gains or losses on realization receivables		1.185	386
Net finance costs		9.588	9.639
Change in fair value of derivative financial instruments	16	-4.836	-1.867
Gains or losses on sale of property, plant and equipment		-7	-7
Income tax expense	9	7.230	7.142
Change in inventories	18	-34.407	-43.820
Change in trade and other receivables		27.843	76.969
Change in trade payables and other current liabilities		56.638	-94.828
Change in employee benefits	24	1.321	115
Interest paid		-106.674	-125.179
Interest received		101.444	132.857
Financial discount on debts		183	176
Income tax paid (received)	9	-6.499	-7.039
Net cash flow from operating activities		67.041	-19.376
Proceeds from sale of property, plant and equipment		7	7
Purchase of intangible assets		-70	-93
Purchase of property, plant and equipment		-380	-241
Proceeds from sale of companies and other investments		0	100
Net investments in long-term receivables		11	-89
Net cash flow used in investing activities		-432	-316
Repayment of borrowings	23	-503.500	-503.500
Proceeds from borrowings	23	349.650	199.800
Proceeds from bonds/borrowings	23	695.381	1.191.244
Payment of finance lease liabilities	12	-12.884	-12.825
Change in current financial liabilities	23	-160.120	-87.480
Change in cash pool	19	132.496	193.667
Provide long-term loans	17	-1.051.392	-1.400.000
Repayment long-term loans		500.000	500.000
Net cash flow from/used in financing activities		-50.369	80.906
Net increase/decrease in cash		16.240	61.214
Cash and cash equivalents at the beginning of period	20	62.904	1.690
Cash and cash equivalents at the end of period	20	79.144	62.904



Notes to the consolidated financial statements

1 Corporate information

Fluvius System Operator cv, abbreviated Fluvius, a partnership ('coöperatieve vennootschap'/'société coopérative') under Belgian law, is registered in Belgium, at Brusselsesteenweg 199, 9090 Melle. It is registered under number 0477.445.084 in the central enterprise register of Ghent (section Ghent).

Fluvius System Operator Group's consolidated financial statements for the year ended 31 December 2022 contain the information of the parent company Fluvius System Operator cv and its subsidiary, investments in joint ventures and associates - De Stroomlijn cv, Atrias cv and Synductis cv - and together they form the 'Group'.

Fluvius System Operator is the **independent multi-utility company** responsible for operating the distribution grids for electricity and natural gas; developing, operating, using and maintaining other pipeline-related utilities such as sewerage, water, public lighting; electronic communication networks; heat; data traffic; the management of heat and cold storage; exercising ancillary activities including the management of (strategic) participations; management and recording of metering data and managing the access register; carrying out tasks as a social energy supplier; and providing support to its shareholders, the local authorities in Flanders.

Fluvius carries out these tasks on behalf of and for the account of its shareholders, eleven intermunicipal associations or **'Mission Entrusted Associations'** (MEAs): Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas.

The grid assets themselves remain owned by the MEAs. The MEAs, active in the distribution of electricity and gas are also the holders of the licences to distribute electricity and gas granted by the Flemish energy regulatory authority, VREG.

Fluvius operates in all cities and municipalities in the Flemish Region (Belgium).

The company carries out its operational activities **at cost price** without charging any commercial margin to the Mission Entrusted Associations. This means that all costs incurred are passed through to the MEAs according to fixed allocation rules. On a monthly basis, Fluvius System Operator invoices each of the MEAs for the operational services rendered. The result of the Group is without profit or loss.

Fluvius System Operator's shareholders, together with this 'Group', Fluvius OV and Interkabel Vlaanderen cv form the **'Economic Group Fluvius'**, which also publishes its IFRS financial statements.

The Flemish energy regulator VREG has granted permission to the distribution system operators for energy Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE and Sibelgas to call on the services of the **operating company** Fluvius System Operator for electricity and gas. These authorisations shall apply until 25 September 2026 (electricity) and 14 October 2027 (gas) respectively. The term 'distribution system operator' (DSO) refers to MEAs that provide the regulated activities for the distribution of electricity and/or gas, under the supervision of VREG.



The Flemish Energy Decree stipulates that each MEA can call on only one operating company. All MEAs of the 'Economic Group Fluvius' have chosen Fluvius System Operator cv for this purpose. The latter can carry out its tasks with its own staff and can call upon statutory (permanent) staff via secondment.

On 1 April 2019, all contractual staff of the ex-Infrac MEAs and ex-Integan were taken over by Fluvius System Operator cv. In order to have the secondment take place via one company, all statutory staff of the ex-Infrac MEAs and ex-Integan were transferred to Fluvius OV.

The Group **employed** on average 4.986 persons during 2022 and called on 788 persons on average that are employed in Fluvius OV.

Fluvius has chosen to obtain a **rating** from the rating agencies 'Moody's Investor Services Ltd.' (Moody's) and 'Creditreform Rating AG' (Creditreform). Further information was included in the note 'Financial instruments: policy'.

For more information, visit our website www.fluvius.be

This financial report for the financial year ended 31 December 2022 was approved on 29 March 2023 by the Board of Directors.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standard Board (IASB) and endorsed by the European Union. The Group has not early adopted any new IFRS standard that is effective after 2022.

The consolidated financial statements are expressed in thousands of euro, which is the functional currency and presentation currency of the Group. They have been prepared with the assumption that business activities will be continued and under the historical cost convention method unless otherwise stated.

2.2 Principles of consolidation

The consolidated financial statements comprise all subsidiaries over which the Group has control. There is control when the Group has the power to direct the financial and operating policies of the entity so as to obtain benefits from its activities. Such a form of control is supposed to exist if the parent, directly or indirectly, holds more than half of the voting rights in the entity. The existence and impact of potential voting rights that were exercisable or convertible at that time, are being taken into consideration when judging whether the Group has the control to determine the financial and operating policies of another entity.

Subsidiaries are fully consolidated from the date on which the Group obtains control until the date on which control ends.

Investments in associates are companies in which a significant influence is exercised over the financial and operational policy, but over which there is no control. There is a rebuttable presumption of significant influence when 20% or more of the voting shares are held directly or indirectly.

Joint ventures are companies over which joint control is exercised. These investments are accounted for in the consolidation using the equity method as from the date on which that significant



influence or joint control is obtained until the date on which the significant control or joint control ceases.

The financial reporting of the subsidiaries, investments in joint ventures and associates is prepared for the same reporting year as that of the parent company, using consistent accounting principles. All intercompany transactions, balances and unrealized gains and losses between group companies are eliminated.

Non-controlling interest in the net assets of the consolidated subsidiaries has been individually reported in equity of the parent company. Non-controlling interest consists of the amount of that interest at the acquisition date and the non-controlling share in the equity changes since the date of the business combination. Realised and unrealised results are allocated to group and minority interests even if this would result in negative minority interests.

An overview of the Group's subsidiaries is set out in note 'List of group entities included in the consolidation'.

2.3 Significant accounting policies

The accounting policies are consistently applied consistently compared to last year's accounting.

a) Revenue recognition

Revenue from contracts with customers

The main revenue stream of the Group results from the *passing on of costs to mission entrusted associations* in the context of its role.

The revenue from passing these costs on to the mission entrusted associations is recognised when the costs are incurred. The costs incurred are charged on a monthly basis to the mission entrusted associations, being the shareholders.

The revenue stream from *construction works for third parties* includes various works performed for third parties for investment works and operating works.

The proceeds from construction works for third parties are valued on the basis of the remuneration which the Group expects to be entitled to as a result of the contract. The Group recognizes revenue once the performance obligations have been met, namely when the control is transferred to the customer. Revenue recognition follows the specific five-step model. Step 1 in this model is the identification of the contracts with the client; step 2 the identification of the obligations in the performance contracts; step 3 the determination the transaction price; step 4 the allocation of the transaction price to the performance obligations and revenue recognition and step 5 when the performance obligations have been fulfilled.

Other operating income

Other operating income includes various service recoveries and recovery of general expenses. For the recovery of services, revenue is recognised when the products are delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Finance income

Finance income includes mainly interest realized from lending on funds from the bond issuances and from the cash pool activities. This interest is recognized when acquired and for the period to which it refers (taking into account the asset's effective interest rate), unless collectability is doubtful.

b) Expenses

Expenses are recognized in the statement of profit or loss in the year in which they occur.



The finance costs include interests on loans, calculated using the effective interest rate method, and bank charges. All interest and other costs incurred in connection with financial transactions such as hedging options are recognized as financial expenses when they occur.

c) Intangible assets

Intangible assets are measured at cost less any accumulated amortizations and impairment losses. Intangible assets with a finite useful life are amortized on a straight-line basis over the expected useful life.

The annual amortization rate based on the estimated useful life is as follows:

Licences and similar rights	20,00%
Capitalized development costs	20,00%

d) Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The historical cost comprises the initial purchase price and any costs directly attributable to bringing the asset to the condition necessary for it to be operational in the manner intended by management.

Depreciation

Depreciation is recognized on a monthly basis in the statement of profit or loss on a straight-line basis as of the month following the date of bringing into use. Depreciation is calculated over the estimated useful life of each component of an item of property, plant and equipment and depreciation is assessed for reasonableness each year.

The expected useful life and depreciation method are reviewed every financial year and adjusted prospectively if necessary.

The annual depreciation rates based on the expected useful life are as follows:

Installation, machinery and equipment

Equipment and machinery	10,00%
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Furniture and vehicles

Furniture	10,00%
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Office equipment	20,00%
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Hardware	20,00% en 33,33%
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Others

Leasehold improvement	11,12%
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Test equipment (Electronic Vehicles in Action)	50,00%
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Repair and maintenance costs that do not increase the future economic benefits, are recognized in the statement of profit or loss as expenses incurred.

Gains and losses on sale



Any gain or loss arising from the sale of property, plant and equipment is included in the statement of profit or loss. They are recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs incurred or to be incurred can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

Impairment

For each of the Group's property, plant and equipment it is assessed on each statement of financial position date whether there are any indications of impairment for a particular asset. If any such indications exist, the recoverable amount of the asset has to be estimated.

Impairment has been recognized if an asset's carrying amount exceeds its recoverable value. Impairment has been charged directly to the statement of profit or loss.

e) Leasing

Right-of-use asset

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The annual depreciation rates are as follows:

Buildings	11,11% up to 33,33%
Installations, machinery and equipment	20,00%
Furniture and vehicles	20,00%

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease when it is reasonably certain that the termination option will be exercised by the Group. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate or the weighted average interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases with a value below 5.000 euro.

Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

f) Investments in joint ventures and associates

Investments in a joint venture and associates are accounted for using the equity method and are initially recognised at cost. The carrying amounts of the investments are adjusted to reflect changes in the Group's share of the net assets of the joint venture or associate since the acquisition date. The Group's share in the results of a joint venture and associate is recognised in the Group's income statement. This share in the results is not part of the operating profit and represents the profit/loss for the reporting period of the joint venture and associate.

g) Other investments

Investments are accounted for at trade date.

Investments in equity securities are undertakings in which the Group does not have significant influence or control. This is the case for companies where the Group holds less than 20% of the voting rights. Those investments are classified as financial assets and are measured at fair value. The effects of remeasurement are accounted for in the statement of profit or loss.

h) Inventories

Inventories include only raw materials and consumables.

The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at purchase cost. Their value is determined using the moving weighted average method.

An impairment is carried out for consumption goods or necessities that, due to their obsolescence, are no longer usable for operational purposes or of which the estimated sale price is below the net realizable value. If items of inventory have not been used for more than a year, an impairment loss of 100,00 % is recorded. This impairment loss is recognized as an expense in the statement of profit or loss.

i) Trade and other receivables

Trade and other receivables are measured at their amortized cost.

The Group has a relatively low risk regarding invoices to Mission Entrusted Associations due to the support they receive from the Flemish Government. These receivables do not contain a financing component. For these receivables and the long-term and short-term receivables from the Mission Entrusted Associations, an alternative approach is used to calculate a possible write-down. This involves evaluating the probability of default of the counterparty - to which the receivable relates - multiplied by the potential non-recoverable loss. This percentage is applied to the outstanding receivables to determine a possible write-down.

For the external customer group, a provision for doubtful debts is accrued based on the expected future losses and from the moment the receivable arises. The Group applies the simplified approach (simplified approach over 12 months) for calculating the expected credit loss (ECL). Receivables for which the risk of non-recovery is higher are analysed at their full maturity.

The impairment losses are recognized in the statement of profit or loss.



j) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn from credit institutions and other short-term, highly liquid investments (with a maximum maturity of 3 months), that are readily convertible to known amounts of cash. They are stated at face value, which approximates their fair value. For the purpose of the cash flow statement, they are presented as cash and cash equivalents.

k) Assets held for sale

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for the classification 'held for sale' is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as 'held for sale' are presented separately as current items in the statement of financial position.

l) Loans and borrowings

Interest bearing loans are recognized initially at their fair value less related transaction expenses. Subsequent to initial recognition, interest bearing loans are valued at amortized cost, in which any difference between the proceeds and the reimbursement is charged to the statement of profit or loss using the effective interest method over the maturity of the loans.

m) Employee benefit liability

Pension plans and other post-employment benefits

The contributions for defined contribution plans have been recognized as an expense at the moment when incurred. The provision for defined contribution pension plans is valued according to the 'Projected Unit Credit' method (PUC) without projection of the future premiums with a variable yield. The employer's portion of the pension plan Enerbel is calculated according to the PUC method with projection of the future premiums. The contribution by the employee is still calculated via the PUC method without projection of the future premiums as the employees' contributions do not depend on seniority.

The amount recognized in the balance sheet is the difference between this provision and the fair value of plan assets.

The Group's liabilities for the defined benefit plans, as well as for the subsequent costs, have been valued on the basis of the 'Projected Unit Credit' method. The amount recognized in the balance sheet represents the present value of the pension liabilities (Defined Benefit Obligation) mentioned, less the fair value of plan assets.

Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding interest) which is reflected in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. They are included in the statement of comprehensive income as items not to be reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.



The amounts recognized in the statement of profit or loss comprise service costs (including current service costs, past service costs, gains and losses on other long-term employee benefits as well as curtailments and settlements), net interest expense.

The Group presents the first two components of the defined benefit costs in the statement of profit or loss on the line item 'Employee benefit expenses' and 'Financial expenses'.

Other long-term employee benefits contain provisions for retirement and jubilee bonuses, deferred leave and overtime.

These benefits are treated in the same manner as pension plans. However, past service costs and actuarial gains and losses have immediately been recognized in the statement of profit or loss.

All pension liabilities are annually valued by a qualified actuary.

Right to reimbursement on post-employment employee benefits

A right of reimbursement on post-employment employee benefits has been recognized as an asset, since it is absolutely certain that another party (the shareholders, Mission Entrusted Associations) will take over all obligations relating to the personnel rights of the company's employees or retired employees.

The reimbursement rights are therefore recognized at the same value as the recognized employee benefit liabilities (fair value). The adjustments in the period as a result of changes in the assumptions or experience adjustments are all recognized as other comprehensive income as well as these adjustments for the reimbursement rights.

n) Derivative financial instruments

The Group uses derivative financial instruments (Interest Rate Swaps - IRS) to hedge the exposure to interest rate risks that arise from its financing activities. Derivative financial instruments are initially recognized at fair value. The gain or loss resulting from fluctuations in the fair value is immediately accounted for through the statement of profit or loss. The fair value of the interest rate swap was the estimated amount the Group would receive or pay to end the swap at the balance sheet date, taking into account the actual interest rate and the creditworthiness of the counterparty. The Group does not qualify for hedge accounting.

o) Trade and other liabilities

Trade and other liabilities are initially measured at their fair value and after initial recognition at amortized cost.

p) Taxes

Taxes payable include the expected tax liability on the year's taxable income and adjustments to tax liabilities of previous years. For the calculation of the taxes on the taxable income of the year, the tax rates used were those enacted (or substantially enacted) by the end of the reporting period.

Taxes on the result of the financial year comprise the tax expense payable. Income tax is recognized in the income statement. Current tax expense is the expected tax payable on the taxable income for the year, based on tax rates prevailing on the balance sheet date, and any adjustment to tax payable in prior years.

2.4 Summary of changes in accounting policies applicable as from 2022

The new standards and interpretations that are applicable from 1 January 2022 and do **not affect** the consolidated financial statements of the Group were the following:

- Amendments to IFRS 3 Business combinations – References to the conceptual framework



- Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract
- Annual Improvements Cycle - 2018-2020

2.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts of revenue and expenses.

The estimates and the underlying assumptions have been based on past experience and several other factors that are believed to be reasonable given the circumstances. The results thereof form the basis for the judgment on the carrying amount of assets and liabilities that could not be deduced in a simple way from other sources. The actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods, if the revision affects both current and future periods.

Pensions and other post-employment benefit plans

The cost of the pension plans and other long-term employee benefits and the present value of the pension obligation are determined using actuarial valuations. This involves making various assumptions that may differ from actual developments in the future. Due to the complexity of the actuarial calculations and the long-term nature of the obligation, the defined benefit obligation is highly sensitive to changes in the assumptions. The major assumptions and the sensitivity analysis are disclosed in the note 'Pensions and other post-employment benefit plans'.

Right-of-use assets and lease liabilities: defining the lease period of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised.

The Group has the option, under some of its leases (rent of buildings), to lease the assets for additional terms of three to five years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. If the renewal option is reasonably certain to be exercised, this lease term is included.

Fair value of financial instruments

The following methods and assumptions have been used to estimate the fair values (see note 'Financial instruments: risks and fair value'):

Cash and short-term deposits, trade receivables (after deduction of provisions), trade payables and other current liabilities approximate the carrying amounts as to the short-term maturity of these instruments.

The fair value of the unquoted other investments is based on the latest available financial information.

The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use fair value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants.



The fair value of the quoted bond loans is based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other) at the reporting date.

Conflict in Ukraine

The Group has no operations in Ukraine or Russia, so there are no direct financial consequences. However, all companies and individuals are experiencing the economic consequences of increasing volatility in the financial and energy markets. This is reflected in rising inflation and interest rates, and in sharp price increases for electricity and especially gas.

For Fluvius, the aforementioned developments mean, among other things:

- ✓ that (re)financing borrowed for the entities of the Fluvius Economic Group has become more expensive than was the case in the recent past when interest rates were at very low levels;
- ✓ that the fair value of the pension funds has declined sharply compared to the year-end 2021, but that the value of the pension liabilities has fallen substantially due to the rising discount rate.

In response to the energy crisis and high inflation and to support consumption, the federal and Flemish governments have taken temporary measures for the benefit of citizens including a VAT reduction for electricity to 6%, extension of the social tariff, granting a basic energy package through price intervention for electricity and gas.

It was also decided to speed up the implementation of the digital meter and the completion of the public lighting system's switch to led. At the request of the municipalities, public lighting was also dimmed during certain hours of the night.

Fluvius supports herewith the municipalities but also facilitates energy-saving measures for companies and individuals. New rules to obtain premiums for rational energy use were issued on 1 July 2022 and a new application platform for premiums was launched on 1 October 2022 in cooperation with Wonen Vlaanderen (website Mijn Verbouwpremie).

Below is an overview of the effects and references to the various explanations:

Description	Note
Interest charges with banks rise following rising interest rates on the financial markets	Financial results
The fair value of pension funds decreased sharply compared to year-end 2021, but the value of pension liabilities decreased sharply due to the rising discount rate	Employee benefit liabilities
Cost of goods purchased increased in 2022 due to inflation	Cost of trade goods
Salaries and social charges increased due to 10% indexation	Employee benefit expenses
Inventories increased due to anticipation of longer delivery terms	Inventories
The affordability of electricity and gas is becoming problematic for more Flemish end-users, increasing the risk of non-payment and possibly bringing more end-users temporarily into the social system	Trade and other receivables, receivables cash pool activities and Financial instruments: policy
Certain energy suppliers run into financial difficulties under these circumstances, requiring them to be denied access to the distribution network and Fluvius to act as emergency supplier for the end customers concerned	Trade and other receivables, receivables cash pool activities and Financial instruments: policy

Energy transition and climate objectives

During the international climate summit (late 2019), a 'European Green Deal plan' was developed by the European Commission. This plan has the ambition to make Europe climate neutral by 2050. This plan is therefore 'the' great challenge of the future.

In order to meet these ambitious targets, Europe wants to take the following steps: developing a climate law, adjusting the climate target to at least 50% carbon dioxide emissions by 2030, revising the climate directives and energy taxes, developing a circular economy and introducing a carbon tax. The necessary funding will be required to realise these plans.

In Belgium, the federal decision was reached to limit the tax deductibility of company cars to electric cars as from 2026. In Flanders, two policy frameworks have been developed to achieve the climate objectives: the Climate Strategy 2050 with a vision to evolve towards a climate-neutral society and



the Flemish Energy and Climate Plan as it was developed by the Flemish Government at the end of 2021 with concrete sectoral measures (related to mobility, heating, industry, etc.) to reduce greenhouse gases by 2030. The Flemish government is focusing mainly on electrification.

In this context, Fluvius has evaluated its activities and developed an investment plan for the electricity grid based on the societal context outlined above. The additional investments are estimated at four billion EUR for the period 2023-2032 on top of the planned investments that would be necessary without the energy transition. Following a public consultation, the Flemish energy regulator VREG must decide whether Fluvius's investment plan will be approved. This approval process is ongoing (see note 'Interest bearing borrowings and loans').

As far as gas distribution is concerned, the distribution network will hardly expand and customers will eventually have to switch to alternatives (green gas - biomethane, green hydrogen - and power-to-gas). Investments in gas will therefore be limited to almost half by 2032, to EUR 88 million.

2.6 Standards issued but not yet effective

The standards, amendments to standards and interpretations that were issued but not yet effective on the publication date of the Group's consolidated financial statements are not expected to have a significant impact on the Group's consolidated financial statements. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (the 2020 amendments and 2022 amendments), effective 1 January 2024*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies*, effective 1 January 2023
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates, effective 1 January 2023
- Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023
- Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and, effective 1 January 2024*
- Amendments to IFRS 17 *Insurance contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective 1 January 2023
- IFRS 17 *Insurance Contracts*, effective 1 January 2023

* Not yet endorsed by the EU at 22 December 2022

2.7 Segment reporting

The Management Committee, responsible for the day-to-day management and operational operation of Fluvius System Operator (Fluvius SO) and its subsidiary, joint ventures and associates, is informed of the financial data on the basis of reporting in accordance with Belgian accounting standards. This reporting includes all costs generated by the operating company for the Flemish Mission Entrusted Associations.

Through a new allocation system these costs, passed on to the Flemish MEAs and invoiced to third parties, can be broken down by product type as electricity, gas and other (including sewerage, telecom, public lighting). The segmentation of the operating income as shown below, is based on Belgian accounting standards.



(In thousands of EUR)	Electricity	Gas	Other	BEGAAP consolidated	IFRS
31 December 2022	1.200.411	397.556	340.333	1.938.300	1.943.672

All the Group's transactions take place in Flanders, Belgium.



Performance of the year

3 Operating revenue

(In thousands of EUR)	2022	2021
Recharge of costs to the distribution system operators	1.785.915	1.613.464
Construction works for third parties	157.757	148.859
Revenue from contracts with customers	1.943.672	1.762.323
Other operating revenue	67.972	77.483
Total	2.011.644	1.839.806

Operating revenue amounts to 2.011.644 k EUR at 31 December 2022 and 1.839.806 k EUR at 31 December 2021, an increase of 171.838 k EUR.

Revenue from contracts with customers

The income from recharging costs to the MEAs amounted to 1.785.915 k EUR at the end of 2022 and 1.613.464 k EUR at the end of 2021, an increase of 172.451 k EUR. This increase is the result of the increased costs (see notes 4 to 7), which are passed on in full to mainly the MEAs.

Indeed, within the framework of the main assignment of Fluvius System Operator, tasks are performed for its shareholding, MEAs and the associated costs are passed on to these shareholders at cost. Revenues therefore reflect the costs resulting from this transaction (see note 'Related parties').

The billing of '**Construction works for third parties**' amounts to 157.757 k EUR (2021: 148.859 k EUR) and contain mainly the interventions for investment works for third parties and various works executed by De Stroomlijn for its shareholders.

Below is the detail of the pass-through to the major customers (mainly MEAs) generating more than 10% during the period:

Company	2022		2021	
	Revenue in k EUR	% relative to revenue	Revenue in k EUR	% relative to revenue
Gaselwest	206.201	10,6%	181.646	10,3%
Imewo	300.896	15,5%	275.280	15,6%
Iverlek	261.147	13,4%	219.972	12,5%
Fluvius Limburg	318.405	16,4%	279.642	15,9%
Fluvius Antwerpen	271.863	14,0%	263.617	15,0%
Other	585.160	30,1%	542.166	30,7%
Total	1.943.672	100,0%	1.762.323	100,0%

The '**Other operating revenue**' mainly comprises recoveries (2022: 50.537 k EUR; 2021: 60.400 k EUR) from operating activities, including connections (2022: 24.037 k EUR; 2021: 24.049 k EUR),



the recovery of overheads such as the installation of the digital meter whereby the other utility companies are charged for their respective share (2022: 15.481 K EUR; 2021: 22.718 k EUR) as well as recoveries from employees (2022: 11.493 k EUR; 2021: 10.985 k EUR). Furthermore, this item includes recoveries for grid-related costs as groundworks in synergy, supervision, site coordination and public service obligations (2022: 1.316 k EUR; 2021: 2.059 k EUR) and insurance (2022: 8.172 k EUR; 2021: 6.963 k EUR).

4 Cost of trade goods

Trade goods, raw materials and consumables amount to 253.907 k EUR on 31 December 2022 and 204.564 k EUR on 31 December 2021, an increase of 49.343 k EUR.

(In thousands of EUR)	2022	2021
Purchase of consumables	291.504	248.375
Inventory movements	-37.867	-43.663
Other	270	-148
Total	253.907	204.564

Purchases of consumables increased by 43.129 k EUR or 17,4% following increasing activities and rising prices during 2022 (rising inflation).

5 Cost for services and other consumables

(In thousands of EUR)	2022	2021
Cost contractors for grid construction and maintenance	598.612	544.235
Cost for direct purchases	70.433	83.454
Fee for usage of installations including charges	87.555	84.340
Advertising, information, documentation, receptions a.o.	8.048	5.085
Subsidy for rational use of energy (RUE)	94.269	70.903
Contracts and administration costs	34.428	26.579
Consultancy and other services	127.463	133.817
Other	63.086	48.237
Total	1.083.894	996.650

Cost for services and other consumables amount to 1.083.894 k EUR at 31 December 2022 and 996.650 k EUR at 31 December 2021, an increase of 87.244 k EUR.

The increase of this section is mainly due to the increase of the item 'Cost contractors for grid construction and maintenance' of networks by 54.377 k EUR and the item 'Subsidy for rational



energy' consumption by 23.366 k EUR compensated by the decrease of the item 'Cost for direct purchases' by 13.022 k EUR.

Cost contractors for grid construction and maintenance of grids increases due to the accelerated roll-out of digital meters.

The item 'Cost for direct purchases' decreases due to the decrease in grid-related purchases (2022: 29.318 k EUR; 2021: 36.424 k EUR). and lower purchases of non-grid related materials (2022: 32.523 k EUR; 2021: 41.368 k EUR) such as purchase of mobile equipment, IT materials, fixtures and other.

The item 'Fees including the use of installations and charges' amounts to 87.555 k EUR in 2022 and 83.340 k EUR for 2021. The nature of these costs is as follows: recharged costs of office equipment, warehouses, distribution installations and various fixed assets, including short term leases (2022: 34.231 k EUR; 2021: 34.612 k EUR); contractual fees for support, service fee, maintenance and IT costs (2022: 10.843 k EUR; 2021: 16.218 k EUR); IT-related fees related to platform management by third parties and licence fees to be considered as service costs (2022: 23.100 k EUR; 2021: 18.315 k EUR) and fees (retributions) paid for the use of the public domain in the context of works carried out (2022: 19.381 k EUR; 2021: 15.195 k EUR).

The item *Rational Use of Energy (RUE)* paid to private individuals and companies are recognized as an expense in the statement of profit or loss.

These premiums are granted to individuals and companies that invest in energy-efficient applications (installing insulation, high-efficiency glazing, relighting) and renewable energy applications (solar water heater, heat pump, heat pump boiler). These premiums are evaluated every year in consultation with the Flemish government and can vary in size and application. A RUE action plan is agreed on per calendar year.

Subsidy for rational use of energy (RUE) amounts to 94.269 k EUR at 31 December 2022 and 70.903 k EUR at 31 December 2021, an increase of 23.366 k EUR.

These costs reflect the payment of premiums for RUE requested by individuals and companies.

In 2022, premiums could be applied for insulation (roofs, walls, floor and glazing), renewable energy premiums (solar water heater, heat pump, heat pump boiler) and additional premiums for protected customers or vulnerable tenants. Since 1 October 2022, a new website was made available for these energy premiums and the renovation premium on www.Mijnverbouwpremie.be.

During 2021, premiums could be requested for insulation (roof, floor and basement), high-efficiency glazing, heat pump, heat boiler and solar water heater.

The item 'Other' mainly comprises utility costs (2022: 18.662 k EUR; 2021: 4.738 k EUR), costs for communication (2022: 11.310 k EUR; 2021: 11.561 k EUR), transportation (2022: 5.372 k EUR; 2021: 5.432 k EUR), insurance (2022: 4.896 k EUR; 2021: 4.436 k EUR); costs for studies and analyses (2022: 5.893 k EUR; 2021: 5.278 k EUR) and other.

All of these costs have been recharged mainly to the Mission Entrusted Associations.



6 Employee benefit expenses

(In thousands of EUR)	2022	2021
Remunerations	375.731	341.711
Social security contributions	90.578	81.982
Contributions to defined benefit plans and other insurances	51.182	44.909
Other personnel costs	128.498	127.811
Total	645.989	596.413

Employee benefit expenses amount to 645.989 k EUR at 31 December 2022 and 596.413 k EUR at 31 December 2021, an increase of 49.576 k EUR

The items 'Remunerations' and 'Social security contributions' increase with an amount of 34.050 k EUR and 8.596 k EUR each or with 10%. This increase reflects the inflation during 2022 since the remunerations are adjusted on a monthly basis for incurred inflation.

The 'Contributions to defined benefit plans and other insurances' increase with 6.273 k EUR to an amount of 51.182 k EUR. This increase is due to additional contributions in the pension plans as a result of the redetermination of the financing rates.

The Energy Decree stipulates that every MEA can rely on only one operating company. All MEAs, shareholders of the Group, have selected Fluvius System Operator cv to carry out their assignments with its own personnel. Fluvius System Operator can appeal to statutory (permanent) staff via secondment.

In order for the secondment to take place via a single company, all statutory staff of the ex-Infrac MEAs and ex-Integan have been transferred to Fluvius OV. This company passes on its costs to Fluvius System Operator cv.

The item 'Other personnel costs' includes these personnel costs as well as costs charged through by third parties.

The average number of employees amounted to 4.986 persons in 2022.

7 Depreciation, amortization, impairment and changes in provisions

(In thousands of EUR)	2022	2021
Amortization of intangible assets	629	610
Depreciation of property, plant and equipment and right-of-use assets	12.490	13.023
Total amortization and depreciation	13.119	13.633
Impairment of trade receivables	2.234	12.562
Changes in provisions	-1.321	-115
Total	14.032	26.080



The depreciation contains the depreciations of intangible assets (2022: 629 k EUR; 2021: 610 k EUR), property, plant and equipment (2022: 925 k EUR; 2021: 1.193 k EUR) and also of the right of use assets (2022: 11.565 k EUR; 2021: 11.830 k EUR).

The impairment losses on trade receivables include both additions and reversals of impairment losses. See notes 'Trade and other receivables' and 'Financial instruments: policy'.

The item 'Changes in provisions' includes the write back of the provision, other (see note 'Employee benefit provisions') regarding pension benefits that do not qualify for recognition under IAS19.

8 Financial results

(In thousands of EUR)	2022	2021
Interest income Mission Entrusted Associations	112.942	114.207
Interest income banks	161	1
Interest income, derivative financial instruments	4.836	1.867
Other financial income	1.491	905
Total financial income	119.430	116.980
Interest expenses Mission Entrusted Associations	1.309	917
Interest expenses banks	4.669	1.903
Interest expenses bond loans	110.082	115.006
Interest expenses, derivative financial instruments	0	0
Other financial expenses	8.122	6.926
Total financial expenses	124.182	124.752

The interest income was principally realized from the interest on the loans to the Mission Entrusted Associations, as well as the interest on the cash pool activities with the Mission Entrusted Associations.

Other financial income mainly comprises financial discounts (183 k EUR in 2022 176 k EUR in 2021).

The interest expenses were the result of the interest on the bond loans, loans with the banks and partly from the cash pool activities with the Mission Entrusted Associations.

Bank interest expenses rise from 1.903 k EUR at the end of 2021 to 4.669 k EUR following rising interest rates in the financial markets.

The other financial expenses mainly comprise costs for issuing loans (3.235 k EUR in 2022; 4.236 k EUR in 2021), interest on leasing (1.463 k EUR in 2022; 1.113 k EUR in 2021), interest costs on defined benefits liabilities (3.096 k EUR in 2022; 1.151 k EUR in 2021).



9 Income tax expenses

(In thousands of EUR)	2022	2021
Current income tax expenses	-6.891	-6.950
Current income tax expenses on previous year result	-339	-192
Total income tax expenses	-7.230	-7.142

Income tax expenses on the result amount to 7.230 k EUR on 31 December 2022 and 7.142 k EUR on 31 December 2021, an increase of 88 k EUR.

The current tax liabilities amount to 3.036 k EUR at the end of 2022 (2021: 2.307 k EUR).

The statutory Belgian corporate tax rate is 25,00% and is calculated on the taxable base. This includes the result of the financial year as well as costs that, according to taxation, cannot be deducted from the result. These non-deductible costs thus include rejected expenses mainly related to car expenses (2022: 1.619 k EUR; 2021: 1.753 k EUR) and social and employee benefits (2022: 17.482 k EUR; 2021: 17.201 k EUR).

These income tax expenses consist of prepaid taxes and withholding taxes for the financial year 2022 (5.569 EUR; 2021: 5.575 k EUR), the estimated income taxes for 1.322 k EUR (2021: 1.375 k EUR) and a regularisation for the previous financial years for 339 k EUR (2021: 192 k EUR). In total, 6.499 k EUR of taxes were paid during 2022 (2021: 7.039 k EUR) relating on the one hand to previous financial years (2022: 930 k EUR; 2021: 1.464 k EUR) and on the other hand to prepaid taxes (2022: 5.569 k EUR; 2021: 5.575 k EUR).



Assets

10 Intangible assets

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2022	5.024	2.806	7.830
Acquisitions	70	0	70
Other	-3.102	3.102	0
Acquisition value at 31 December 2022	1.992	5.908	7.900
Amortization and impairment at 1 January 2022	4.884	1.958	6.842
Amortization	67	562	629
Other	-3.102	3.102	0
Amortization and impairment at 31 December 2022	1.849	5.622	7.471
Net book value at 31 December 2022	143	286	429

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2021	4.931	2.806	7.737
Acquisitions	93	0	93
Acquisition value at 31 December 2021	5.024	2.806	7.830
Amortization and impairment at 1 January 2021	4.834	1.398	6.232
Amortization	50	560	610
Amortization and impairment at 31 December 2021	4.884	1.958	6.842
Net book value at 31 December 2021	140	848	988



11 Property, plant and equipment

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Others	Total
Acquisition value at 1 January 2022	199	94.616	2.996	97.811
Acquisitions	0	379	1	380
Sales	0	0	-90	-90
Disposals	-1	-1	-58	-60
Acquisition value at 31 December 2022	198	94.994	2.849	98.041
Depreciation and impairment at 1 January 2022	114	93.300	1.924	95.338
Depreciation	20	594	311	925
Sales	0	0	-90	-90
Disposals	0	0	-60	-60
Depreciation and impairment at 31 December 2022	134	93.894	2.085	96.113
Net book value at 31 December 2022	64	1.100	764	1.928

(In thousands of EUR)	Installation, machinery and equipment	Furniture and vehicles	Others	Total
Acquisition value at 1 January 2021	185	94.479	2.919	97.583
Acquisitions	14	137	90	241
Acquisitions from third parties	0	0	30	30
Sales	0	0	-43	-43
Acquisition value at 31 December 2021	199	94.616	2.996	97.811
Depreciation and impairment at 1 January 2021	95	92.443	1.620	94.158
Depreciation	19	857	317	1.193
Acquisitions from third parties	0	0	30	30
Sales	0	0	-43	-43
Depreciation and impairment at 31 December 2021	114	93.300	1.924	95.338
Net book value at 31 December 2021	85	1.316	1.072	2.473

During the years 2022 and 2021, no impairment had to be taken.



As of 31 December 2022 and 2021, there were no limitations on ownership and on property, plant and equipment which serve as guarantee for obligations.

There were no commitments for the acquisition of property, plant and equipment at the end of 2022 and 2021.

12 Right-of-use assets and lease liabilities

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2022	24.280	1.705	35.599	61.584
Acquisitions	2.305	0	6.321	8.626
Disposals	-641	-202	-5.073	-5.916
Other	-5.578	0	-454	-6.032
Acquisition value at 31 December 2022	20.366	1.503	36.393	58.262
Depreciation and impairment at 1 January 2022	7.014	1.215	19.219	27.448
Depreciation	4.500	202	6.864	11.566
Sales and disposals	-641	-203	-4.682	-5.526
Depreciation and impairment at 31 December 2022	10.873	1.214	21.401	33.488
Net book value at 31 December 2022	9.493	289	14.992	24.774
(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Total
Acquisition value at 1 January 2021	22.750	1.182	31.896	55.829
Acquisitions	6.990	523	4.598	12.111
Disposals	-5.460	0	-895	-6.355
Acquisition value at 31 December 2021	24.280	1.705	35.599	61.585
Depreciation and impairment at 1 January 2021	7.298	906	12.411	20.615
Depreciation	3.952	308	7.570	11.830
Disposals	-4.236	0	-762	-4.997
Depreciation and impairment at 31 December 2021	7.014	1.215	19.219	27.447
Net book value at 31 December 2021	17.267	491	16.380	34.138



Below are the lease commitments and the movements during 2022 and 2021:

(in thousands EUR)	2022	2021
Lease liabilities at 1 January	34.959	35.917
Additions	2.206	10.754
Accretion of interest	1.463	1.113
Payments	-12.889	-12.825
Lease liabilities at 31 December	25.739	34.959
Non-current lease liabilities	17.138	24.860
Current lease liabilities	8.601	10.099

The lease liabilities as at 31 December 2022 related to land and buildings amounted to 9.778 k EUR (2021: 17.529 k EUR, installations, machinery and equipment for 293 k EUR (2021: 494 k EUR) and furniture and vehicles for 15.668 k EUR (2021: 16.936 k EUR).

The following discount rates have been used to determine the lease liability:

- For buildings: 2,00% and 3,08%
- For IT equipment: 2,00%
- For vehicles: between 3,00% and 6,00%

13 Investments in other companies

Investments in joint ventures and associates amount to 17 k EUR at the end of 2022 and 17 k EUR at the end of 2021. They are held in Atrias cv and Synductis cv.

On 9 May 2011, Atrias cv was established as a joint initiative of Belgium's largest energy distribution operators Fluvius, Ores, Sibelga and RESA.

Atrias is a central clearing house for the Distribution System Operators and is charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application. MIG describes how the communication flow between the various players of the energy market should happen.

The Group has acquired 50% (2021: 50%) of the shares representing an amount of 9 k EUR (2021: 9 k EUR).

Atrias is an unlisted company and has no official price quotation.

Synductis cv was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance of the works.

Fluvius System Operator participates in Synductis for an amount of 8 k EUR and the share percentage amounts to 34,38% at the end of 2022 and 34,47% at the end of 2021.

Synductis is an unlisted company and has no official price quotation.



The Group receives its share of the operating costs of Atrias and Synductis. But the Group also grants services and funding (see note 'Related parties').

14 Other investments

Other investments amount to 863 k EUR at 31 December 2022 and 828 k EUR at 31 December 2021.

The other investments comprise the participations held by the Group in the business centres situated in the distribution area of Gaselwest (business centres Kortrijk, Flemish Ardennes and Waregem) and Imewo (business centres Bruges and Ghent).

During 2021 the business centre Ostend was sold. The effect of this transaction (3 k EUR loss) was recognised in the financial result.

Also, the Group has a participation in the company Duwolim cv, which aims to reduce energy consumption at home.

15. Rights to reimbursement on post-employment employee benefits

The costs related to the employee benefit liabilities are recoverable from the Mission Entrusted Associations. Rights to reimbursement on post-employment employee benefits amount to 154.869 k EUR at 31 December 2022 and 196.584 k EUR at 31 December 2021 (see note 'Pensions and other post-employment benefit plans').

16 Derivative financial asstes

The Group has entered into an interest rate swap in order to convert the variable interest rate on long-term loans into a fixed interest rate.

Derivative financial instruments amount to 704 k EUR at 31 December 2022 and at 31 December 2021 a liability was recorded amounting to 4.133 k EUR.

The changes in the fair value are recognized in the income statement (see note 'Financial results').

The fair value of derivative financial instruments entered into for hedging the interest rate risk is calculated on the basis of the discounted expected future cash flows taking into account current market interest rates and the yield curve for the instrument's remaining maturity.

Overview of the derivative financial instruments as per 31 December 2022 and 2021

An interest rate swap within the framework of the original 70.000 k EUR loan with a maturity of 20 years concluded in September 2011 entered into force in September 2011.



17. Short- and long-term receivables, other

(In thousands of EUR)	2022	2021
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN programme*)	700.000	500.000
Total short-term receivables	700.000	500.000
Receivable from MEA following lending-on funds from issuance bonds with private investors (retail)	200.000	200.000
Receivable from MEA following lending-on funds from issuance bonds with European institutional investors (EMTN programme*)	3.910.500	3.909.108
Receivable from MEA following lending-on funds from issuance bonds with institutional investors (stand alone)	440.000	440.000
Receivable from MEA following lending-on funds from bank loan with fixed interest rate)	550.000	200.000
Other	40.287	47.619
Total long-term receivables	5.140.787	4.796.727

*Euro Medium Term Note (EMTN) programme – see note ‘Financial instruments’

The item ‘Short-term and long-term receivables’ includes the receivables to the MEAs following lending on the funds received from the issuance of the bond loans by the operating company since 2010.

The terms of the long-term loans to the Mission Entrusted Associations were identical to those of the respective bond loans (see note ‘Interest bearing loans and borrowings’).

The long-term receivables from the MEAs increase with 351.392 k EUR. During 2022 new bond loans of 700.000 k EUR and a bank loan of 350.000 k EUR were on-lent to the MEAs, increasing the receivables. Also, two bond loans for a total of 700.000 k EUR will come to maturity in 2023 and therefore were moved to short-term.

The item ‘Other’ of the long-term receivables merely contains the financing lent on to a subsidiary (see note ‘Related parties’), as well as receivables arising from recharged revenues and costs to the MEAs and guarantees.

18 Inventories

(In thousands of EUR)	2022	2021
Raw materials and consumables	171.347	146.331
Accumulated impairment on inventories	-7.627	-5.215
Total	163.720	141.116

The inventory increased as a result of the build-up of materials following the roll-out of digital meters, the installation of led for public lighting and the inventory of grid-related goods.



Furthermore, longer delivery periods were anticipated due to the raw material shortage as a result of the economic recovery after the pandemic and rising raw material and material costs due to rising inflation.

The part of the inventory relating to the activity that will be discontinued amounts to 11.803 k EUR and was included in the item 'Assets held for sale' (see note 'Assets held for sale').

The net write-back on impairment losses amounted to 2.412 k EUR in 2022 (2021: 194 k EUR net write-back). These amounts have been included in the profit or loss account.

19 Trade and other receivables, receivables cash pool activities

(In thousands of EUR)	2022	2021
Trade receivables - gross	296.384	331.940
Impairments on trade receivables	-40.654	-38.419
Trade receivables - net	255.730	293.521
Other receivables	77.972	51.194
Total trade and other receivables	333.702	344.715
Receivables cash pool activities	277.027	417.318

The '**gross trade receivables**' amount to 296.384 k EUR at the end of 2022 and 331.940 k EUR at the end of 2021, a decrease of 35.556 k EUR.

The trade receivables mainly consist of receivables with the Mission Entrusted Associations and energy suppliers. These trade receivables amounted to 193.669 k EUR at the end of 2022 and 244.752 k EUR at the end of 2021. The receivables from the MEAs are the result of passing on the costs of the operating company to the MEAs for which no settlement had yet taken place.

Besides, receivables are recorded relating to an external customer group. These receivables arise from the invoicing for work carried out (connections, installation of electricity and gas pipelines), damage claims, invoicing for Energy Services to Local Authorities and Energy Service Companies (EDLB/ESCO), maintenance of public lighting and invoicing to Ministries. These receivables remain at the same level as last year. It was necessary to recognise additional impairments (2022: 40.654 k EUR; 2021: 38.419 k EUR). This increased impairment was the result of incorrectly requested contributions for green certificates (see note 'Depreciation, amortization, impairment and changes in provisions' and 'Financial instruments: risks and fair value').

At 31 December 2022 no credit notes were issued (-4.384 k EUR at 2021)

The '**Other receivables**' amount to 77.972 k EUR at the end of 2022 and 51.194 k EUR at the end of 2021. These receivables mainly include the amount of VAT for an amount of 17.104 k EUR at the end of 2022 (2021: 5.895 k EUR) and the accrued interest to be received from the MEAs in relation to the on-lending of the bonds for an amount of 44.825 k EUR (2021: 31.896 k EUR).

The item '**Receivables cash pool activities**' comprises the positive balances on the accounts of the Mission Entrusted Associations related to the cash pool and should be evaluated together with the item 'Liabilities cash pool activities' where the negative balances are included.



The information regarding outstanding balances with the associate was included in note 'Related parties'.

Payment terms

The payment terms for private and professional customers are 30 days, for municipalities 60 days and Ministries 90 days.

20 Cash and cash equivalents

Cash and cash equivalents amount to 79.144 k EUR at 31 December 2022 and 62.904 k EUR at 31 December 2021. These comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.

Due to the borrowing during the year 2022 and 2021, these 'surpluses' of cash were temporarily held as cash.

All resources are reported in EUR.

21 Assets held for sale

On 19 July 2022, Fluvius and Telenet announced that they had reached a binding agreement for a partnership around "the data network of the future" in Flanders.

Both companies will establish a new independent self-financing infrastructure company (working name "NetCo") that will bring together the fixed network assets of both companies. Telenet will own 66,8% and Fluvius 33,2% of the new entity, through a joint holding company.

Fluvius will transfer its existing hybrid fibre coaxial (HFC) network and fibre assets (owned by the MEAs, shareholders of Fluvius S.O., and by Interkabel Vlaanderen cv) to NetCo as well as the long-term lease agreement for its current network in about one-third of Flanders. This agreement will cease to exist from the date the transaction closes. For Fluvius S.O., the part of the inventory relating to these activities will be transferred to NetCo.

NetCo will invest in the gradual evolution of the current HFC network into a fibre-to-the-home (FTTH) network, with a target of 78% of the combined footprint in Flanders by 2038 through a combination of in-house construction and/or possible cooperation with external partners. NetCo's partners are convinced that this initiative can prepare the Flemish Region for tomorrow's digital life and prevent a new digital divide. The approval process in the corporate bodies of Fluvius S.O., Interkabel Vlaanderen cv and the MEAs regarding the further formalisation of the agreement reached between Fluvius and Telenet, to realise fast internet in Flanders through a joint company, was completed in December 2022.

The transaction has yet to be given the green light in regulatory procedures such as those before the European Commission. Fluvius and Telenet are fully cooperating in this regard, and in a constructive manner, in order to bring this to a successful conclusion as soon as possible. This means that the launch of NetCo will take place rather towards the summer of 2023.

In accordance with the provisions of IFRS 5 'Non-current assets held for sale and discontinued operations', this transaction was recognised as 'Assets held for sale'.

The assets in this transaction are the inventory assets as held for these activities. On 31 December 2022, the value of these amounted to 11.803 k EUR.



Liabilities

22 Equity

The separate components of shareholders' equity and the movements therein from 1 January 2021 until 31 December 2022 are included in the 'Statement of changes in equity'.

Equity amounts to 1.284 k EUR at 31 December 2022 and 1.284 k EUR at 31 December 2021. This capital is represented by A shares without nominal value. These A shares carry voting rights and are entitled to dividends. The contribution outside capital, other was fully issued and paid up.

The shares are nominative in the name of the Flemish Mission Entrusted Associations.

Below is the breakdown of the Contribution excluding capital, other per MEA.

Mission entrusted associations	Amount in euro of voting shares	Amount of voting shares
Gaselwest	133.227	2.687.523
Fluvius Antwerpen	222.546	4.688.069
Fluvius Limburg	231.332	4.666.524
Imewo	186.744	3.767.084
Fluvius West	67.277	1.357.143
Intergem	91.258	1.840.902
Iveka	87.688	1.570.114
Iverlek	172.853	3.486.875
PBE	46.855	945.183
Riobra	19.551	394.394
Sibelgas	24.644	497.124
Total	1.283.975	25.900.935

The **reserves and the available contribution, issuance premium** remain unchanged and amount to 213 k EUR at 31 December 2022 and 31 December 2021.

The reserve was formed out of profits to be distributed at a rate of 5,00% up to a maximum of 10,00% of the assigned capital.

The Group's **results** are in all cases without profits or losses, since all operational costs can be billed through to mainly the Mission Entrusted Associations.

Contributions excluding capital, reserves and retained earnings amounts to 1.517 k EUR at 31 December 2022 and 1.517 k EUR at 31 December 2021.

The non-controlling interest comprises the participation held by Farys/TMVW in De Stroomlijn cv and also the participation of De Watergroep in De Stroomlijn cv (7 k EUR).



23 Interest-bearing loans and borrowings

(In thousands of EUR)	2022	2021
Long-term loans	5.105.241	4.810.494
Current portion of long-term loans	753.036	502.958
Short-term loans	300.000	460.120
Short-term loans	1.053.036	963.078
Total	6.158.277	5.773.572

Long and short-term loans amount to 6.158.277 k EUR at 31 December 2022 and 5.773.572 k EUR at 31 December 2021, an increase of 384.705 k EUR.

This increase is primarily due to new long-term financing for a total nominal value of 1.050.000 k EUR, the repayment of long-term financing for 503.500 k EUR, the borrowing of short-term financing for 300.000 k EUR and the repayment of short-term financing for 460.120 k EUR. The cash and cash equivalents that had not yet been allocated at 31 December were held provisionally as cash.

The **movements of the long- and short-term loans** can be analyzed as follows:

(In thousands of EUR)	2022		2021	
	Cash	Non-cash	Cash	Non-cash
Total as at 1 January	5.773.572		4.969.925	
Movements on non-current loans (LT)				
Proceeds of non-current loans	1.045.031	0	1.391.044	0
Change in non-current loans	0	2.648	0	3.314
Transfer of short-term portion of LT loan to ST	0	-752.932	0	-502.896
Movements on current loans (ST)				
Proceeds of current loans	300.000	0	460.120	0
Transfer of short-term portion from LT loan to ST	0	752.932	0	502.896
Change in current loans	0	646	0	269
Repayment of short-term portion of long-term loan	-503.500	0	-503.500	0
Repayment current loans	-460.120	0	-547.600	0
Total movements	381.411	3.294	800.064	3.583
Total at end of reporting period	6.158.277		5.773.572	

The description 'Change in non-current and current loans' includes the recognition/derecognition of the premium/discount of various loans.



Loans on long-term

This item **contains** the debts relating to the issue of private placements, bond loans since 2010 and the borrowing of bank loans.

The following additional loans were taken during 2021 and 2022:

(In thousands of EUR)	2022	2021	Initial amount	Interest rate %	Maturity
Bank loans - Fixed interest rate	149.868	0	150.000	1,57	2027
Bond issue - EMTN*	496.046	0	500.000	4,00	2032
Bond issue - EMTN*	49.909	0	50.000	4,28	2034
Bond issue - EMTN*	49.799	0	50.000	4,78	2042
Bond issue - EMTN*	49.908	0	50.000	4,63	2034
Bond issue - EMTN*	14.961	0	15.000	4,61	2034
Bank loans - Fixed interest rate	199.805	0	200.000	3,25	2027
Bond issue - EMTN*	34.858	0	35.000	4,25	2042
Total 31 December 2022	1.045.154		1.050.000		
Bond issue - EMTN*	99.631	99.595	100.000	0,81	2033
Bond issue - EMTN*	497.124	496.597	500.000	0,25	2028
Bond issue - EMTN*	595.879	595.416	600.000	0,63	2031
Bank loans - Fixed interest rate	199.848	199.820	200.000	0,14	2028
Total 31 December 2021	1.392.483	1.391.429	1.400.000		

*EMTN = Euro Medium Term Note-programme

During 2022, long-term financing for a nominal amount of 1.050.000 k EUR was raised. Institutional bond loans and private placements were issued under the EMTN programme of Fluvius for respectively 500.000 k EUR and a total of 200.000 k EUR. These funds were used to refinance a 500.000 k EUR bond loan that came to maturity in 2022 and to enable new investments.

Furthermore, two tranches of a loan were obtained from the European Investment Bank (EIB) for a total amount of 350.000 k EUR

At the end of 2021, an agreement was reached with the EIB on a second loan contract for 150.000 k EUR. This is a first tranche within a total loan facility of 350.000 k EUR made available by the EIB, which was drawn by Fluvius in June 2022. In May 2022, it was agreed with the EIB that the second tranche of 200.000 k EUR could be drawn, which took place in November 2022.

Fluvius is borrowing the amounts to finance investment works for the energy transition for its shareholders in the period 2022-2026. These investments should further prepare the Flemish grid infrastructure for the grid management of the future. With this, the European Investment Bank (EIB) wants to further support the green and sustainable transformation in Europe, which fits into the framework of the EU Green Deal.

The EIB loan is guaranteed by the ten individual MEAs of Fluvius S.O. with electricity activities each in proportion to the share that the relevant association holds in the total contribution but corrected for the exclusion of Riobra, which has no electricity activities.

The amounts drawn must never exceed 50% of the estimated total cost of the investment programme.



For all other the bond loans, the **principle** applies that, each of the MEAs is **guarantor** on a several but non-joint basis, limited to its proportional share in the contribution of its former working company (ex-Eandis or ex-Infrac). The portion in the contribution was set fixed at the moment of issuance and remains fixed over the remaining term of the bond loans.

As a result of the merger (ex-Eandis and ex-Infrac to Fluvius System Operator) dated 1 July 2018 the acquired EMTN bond loans registered on the name of Infrac cv only have the MEAs of ex-Infrac as guarantor. Similarly, for the bonds issued by Eandis System Operator cv, only the MEAs that belonged to the former Economic Group Eandis act as guarantors.

For the issues under the 2020 EMTN-programme, the principle is that all MEAs belonging to the 'Fluvius Economic Group' will each act as guarantor on a non-committed and non-solidary basis but limited to the proportional share in the 'contribution excluding capital' of the operating company.

The composition of the loans on long-term was as follows:

At the end of 2022

(In thousands of EUR)	2022	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199.919	200.000	2,00 - 2,00	2025 - 2025
Bond issue - EMTN*	4.641.740	4.660.500	0,25 - 4,78	2023 - 2042
Bond issue - private**	436.471	440.000	2,60 - 3,55	2027 - 2044
Bank loans - with derivative instrument	30.625	70.000	3,31 - 3,31	2031 - 2031
Bank loans - with fixed interest rate	549.521	550.000	0,14 - 3,25	2027 - 2028
Total	5.858.276	5.920.500		
Current portion of long-term debt	-753.036	0		
Total long-term loans	5.105.241	5.920.500		



At the end of 2021

(In thousands of EUR)	2021	Initial amount	Current interest rate %	Maturity
Bond issue - retail	199.886	200.000	2,00 - 2,00	2025 - 2025
Bond issue - EMTN*	4.443.387	4.460.500	0,25 - 3,95	2022 - 2033
Bond issue - private**	436.233	440.000	2,60 - 3,55	2027 - 2044
Bank loans - with derivative instrument	34.125	70.000	3,31 - 3,31	2031 - 2031
Bank loans - with fixed interest rate	199.820	200.000	0,14 - 0,14	2028 - 2028
Total	5.313.451	5.370.500		
Current portion of long-term debt	-502.958	0		
Total long-term loans	4.810.493	5.370.500		

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities)

** Private: bond issues according to German law: Schuldschein and Namensschuldverschreibung as well as private issues to institutionals (stand alone)

The return at issue price represents the gross actuarial yield at issue.

The bonds are **listed** on the regulated market of the Luxembourg Stock Exchange and the issues have been listed on the Euronext and Euronext Growth Brussels markets since November 2012.

All outstanding loans are expressed in EUR and have a fixed interest rate.

All but 50.000 k EUR of the bond loans were **on-lent to the MEAs** under the same conditions as the issued bond loans. The resulting receivables for the Group are included in the item 'Long-term receivables, other'.

One bank loan (with derivative structure) was not on-lent and the EIB loans are not on-lent to Riobra.

The capital of the debenture and the green loans is repayable at maturity.

The bank loan (with derivative structure) has monthly maturities, whereby the variable interest rate was converted into a fixed interest rate via an **Interest Rate Swap**. This derivative was included in a separate item on the balance sheet and expressed at fair value amounting to an asset of 704 k EUR at 31 December 2022 and a liability of 4.133 k EUR at 31 December 2021.

Loans on short-term

The loans on short-term contain the portion of the long-term loans which are repayable within one year (749.554 k EUR related to bond loans and 3.500 k EUR of a bank loan at the end of 2022; 499.449 k EUR of a bond loan and 3.500 k EUR of a bank loan at the end of 2021) and the loans drawn with financial institutions (300.00 k EUR at 31 December 2022 and 460.120 k EUR at 31 December 2021).



The Group has the following credit facilities:

(In thousands of EUR)	Maturity	Available amounts	Amounts used	Amounts not used	Average interest rate*
Commercial paper	(1)	500.000	300.000	200.000	2,09%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	0	200.000	NA
Fixed loans	NA	25.000	0	25.000	NA
Total at 31 December 2022		925.000	300.000	625.000	
Commercial paper	(1)	500.000	300.000	200.000	-0,35%
Fixed advances	NA	200.000	0	200.000	NA
Fixed loans/Bank overdraft	Daily	200.000	160.120	39.880	0,40%
Fixed loans	NA	25.000	0	25.000	NA
Total at 31 December 2021		925.000	460.120	464.880	

* The average interest rate of the used amounts at the end of the period
 (1) At 31 December 2022: maturity between 30 January 2023 and 28 February 2023; at 31 December 2021: maturity between 10 January 2022 and 8 February 2022
 NA Not applicable

All short-term loans are subscribed by Fluvius System Operator cv in the name and on behalf of the Mission Entrusted Associations who stand surety for their part and act as joint co-debtor except for the bank overdrafts.

The fair value of the loans is included in the note 'Financial instruments: policy'.

24 Employee benefit liabilities

Defined contribution plans

Employees hired after 1 January 2002 and the executive staff hired after 1 May 1999 are entitled to defined contribution plans: these pension plans provide a lump sum on retirement resulting from the contributions paid and the return granted by the pension institutions, as well as a lump sum and orphan interests in case of decease before retirement. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (Powerbel and Enerbel) and group insurances.

The assets are managed within a Luxembourg Fund (Esperides), divided in 4 investment zones, each representing a different risk profile (low risk, medium risk, high risk and dynamic asset allocation). The risk level also has to be managed taking into account the age of the members. This is why the trustees of Powerbel have proposed to the members a new option (2015) to manage their assets. This option, called 'Life-Cycle', offers an evolution of the risk exposure from growth to more defensive throughout the member's career. Each year the participant has the opportunity to change his investment strategy, for the future allowances of the employer or for the totality of the accumulated sums in his account.

As of 2018, the employer contributions with respect to O.F.P. Enerbel are calculated according to the PUC method with projection of future contributions. The employee contributions are still be



valued according to the PUC method without projection of future contributions because those are independent to seniority.

The guaranteed interest is variable and each year aligned to 85% of the average return over the last 24 months of linear bonds of the Belgian State (OLOs) with a duration of 10 years (at least 1,75% and maximum 3,75%).

The applied interest rate starting from 2016 is 1,75% and is applied, according to the vertical method, for all contributions paid to the pension funds and in the insurance company (products of TAK 21 with interest guarantee).

The pension funds are not subject to the Solvency II regulation of insurance companies and can obtain better expected returns by diversification of their investments. Hence, the reserves and a compensation of the group insurance was transferred during 2016 to a pension fund (OFP Powerbel/OFP Enerbel) as a cash-balance plan with a minimum guaranteed return of 3,25%.

As from 2018, executives were offered the opportunity to move from pension fund Powerbel to the cash balanced plan Powerbel New. For the accumulated rights a "Cash Balance" system applies, meaning that the regulated formula determines the employer contributions and the return is fixed at 3,25%. No employee contributions are foreseen. Allowances in case of decease and incapacity are defined benefit, meaning that those different allowances are determined by a formula. The contributions to be paid will be adjusted to this target.

On April 1, 2019, the entire contractual staff of the ex-Infrax MEAs and of ex-Integan were taken over by Fluvius System Operator. The employees of ex-Infrax and ex-Integan retain their fixed contribution scheme at Ethias. The pension obligations of ex-Infrax executives, who have switched to the Fluvius SO status, and ex-Integan executives have been included in the existing structure Cash Balance Plan Powerbel New. The executives who have not switched to the Fluvius SO status, retain their fixed contribution scheme at Ethias. Ex-Infrax executives will each year be given the option to switch to Fluvius SO status. In that case they will be affiliated to the Cash Balance Powerbel New Plan. Employees who will be promoted to executives in the future will also be affiliated to the Cash Balance Powerbel New Plan.

The fixed contribution plan at Ethias is managed horizontally, as a result of which a return guarantee of 1,75% is applied to the premiums from 2016 and a return guarantee of 3,25% for the 2016 premiums. The plan is evaluated according to the PUC method but without projection of future premiums.

Defined benefit plans

The Collective Labour Agreement of 2 May 1952 stipulated an additional pension equal to 75 % of the last annual salary after deduction of the legal pension at the end of a complete career, as well as a survival pension and an orphan allowance. This defined benefit plan has been fully paid up by the employer and the pensions have been paid out directly to the beneficiaries. The remaining subsequent obligations are for the largest part related to current pensions.

The majority of the employees hired before 1 January 2002 and the executive staff hired before 1 May 1999 are entitled to defined benefit plans which provide in the payment of a lump sum on retirement, and a lump sum and orphan interest in case of decease before retirement. These benefits are calculated taking into account the last annual salary and past service. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (OFP Elgabel and OFP Pensiobel) and group insurances.

Due to changes to the pension regulation in Belgium, the members of the pension plan Pensiobel have been offered the opportunity to move as from 1 January 2015 to the defined contribution plan Powerbel. The accumulated and improved acquired rights (in Pensiobel) are capitalized at market



returns but with a minimum return equal to 3,25% (the guaranteed return in a cash-balance Best-off plan is the maximum between 3.25% and the average return of the fund).

Following negotiations on sector level, an agreement was reached in 2020 on a "renewed" pension plan - the Master Plan. On 1 October 2020, the conditions of the Master Plan were fixed in a Collective Labour Agreement: as of 1 January 2022, changes will be effective to the defined benefit plan Elgabel for baremised employees with old employment conditions. Also as of 1 January 2022 the solidarity fund within the O.F.P. Elgabel was abolished and became part of the O.F.P. Elgabel; the possibility was included to transfer possible surpluses of the O.F.P. Elgabel, under certain conditions, to another pension fund and improvements were also made to the fixed contribution plan-Enerbel.

The Group also grants **post-retirement allowances** being the reimbursement of healthcare costs and tariff benefits.

The **other long-term employee benefits** contain provisions for retirement and jubilee bonuses and holidays carried over or overtime.

The current defined benefit plans are financed through pension funds in which the assets, dedicated to specific plans, are identified. Belgian legislation and the pension regulations provide that the dedicated assets should only finance the relevant benefits. This results in determining an **asset ceiling**. The determination of the asset ceiling takes into consideration the projected total benefit payable under the assumptions and as per the pension plan rules.

Right of reimbursement

Since the expenses related to the employee benefits are reclaimable from the Mission Entrusted Associations, rights of reimbursement, equal to the employee benefit liability reported in the balance sheet, are recognized.



The major actuarial assumptions used at balance sheet date to determine the provision for employee benefits and other allowances are summarized below. Depending on the status of the staff members, the pension plans and the related discount rates differ, as do the expected salary increases and staff turnover.

	2022	2021
Discount rate - pensions DB, cash balance, other contributions	3,64%	0,47%
Discount rate - pensions DC, health benefits, tariff advantages, leave	3,75%	1,02%
Expected average salary increase (inflation excluded) - old*	0,40%, 0,70%	0,40%, 0,70%
Expected average salary increase (inflation excluded) - new**	2,08%, 2,35%	1,91%, 2,15%
Expected average salary increase (inflation excluded) - additional	1,90%	1,75%
Expected inflation	1,90%	1,75%
Expected increase of health benefits (inflation included)	2,90%	2,75%
Expected increase of tariff advantages	1,90%	1,75%
Average assumed retirement age	63	63
	IA BE	IA BE
	Prospective	Prospective
Mortality table used	Tables	Tables
Turnover - old*	0,45%, 0,35%	0,36%, 0,54%
Turnover - new**	1,78%, 3,07%	2,20%, 2,85%
Life expectancy in years of a pensioner retiring at age 65:		
For a Person aged 65 at closing date:		
- Male	20	20
- Female	24	24
For a Person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

* Old: relates to executive staff recruited before 1 January 2002 and management staff recruited before 1 May 1999

** New: relates to executive staff hired after 1 January 2002 and management staff hired after 1 May 1999

Accounting treatment

In the context of working longer, certain benefits granted for early retirement can no longer be recognized as a provision for employee benefits. The Group has developed a 'renewed' pension plan to address this. The implementation of this plan merely took place in 2021 and was completed in 2022.

The figures of 31 December 2021 took into account this renewed pension plan and its modalities, but there remained a small part for which no agreement was reached. These remaining anticipatory benefits amount to 1.321 k euro at 31 December 2021 and were not recorded as a provision for employee benefit, but were recorded as a liability on the balance sheet item 'Provisions, other'. At 30 June 2022, the renewed plan was further completed, as a result of which no further 'Provisions, other' had to be recorded.

The notes below include for 2022 and 2021 only the provision for employee benefits according to IAS19.



The movements of the other provisions (1.321 k euro for 2022 and 115 k euro for 2021) generate only a movement through the statement of profit or loss which is included in the note 'Depreciation and amortization, changes in provisions'.

Amounts recognized in the statement of comprehensive income

(In thousands of EUR)	2022	2021
Current Service cost (employer only) - tax on service cost included	-37.561	-37.388
Interest expense	-7.243	-1.642
Interest income - interest income from asset ceiling excluded	4.147	491
Past service cost	-5.318	0
Actuarial gains and (losses) recognised immediately in profit or loss	8.308	-8.341
Total costs included in profit or loss	-37.667	-46.881
Actuarial (gains) losses on liabilities:		
changes in financial assumptions	-225.693	-43.156
changes in demographic assumptions	1.632	1.343
effect of experience adjustments	76.830	-19.695
Actuarial (gains) losses on assets	96.879	-65.975
Effect of variation of the asset ceiling	-1.463	14.120
Total costs included in other comprehensive income	-51.815	-113.363



Amounts recognized in the balance sheet

(In thousands of EUR)	Present value of funded defined benefit obligation	Fair value of plan assets	Total
Pensions - funded status	543.039	-648.972	-105.933
Pensions - unfunded status	28.779	0	28.779
Healthcare costs, tariff benefits - unfunded status	109.489	0	109.489
Other long-term employee benefits - funded status	20.612	-25.057	-4.445
Other long-term employee benefits - unfunded status	92.038	0	92.038
Impact on minimum funding requirement/effect of asset ceiling	0	34.941	34.941
Total defined benefit obligation and long-term employee benefits at 31 December 2022	793.957	-639.088	154.869
Pensions - funded status	641.297	-773.778	-132.481
Pensions - unfunded status	30.586	0	30.586
Healthcare costs, tariff benefits - unfunded status	159.006	0	159.006
Other long-term employee benefits - funded status	25.626	-21.112	4.514
Other long-term employee benefits - unfunded status	97.404	0	97.404
Other	0	36.234	36.234
Total defined benefit obligation and long-term employee benefits at 31 December 2021	953.919	-758.656	195.263

Changes in the present value of the obligation

(In thousands of EUR)	2022	2021
Total at 1 January	-953.922	-1.026.940
Actuarial gains (losses) - financial assumptions	258.088	47.664
Actuarial gains (losses) - demographic assumptions	-1.152	-1.134
Actuarial gains (losses) - experience adjustments	-101.395	6.636
Acquisitions/disposals	0	-112
Current service cost & taxes included	-37.561	-37.388
Participant contributions	-2.088	-2.120
Interest cost	-7.243	-1.642
Benefit payments & taxes included	56.635	61.114
Past service cost	-5.318	0
Total at 31 December before tax on unfunded obligations	-793.956	-953.922
Taxes on unfunded obligations	0	0
Total at 31 December	-793.956	-953.922



Changes in the fair value of the plan assets

(In thousands of EUR)	2022	2021
Total at 1 January	794.891	762.095
Actuarial gains (losses) - correction on assets at 1 January	-4.486	2.945
Return on plan assets (excluding interest income)	-92.393	63.029
Acquisitions/disposals	0	94
Interest income	4.317	491
Employer contributions & taxes included	12.107	12.375
Participant contributions	2.088	2.120
Benefit payments & taxes included	-42.496	-48.259
Total at 31 December	674.029	794.891
Irrecoverable surplus (effect of asset ceiling)	-34.941	-36.234
Total at 31 December	639.088	758.657

Changes in the asset ceiling

(In thousands EUR)	2022	2021
Total at 1 January	36.234	22.114
Interest income	170	0
Changes in asset ceiling	-1.463	14.120
Total at 31 December	34.941	36.234

Changes in other comprehensive income

(In thousands EUR)	2022	2021
Total at 1 January	105.839	219.202
Other comprehensive loss (gain)	-51.815	-113.363
Total at 31 December	54.024	105.839



Classification of the plan investments on the balance sheet date

The classification of the plan investments in function of the major category at the end of 2022:

Category	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	92,02	93,20	92,15	85,19	92,39	92,16
Shares (Eurozone)	14,67	14,75	14,48	5,17	12,70	14,03
Shares (Outside eurozone)	19,17	19,28	13,44	0,00	17,15	17,29
Government bonds (Eurozone)	0,00	0,00	0,00	15,52	6,55	1,83
Other bonds (Eurozone)	24,49	24,92	27,83	60,37	24,86	25,68
Other bonds (Outside eurozone)	33,69	34,25	36,40	4,13	31,13	33,32
Unquoted investments	7,98	6,80	7,85	14,81	7,61	7,84
Real estate	2,04	2,05	1,29	0,83	2,16	1,91
Cash and cash equivalents	5,42	4,91	4,44	4,31	4,94	5,04
Other	0,52	-0,16	2,12	9,67	0,51	0,89
Total in %	100,00	100,00	100,00	100,00	100,00	100,00
Total (In thousands of EUR)	306.823	50.303	137.859	7.056	171.988	674.029

The classification of the plan investments in function of the major category at the end 2021.

Category	Elgabel %	Other %	Pensiobel %	Insurance companies %	Powerbel and Enerbel %	Total %
Investments quoted in an active market	78,28	76,70	81,80	84,85	83,06	80,09
Shares (Eurozone)	16,29	17,28	9,04	12,52	12,45	13,88
Shares (Outside eurozone)	20,60	20,80	1,35	24,68	18,72	16,09
Government bonds (Eurozone)	0,00	0,00	21,29	0,00	13,65	7,72
Other bonds (Eurozone)	25,94	24,76	47,23	30,51	25,89	30,48
Other bonds (Outside eurozone)	15,45	13,87	2,90	17,15	12,34	11,92
Unquoted investments	21,72	23,30	18,20	15,15	16,94	19,91
Real estate	2,41	2,38	4,08	2,27	2,40	2,76
Cash and cash equivalents	3,71	5,96	1,36	3,08	4,38	3,54
Other	15,60	14,96	12,76	9,80	10,16	13,61
Total in %	100,00	100,00	100,00	100,00	100,00	100,00
Total (In thousands of EUR)	363.757	66.822	171.244	10.525	182.543	794.891



Breakdown of the defined benefit obligation by type of plan participants and by type of benefits

(In thousands of EUR)	2022	2021
Breakdown of defined benefit obligation by type of plan participants	-793.957	-953.919
Active plan participants	-575.406	-653.326
Terminated plan participants with deferred benefit entitlements	-216.619	-139.468
Retired plan participants and beneficiaries	-1.932	-161.126
Breakdown of defined benefit obligation by type of benefits	-793.957	-953.919
Retirement and death benefits	-592.430	-695.181
Other post-employment benefits (medical and tariff reductions)	-109.489	-159.006
Jubilee bonuses (Seniority payments)	-92.038	-99.735

The results of the **sensitivity analysis** are included below to explain the impact of the assumptions.

(In thousands of EUR)	Effect: increase (-) / decrease (+)
Discount rate (+0,25%)	19.978
Inflation (+0,25%)	-12.433
Salary increase (+0,10%)	-5.614
Healthcare increase (+0,10%)	-161
Tariff advantages (+0,50%)	-247
Employee turnover (+0,50%)	4.984
Life expectancy of pensioners (+1 year)	-7.914

The annual balance of the defined benefit lump sum is financed by the Group through a recurrent allocation expressed as a percentage of the total payroll. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing is used to smooth out future costs over the remaining period of the plan. The costs are estimated on projected bases (salary growth and inflation taken into account).

The assumptions related to salary increase, inflation, employee turnover and age-term are defined on the basis of historical statistics of the Group. The mortality tables used are the ones corresponding to the observed experience within the financing vehicle. The discount rate is established with regard to the investment strategy of the companies.

These assumptions are challenged on a regular basis.

Exceptional events (such as modification of the plan, change of assumptions, too short degree of coverage...) can eventually lead to additional payments by the Group.

The **average duration** of the defined benefit obligation at 31 December 2022 is 8 years (2021: 8 years) and 18 years at 31 December 2022 for the defined contribution obligations (2021: 17 years).

The Group estimates to contribute 16.380 k EUR to the defined benefit pension plans in 2023 and 12.519 k EUR to the defined contribution plans.

Actuarial risks



The defined benefit plans expose the Group to various actuarial risks:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment which is reported in the table below 'Classification of the plan investments on the balance sheet date'.

Due to the long-term nature of the plan liabilities, the pension fund's board considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the funds.

Interest rate risk

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

From 2015 onwards, new prospective mortality tables are being used to reflect the improved life expectations in the future as proposed by the Institute of Actuaries in Belgium (IA|BE).

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

25 Trade payables and other liabilities, liabilities cash pool activities, current tax liabilities

(In thousands of EUR)	2022	2021
Trade debts	131.037	121.692
Invoices to be received	57.399	66.745
Subtotal	188.436	188.437
VAT	42	33
Taxes payable on remuneration	24.537	9.535
Remuneration and social security	97.771	81.831
Other current liabilities	89.208	50.770
Other current liabilities	211.558	142.169
Total trade payables and other current liabilities	399.994	330.606
Liabilities cash pool activities	146.235	154.030
Current tax liabilities	3.036	2.307



Trade payables and other current liabilities amount to 399.994 k EUR at 31 December 2022 and 330.606 k EUR at 31 December 2021, an increase of 69.388 k EUR.

The items trade debts and invoices to be received remain almost equal to the end of 2021

The trade payables on the MEAs amounted to 13.569 k EUR at the end of 2022 and 16.613 k EUR at the end of 2021.

The 'other current liabilities' for an amount of 89.208 k EUR at the end of 2022 (2021: 50.770 k EUR) contain mainly accrued costs relating to the finance costs for issuing bonds, the car fleet and Information & Communication Technology projects (2022: 75.727 k EUR; 2021: 48.214 k EUR).

Liabilities related to employee benefits increase (2022: 97.771 k EUR; 2021: 81.831 k EUR) due to rising inflation during 2022 and consequently a larger outstanding liability for holiday pay and taxes on employee expenses (2022: 24.537 k EUR; 2021: 9.535 k EUR).

The **payable cash pool activities** amount to 146.235 k EUR at the end of 2022 and 154.030 k EUR at year end of 2021 (see note 'Trade and other receivables').

The **payment term and conditions for these payables** are as follows:

For the standard trade contracts, the average payment term was 30 days. The Value Added Tax payable and the withholding tax payable were due 20 and 15 days respectively after the end of the month. All amounts were paid on their expiry date.



Financial instruments

26 Financial instruments: policy

Risks

It is the Group's intention to understand all risks separately, as well as their mutual connections, and to define strategies in order to manage the economic impact on the Group's results. The Audit Committee is responsible for reviewing the risk analysis, for the approval of the recommended risk management strategies, for compliance with the guidelines on risk management and reporting.

The Group's functioning as the operating company for the Mission Entrusted Associations limits to a large degree the risks and their possible negative impact.

Equity structure

The Group's equity structure consists of equity and the financial liabilities. Apart from the legally required minimum levels for equity that are applicable for Fluvius System Operator and its subsidiaries, investments in joint ventures and associates, the Group is not subject to any externally required qualifications for its capital structure.

Within the Group short-term financing has been called upon to support the working capital. The long-term loans are contracted by Fluvius to finance the MEAs and are lent through at the same conditions as the contracted loans.

Credit risk

The credit risk comprises the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum credit risk is each financial asset's balance sheet value.

The Group recharges its costs mainly to its shareholders, its non-controlling interests and the associates.

As regards the on-lending of funds from the issuance of bond loans – and the recognition as short- and long-term receivables from the Mission Entrusted Associations - the principle applies that each MEAs guarantees on a non-principal and non-solidary basis but limited to the proportional share of its contribution (see note 'Long-term and short-term loans').

The credit risk for this category of customers is limited and the calculations did not give rise to a recognition of impairment losses. These calculations also took into account the Flemish government's support that can be called upon in case of credit problems.

Impairments are recognised for receivables from external customers. These receivables include receivables recognised as a result of invoices to private and professional customers for work carried out (construction of cable infrastructure, gas pipelines, connections, etc.); damage claims; invoicing for work in connection with maintenance of public lighting for municipalities (which have not joined the 'renewed' public lighting offer); and invoicing for work carried out for Ministries.



Movements in accumulated impairments on trade receivables

(In thousands of EUR)	2022	2021
Total at 1 January	-38.420	-25.857
Charge of impaired receivables	-9.486	-16.031
Write-back of impaired receivables	7.252	3.468
Total at 31 December	-40.654	-38.420

The receivables amounting to 58.362 k EUR recognised at the end of 2022 for the external customer group have the following due dates: 40.513 k EUR are not past due; 8.835 k EUR are past due for more than one day and maximum two months; 2.278 k EUR are past due for more than two months and less than six months and 6.735 k EUR are past due for more than six months.

Currency risk

The Group is not substantially exposed to currency risk since transactions in currencies other than the euro are limited.

Liquidity risk

The liquidity risk implies the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities. The Group limits this risk by continually scrutinizing cash flows and by taking care that a sufficient number of credit facilities are available.

The Group calls upon several banks to attract resources on short term. Commercial paper was issued within the framework of a treasury bill programme. Fixed advances and commercial papers can be called on with a maturity of one week up to twelve months, as well as fixed loans (straight loans) with a maturity of one day or one month up to one year whereby the minimum maturity depends on the borrowing bank. Fixed advances can be requested with a maturity from one week to twelve months. All loans have a fixed interest rate during the term of the loan except for the bank overdraft which has a variable interest rate.

These funds are mainly drawn to finance a negative cash pool balance (see note 'Interest-bearing borrowings and loans').

The Group enters into long-term loans to finance the MEAs. These long-term loans were fully lent on at the same conditions as the contracted loans.

The MEAs use these resources to finance the investments in the distribution grids including the roll-out of the digital meter, the acquisition and replacement of the public lighting infrastructure, financing investments in other companies, to refinance loans and to pay interest as well as working capital. Ex-Eandis, however, also used a part of the net proceeds of these loans at the end of 2014 to pay the fee in the name and on behalf of the local authorities to Electrabel as part of the latter's exit out of the MEAs of ex-Eandis.

In 2010, the first bond loans were issued for private investors in Belgium and the Grand Duchy of Luxembourg.

To further diversify and broaden its funding resources, so that a safe, reliable, efficient and innovative distribution of energy to the customers can be assured, a rating was requested.



In October 2011, 'Moody's Investors Service Ltd.' ("Moody's") granted Eandis System Operator a rating. Fluvius has chosen to obtain a **rating** from the rating agencies Moody's and 'Creditreform Rating AG' (Creditreform).

To determine the creditworthiness of Fluvius, the accounts of the distribution system operators were also taken into account, given its close connection with its shareholders. As a result, the rating is made on the basis of the financial statements of the 'Fluvius Economic Group'.

Since October 2021, Moody's confirmed the A3 rating with a **stable outlook**. This assessment was based on the fact that Fluvius was able to take measures to counter the lower allowed income of the MEAs for the regulatory period 2021-2024, implement a change in dividend policy as from 2022 and obtain an allocation of EUR 22 million as advances from the Flemish energy regulator for the investments in smart meters. The assessment of the overall credit risk of Fluvius also took into account the fact that the Flemish Community (Aa3 stable as of 9 December 2021) has a strong interest in maintaining a solid financial strength of the MEAs, given their essential role in the Flemish economy.

On 19 September 2022, this rating was confirmed by Moody's. Moody's also assigned an ESG (Environmental, Social and Governance) Credit Impact Score (CIS) of 3 (on a scale of 5). Fluvius' CIS-3 reflects a moderately negative exposure to social and environmental risks and a neutral to low risk for governance. The impact of those considerations on the rating is mitigated by the Group's supportive regulatory framework.

Since January 2017, the rating with Creditreform is A+ with stable outlook. Creditreform also adjusted the rating outlook to **negative** on 27 October 2020 and confirmed this on 28 October 2021. On 16 August 2022, Creditreform revised the rating to '**A**' with **stable outlook**. This decision was based on the combined effect of the stricter 2021-2024 tariff methodology (from the MEAs, shareholders of Fluvius S.O) and a more volatile economic context with rapidly rising inflation and rising interest rates. According to Creditreform, this could cause the tension between the authorised income and financing costs to have a negative impact on the company's short-term results.

Fluvius, via Eandis, successfully issued bonds in the framework of its 5.000.000 k EUR Euro Medium Term Note (**EMTN**) programme launched in 2011 and which runs through 2021. At the end of 2019, an amount of 2.980.500 k EUR or 59,61% had been issued. Since year end 2014 no more bonds were issued under this programme.

On top of this, Fluvius, via Infracore, issued in the framework of its 500.000 k EUR EMTN programme launched in 2013. A first part was issued for 250.000 k EUR in 2013 (to mature in 2023) and a second part of 250.000 k EUR was launched in 2014 (to mature in 2029). This EMTN programme was therefore fully utilised.

On 1 July 2020, a **new** 5.000.000 k EUR EMTN programme was launched by Fluvius System Operator cv that has a maturity of 10 years, extendable by Fluvius for 24 months. The current bond loans are issued within this programme. The issues are guaranteed by the Group's eleven MEAs and will have a minimum maturity of one year.

At the end of 2022, an amount of 2.500.000 k EUR or 50,00 % of the programme's total amount had already been issued.

The EMTN Base Prospectus also provides for the possibility to issue green bonds, whereby the net proceeds of an issue are used to finance (or refinance) eligible Green Projects. For this purpose, Fluvius has prepared a Green Financing Framework which contains a description of investment projects that are eligible for green financing, how the climate and sustainability benefits will be measured, and how verification and reporting will be undertaken.

All funds from the bond loans, except for 50.000 k EUR, were fully lent on to the MEAs at the same conditions as the bond loans. The resulting receivables for the Group are included in notes 'Short-term receivables, other' and 'Long-term receivables, other'.

An overview of the loans is included in the note 'Interest-bearing loans and borrowings'. The bank loan (2022: 30.625 k EUR; 2021: 34.125 k EUR) was not lent on.



The following schedule shows the maturity schedule (at nominal value) of the different loans.

At the end of 2022

(In thousands of EUR)	2022	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200.000	0	200.000	0	0
Bond issue - EMTN	4.660.500	750.000	0	400.000	3.510.500
Bond issue - private	440.000	0	0	50.000	390.000
Bank loans - with derivative structure	30.625	3.500	7.000	7.000	13.125
Bank loans - fixed interest rate	550.000	0	0	350.000	200.000
Total	5.881.125	753.500	207.000	807.000	4.113.625

At the end of 2021

(In thousands of EUR)	2021	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	200.000	0	0	200.000	0
Bond issue - EMTN	4.460.500	500.000	750.000	400.000	2.810.500
Bond issue - private	440.000	0	0	0	440.000
Bank loans - with derivative structure	34.125	3.500	7.000	7.000	16.625
Bank loans - fixed interest rate	200.000	0	0	0	200.000
Total	5.334.625	503.500	757.000	607.000	3.467.125

Information regarding the repayment schedule of the lease obligations

(In thousands of EUR)	Lease Liabilities total	1 year or less	1-3 year	3-5 year	More than 5 year
2022	25.739	8.601	9.878	4.209	3.051
2021	34.959	10.099	14.487	6.601	3.772

Long-term receivables and short-term receivables, other from the DSOs

The Group has long-term receivables and short-term receivables at 31 December 2022 totaling 5.840.800 k EUR (2021: 5.249.180 k EUR). Of these, 700.000 k EUR (2021: 500.000 k EUR) is receivable within one year, 200.000 k EUR (2021: 700.000 k EUR) is receivable within more than one to three years, 800.000 k EUR (2021: 600.000 k EUR) is receivable within more than three to five years and 4.100.500 k EUR (2021: 3.449.108 k EUR) is receivable after five years.



Interest rate risk

The Group has entered into long-term loans with a fixed and variable interest rate. The loans with a variable interest rate have been swapped to a fixed interest rate (see note ‘Derivative financial instruments’).

The resulting financial costs for Fluvius System Operator are all passed on to MEAs and are reported as a financial income except for the financial costs related to the EMTN bond loan of 50.000 k EUR and the bank loan of 30.625 k EUR, which were not lent through.

The interest payment for the following years, calculated on the basis of the current interest rate is as follows:

(In thousands of EUR)	2022	2021
In 2022	0	101.308
In 2023	125.331	87.441
In 2024	101.473	63.583
In 2025	101.349	63.459
In 2026	97.231	59.341
In 2027	90.114	59.341
In 2028 and beyond	474.427	268.362
Total	989.925	702.835

Other

More information about the risks of the Group and its shareholders is included in the base prospectus 2022 edition regarding the bond issue programme and the investor presentation of September 2022. These documents can be consulted on our website www.fluvius.be.

Fair value

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties that are independent in a transaction at arm’s length and not in a forced sale or liquidation sale.

Fair value hierarchy

The Group uses the following fair value hierarchy classification to determine and classify the fair value of the financial instruments by a valuation technique:

Level 1: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities

Level 2: other techniques for which all input with a significant impact on the recorded fair value can be observed either directly or indirectly

Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data

The fair value of the outstanding listed bonds, issued for a total amount of 4.860,5 million EUR varies according to the market interest rate. The fair value at 31 December 2022 amounts to 4.370,0 million EUR and differs from the amount that will be reimbursed and the carrying value.



The fair values at 31 December 2022 are as follows:

(In thousands of EUR)	Fair value Level 1	Fair value Level 2	Fair value Level 3	Book value
Other investments	0	0	863	863
Derivative financial instruments	0	704	0	704
Long-term receivables, other	5.140.787	0	0	5.140.787
Short-term receivables, other	700.000	0	0	700.000
Cash and cash equivalents	79.144	0	0	79.144
Inventories and other	175.523	0	0	175.523
Total receivables	333.702	0	0	333.702
Receivables cash pool activities	277.027	0	0	277.027
Total	6.706.183	704	863	6.707.750
Loans on long-term	4.675.959	0	0	5.105.241
Loans on short-term	1.053.932	0	0	1.053.036
Lease liabilities	25.739	0	0	25.739
Total current liabilities, other	403.030	0	0	403.030
Liabilities cash pool activities	146.235	0	0	146.235
Total	6.304.895	0	0	6.733.281

The item "Inventories and other" contains the part of the inventory held for sale and amounts to 11.803 k EUR.



The fair values at 31 December 2021 are as follows

(In thousands of EUR)	Fair value	Fair value	Fair value	Book value
	Level 1	Level 2	Level 3	
Other investments	0	0	828	828
Long-term receivables, other	4.796.727	0	0	4.796.727
Short-term receivables, other	500.000	0	0	500.000
Cash and cash equivalents	62.904	0	0	62.904
Total receivables	344.715	0	0	344.715
Receivables cash pool activities	417.318	0	0	417.318
Total	6.121.664	0	828	6.122.492
Loans on long-term	5.057.647	0	0	4.810.494
Loans on short-term	974.190	0	0	963.078
Lease liabilities	34.959	0	0	34.959
Derivative financial instruments	0	4.133	0	4.133
Total current liabilities, other	332.913	0	0	332.913
Liabilities cash pool activities	154.030	0	0	154.030
Total	6.553.739	4.133	0	6.299.607



Other information

27 Related parties

Transactions between Fluvius System Operator and its subsidiaries have been eliminated in the consolidation process and are therefore not included in the present note.

The total remunerations paid to the management committee and the directors for 2022 amounted to 4.167.718 EUR and 4.264.522 EUR for 2021. The post-employment benefits included in the total remuneration mentioned amounted to 211.540 EUR for 2022 and 205.203 EUR for 2021. There are no other benefits in kind, share options, credits or advances in favour of the directors.

Transactions of the Group with companies with a non-controlling interest (Farys/TMVW and De Watergroep) were as follows:

(In thousands of EUR)	2022	2021
Amount of the transactions		
Recharge of costs to non-controlling interest companies	81.674	89.292
Recharge of costs from non-controlling interest companies	5.066	1.864
Amount of outstanding balances		
Trade receivables	9.968	2.892
Trade payables	3.831	5

Transactions of the Group with other companies (Atrias and Synductis) were as follows:

(In thousands of EUR)	2022	2021
Amount of the transactions		
Recharge of costs to associates	2.546	1.906
Recharge of costs from associates	33.520	25.401
Amount of outstanding balances		
Trade receivables	42.032	46.482
Trade payables	3.543	2.757



Transactions of the Group with its shareholders (Mission Entrusted Associations) were as follows:

(In thousands of EUR)	2022	2021
Amount of the transactions		
Recharge of costs to the Mission Entrusted Associations	1.785.915	1.613.464
Recharge of costs from the Mission Entrusted Associations	33.317	33.715
Interest income Mission Entrusted Associations	112.942	114.207
Interest expenses Mission Entrusted Associations	-1.271	-917
Amount of outstanding balances		
Non-current assets, employee benefits	154.869	196.584
Non-current assets, other	5.099.504	4.752.983
Short-term receivable, other	700.000	500.000
Trade receivables, invoices to be issued	193.690	244.752
Other receivables, cash pool	163.177	273.017
Other receivables, accrued financial income bond loan	44.530	31.955
Trade payables	13.597	16.613
Guarantees and securities received		
Concerning financial obligations	725.000	725.000

All invoices to and from the Mission Entrusted Associations are payable within 30 days after invoice date.

Membership of professional organisations

Fluvius System Operator is a member of Synergrid vzw, which is the Belgian common interest federation of the electricity and gas transport and distribution grid operators.

Fluvius System Operator is a member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids).

During 2022, the parent company Fluvius System Operator paid fees of 81 k EUR to the statutory auditor supplemented with additional (legal) assignments as an extension of the mandate as auditor and with other assignments amounting in total 476 k EUR as well as with other assignments carried out by related persons amounting to 566 k euro. The other assignments were approved by the Audit Committee.

28 Commitments and contingencies

(In thousands of EUR)	2022	2021
Rent deposits, buildings	1.442	1.442
Total guarantees given	1.442	1.442



Guarantees obtained from contractors and suppliers	72.171	65.593
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Committed orders at 31 December 2022 amounted to 70.611 k EUR (2021: 50.071 k EUR).

The Group is involved in legal disputes for which the risk of loss is possible but not likely. Currently, the possible timing of the settlements cannot be estimated reliably.

On 3 September 2019, a gas explosion occurred in Wilrijk, Ridderveld. One fatality is regretted.

At the hearing before the Antwerp Correctional Court on 17 March 2021, the Public Prosecutor asked for the acquittal of both managers (CEO and Director 'Grid operations'), because the Public Prosecutor believes that they cannot be held responsible for the events. For Fluvius System Operator itself, the Prosecutor demanded a simple declaration of guilt. Fluvius itself argued extensively to show that the company, its managers and employees were not at fault in these tragic events. The court judged on 27 April 2021, acquitting both managers criminally. Criminal suspension of sentence was pronounced for Fluvius System Operator and Fluvius was convicted of all civil claims. This conviction has been appealed and the appeal hearing took place on 18 May 2022. Following this hearing, the Court of Appeal decided on 1 June 2022 to also appoint an expert from the civil proceedings for the criminal aspect. He must submit his report by 31 January 2023. The pleading is now scheduled for March 29, 2023.

29 Events after the reporting date

No material events occurred after the balance sheet date that would require disclosure or amendments of the financial statements as at 31 December 2022.

30 List of group entities included in the consolidation

At 31 December 2022

Subsidiary	Office	Number of shares owned %	voting rights %
Parent			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,38	34,38
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00



At 31 December 2021

Subsidiary	Office	Number of shares owned %	voting rights %
Parent			
Fluvius System Operator cv	Brusselsesteenweg 199, B-9090 Melle		
Subsidiary			
De Stroomlijn cv	Brusselsesteenweg 199, B-9090 Melle	62,17	62,17
Investment in joint ventures and associates			
Synductis cv	Brusselsesteenweg 199, B-9090 Melle	34,47	34,47
Atrias cv	Kanselarijstraat 17a, B-1000 Brussel	50,00	50,00



Information concerning the parent company

The following information is extracted from the statutory Belgian GAAP financial statements of the parent company, Fluvius System Operator cv and is presented in abridged form.

These statutory financial statements, together with the report of the Board of Directors to the General Assembly of Shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits according to the Belgian company code. These documents are also available as from 30 March 2023 on the website www.fluvius.be or on request at the following address: Brusselsesteenweg 199, 9090 Melle.

The statutory auditor's report is unqualified and certifies that the financial statements of Fluvius System Operator cv are prepared in accordance with Belgian GAAP.

Condensed balance sheet In thousands of EUR	2022	2021
Fixed assets	2.488	3.408
Intangible fixed assets	285	847
Tangible fixed assets	496	845
Financial fixed assets	1.707	1.716
Current assets	6.862.176	6.453.852
Amounts receivable after more than one year	5.140.800	4.791.858
Stocks and contracts in progress	175.523	141.116
Amounts receivable within one year	1.253.204	1.218.651
Cash at bank and in hand	82.411	65.916
Deferred charges and accrued income	210.238	236.311
Total assets	6.864.664	6.457.260
Equity	1.517	1.517
Contributions, other	1.284	1.284
Other equity components: reserves, share premiums, retained earnings	233	233
Provisions for liabilities and charges	154.869	196.584
Amounts payable	6.708.278	6.259.159
Amounts payable after more than one year	5.105.240	4.810.494
Amounts payable within one year	1.527.441	1.400.451
Accrued charges and deferred income	75.597	48.214
Total liabilities	6.864.664	6.457.260
Condensed income statement In thousands of EUR	2022	2021
Turnover	1.934.712	1.744.358
Operating profit (loss)	13.097	15.116
Financial result	-6.022	-8.118
Income taxes	-7.075	-6.998
Profit for the period	0	0



Auditor's report



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EY Réviseurs d'Entreprises
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B - 9051 Gent

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Independent auditor's report to the general meeting of Fluvius System Operator CV for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements of Fluvius System Operator CV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income as at 31 December 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 27 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group during 12 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluvius System Operator CV, that comprise of the consolidated statement of the financial position on 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income as at 31 December 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 6.889.767 thousands and of which the consolidated income statement shows a profit for the year of € 0.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied

the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

Revisoren vennootschap
Société à responsabilité limitée
SPE Brussel - SPA Bruxelles - BTW-TVA B0444.334.712-BAW NP BE71 2120 9039 0049
*Gereguleerd in naam van een vennootschap/registered as name of one société

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These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Employee benefit liability

Description of the key audit matter

The employee benefit net liability amounts to € 154,9 million as at 31 December 2022. The Group recognizes the provision for the long-term employee benefits based on the requirements of IAS19. The plans of the Group are described in note 24 of the Consolidated Financial Statements.

The valuation of this provision is complex and requires judgments of management. Due to its complexity, the Company is assisted by an external actuary for the calculation of the provision. The valuation of the provision is based on the personnel data included in the pension plans and to which certain actuarial assumptions are applied such as expected inflation, discount rates, projected average salary increases and personnel turnover. A change in these assumptions or the use of incorrect personnel data would have a material impact on the Consolidated Financial Statements. Therefore, the valuation of the employee benefit liability is a key audit matter in our audit.

Summary of the procedures performed

Our audit procedures included, amongst others:

- An analysis of the existing plans within the Group and discussion with management of potential changes to these plans.
- Testing of the underlying personnel data by means of an analytical review compared to prior year and by a reconciliation (of s.a. gender, salary, age and gender) of a sample of personnel data to underlying documentation.
- Assessing the competence and independence of the external actuary.
- Involving our internal actuarial specialists to assess the appropriateness of the actuarial models used in accordance with IAS19 and to assess the reasonableness of the significant assumptions used to value the provision (expected inflation, discount rates, projected

average salary increases, mortality tables and personnel turnover).

- Assessment of the adequacy and completeness of the Group's disclosures in note 24 of the Consolidated Financial Statements.

Financing activities

Description of the key audit matter

The balance sheet of the Group is significantly affected by the Group's financing activity. As at 31 December 2022, the long term interest bearing loans and borrowings of the Group amount to € 5.105,24 million (74,4% of total equity and liabilities) and the short term interest bearing loans and borrowings to € 1.053,0 million (15,3% of total equity and liabilities), as described in note 23 of the Consolidated Financial Statements.

These interest bearing loans and borrowings are subsequently used to grant interest bearing loans to the Distribution System Operators ("DSO's"), for a total amount of € 5.140,8 million classified as long term receivable outstanding and of € 700,0 million classified as short term receivable, as described in note 17 of the Consolidated Financial Statements. Given the magnitude of these amounts compared to total assets and total liabilities on the one hand and the follow-up and the assessment of management regarding the repayment capacity of the DSO's on the other hand, this is considered as a key audit matter for our audit.

Summary of the procedures performed

We performed following procedures:

- Assessing the accounting treatment of the interest bearing loans and receivables and corresponding transaction costs.
- Reconciling the nominal amounts of the loans with underlying contracts, confirmations and payments.

- Reviewing the long term financing plan for the Group, including those of the Distribution System Operators in order to determine the repayment capacities of the latter based on the underlying long term financing targets of the DSO's as well as discussions with management and those charged with governance.
- Assessing the adequacy and completeness of notes 17 and 23 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the

audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Information concerning the parent company contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non-financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on the Global Reporting Initiative ("GRI") Standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the Global Reporting Initiative ("GRI") Standards.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter "the digital consolidated financial statements") included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all

material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of Fluvius System Operator CV per 31 December 2022 included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Gent, 30 March 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

**marnix van
dooren**

Digitally signed by marnix van
dooren
(DN: cn=marnix van dooren, email
=marnix.van.dooren@ey.com,
Date: 2023.03.30 08:38:58 +0200)

Marnix Van Dooren *
Partner
*Acting on behalf of a BV

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