Information Memorandum dated 5 January 2023

# ELIA TRANSMISSION BELGIUM SA/NV

*Keizerslaan 20, 1000 Brussels, Belgium*
*Incorporated with limited liability (naamloze vennootschap/société anonyme) in Belgium*
*Enterprise number 0731.852.231 — RPR Brussels*

## EUR 3,000,000,000
## Euro Medium Term Note Programme
## Due from one month from the date of original issue

Under the Euro Medium Term Note Programme (the "**Programme**") described in this information memorandum (the "**Information Memorandum**"), Elia Transmission Belgium SA/NV (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The Notes issued under the Programme may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes (each as defined below) or a combination of any of the foregoing. The Notes will be issued in the Specified Denomination(s) specified in the relevant Pricing Supplement (as defined below). The minimum Specified Denomination of the Notes shall be at least EUR 100,000 (or its equivalent in any other currency). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 3,000,000,000 (or the equivalent in other currencies). The Notes have no maximum Specified Denomination amount.

This Information Memorandum does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Accordingly, the Information Memorandum does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and Commission delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004. The Information Memorandum has not been, and will not be, submitted for approval to the Belgian Financial Services and Markets Authority nor any other competent authority within the meaning of the Prospectus Regulation. This Information Memorandum and the Pricing Supplement (as defined below) in relation to Notes which will be listed and admitted to trading on the Euro MTF (as defined below) constitute a base prospectus and final terms for the purposes of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019.

Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed and to be admitted to trading on the Euro MTF market operated by the Luxembourg Stock Exchange (the "**Euro MTF**"). The Euro MTF is a multilateral trading facility for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**"). References in this Information Memorandum to Notes being "**listed**" (and all related references) shall mean that such Notes have been listed and admitted to trading on the Euro MTF. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading on the Euro MTF (or any other trading venue).

The Notes will be issued in dematerialised form under the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended (the "**Belgian Companies and Associations Code**") and cannot be physically delivered. The Notes will be represented exclusively by book entries in the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB-SSS**"). Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants (each a "**Participant**") include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking AG ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Euronext Securities Milan**"), Euroclear France SA ("**Euroclear France**"), Interbolsa S.A. ("**Euronext Securities Porto**") and LuxCSD S.A. ("**LuxCSD**"). Accordingly, the Notes will be eligible to clear through, and will therefore be accepted by, each Participant and investors may hold their Notes within securities accounts in each Participant. The Notes issued in dematerialised form and settled through the NBB-SSS may be eligible as ECB collateral, provided that the applicable ECB eligibility requirements are met.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a pricing supplement (the "**Pricing Supplement**").

The Programme has been rated BBB+ by S&P Global Ratings Europe Limited ("**S&P**"). S&P is established in the European Union (the "**EU**") and is registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**"). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. The rating S&P has given to the Programme is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the relevant Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Notes issued under this Programme constitute debt instruments. An investment in such Notes involves risks. By subscribing to the Notes, investors lend money to the Issuer who undertakes to pay interest (if any) and to reimburse the principal on the maturity date. In case of bankruptcy or default by the Issuer, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. Each prospective investor must carefully consider whether it is suitable for that investor to invest in the Notes in light of its knowledge and financial experience and should, if required, obtain professional advice. In particular, prospective investors should have regard to the factors described under the Section "*Risk Factors*" on pages 15 to 37 in this Information Memorandum.**

**Notes issued under the Programme will not be offered or sold in Belgium to "consumers" (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.**

**Arranger for the Programme**

**BNP PARIBAS**

**Dealers**

**BELFIUS** **ING** **NATWEST MARKETS**
**BNP PARIBAS**

This Information Memorandum does not comprise a prospectus for the purpose of the Prospectus Regulation. This Information Memorandum intends to provide information with regard to the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Information Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area or in the United Kingdom (each a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant State of Notes which are the subject of an offering contemplated in this Information Memorandum, as completed by a relevant Pricing Supplement in relation to the offer of those Notes, may only do so in circumstances in which no obligation arises for the Issuer, the Arranger or any Dealer (as defined in Section "*Overview of the Programme*") to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. None of the Issuer, the Arranger or the Dealers has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum is to be read in conjunction with all documents which are incorporated herein by reference and which are enclosed in Annex (see "*Documents incorporated by reference*" below). Unless specified otherwise, information contained on websites mentioned herein does not form part of this Information Memorandum.

Neither this Information Memorandum nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers or any of them that any recipient of this Information Memorandum or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Arranger and the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Issuer or on its behalf or for the acts or omissions of the Issuer (or any other person other than the Arranger or the relevant Dealer) in connection with the issue and offering of the Notes. The Arranger and each Dealer accordingly

disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to in this Information Memorandum) which it might otherwise have in respect of this Information Memorandum or any such statement. Neither this Information Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Information Memorandum or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers and the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers.

## NOTES ISSUED AS GREEN BONDS

None of the Arranger and the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels. None of the Arranger and the Dealers is responsible for the use of proceeds for any Notes issued as Green Bonds, nor the impact or monitoring of such use of proceeds. In addition none of the Arranger and the Dealers have conducted any due diligence on the Issuer's Green Finance Framework (as defined in the section "Green Finance Framework" below). ISS ESG has issued an independent opinion, dated 9 December 2021, on the Issuer's Green Finance Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Arranger or the Dealers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Information Memorandum, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Arranger or the Dealers, or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Green Finance Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Information Memorandum. The Issuer's Green Finance Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Information Memorandum.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Arranger or the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS INFORMATION MEMORANDUM AND OFFERS OF NOTES GENERALLY

The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Pricing Supplement comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to

observe any such restriction. For a description of certain restrictions on offers and sales of Notes and on distribution of this Information Memorandum or any Pricing Supplement, see Section "*Subscription and Sale*".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

**MIFID II PRODUCT GOVERNANCE**

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

The Pricing Supplement in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

**PRODUCT GOVERNANCE UNDER UK MIFIR**

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

**IMPORTANT – EEA RETAIL INVESTORS**

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT - UK RETAIL INVESTORS**

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA 2000**") and any rules or regulations made under the FSMA 2000 to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**PROHIBITION OF SALES TO CONSUMERS IN BELGIUM** – The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to "consumers" (*consumenten*/*consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht*/*Code de droit économique*), as amended.

**BENCHMARK REGULATION** – Amounts payable on Floating Rate Notes may, as specified in the relevant Pricing Supplement, be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is administered by the European Money Markets Institute ("**EMMI**"). As at the date of this Information Memorandum, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Pricing Supplement to reflect any change in the registration status of the administrator.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) in the relevant Pricing Supplement (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) in relation to a particular issuance of Notes may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## PRESENTATION OF INFORMATION

In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Market data and other statistical information used in this Information Memorandum have been extracted from a number of sources, including independent industry publications, government publications, reports by market

research firms or other independent publications. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and it is able to ascertain from information published by the relevant independent source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Information Memorandum contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up they may not total.

Certain statements included herein may constitute forward-looking statements. Such statements, certain of which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Factors that might affect such forward-looking statements include, among other things, (a) the ability to maintain sufficient liquidity and access to capital markets, (b) market and interest rate fluctuations, (c) the strength of the global economy in general and the strength of the economies of the countries in which the Group conducts operations, (d) the potential impact of sovereign risk in certain EU countries, (e) the ability of counterparties to meet their obligations to the Group, (f) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation and currency fluctuations, (g) the possibility of the imposition of foreign exchange controls by government and monetary authorities, (h) operational factors, such as systems failure, human error, or the failure to implement procedures properly, (i) actions taken by regulators with respect to the Group's business and practices in one or more of the countries in which the Group conducts operations, (j) the timing, impact and other uncertainties of future actions and (k) the Group's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exhaustive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Information Memorandum.

The Issuer is not obliged to, and it does not intend to, update or revise any forward-looking statements made in this Information Memorandum whether as a result of new information, future events or otherwise and does not guarantee future performance, as the actual results or developments may be substantially different from the expectations described in the estimates and forward-looking statements. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Information Memorandum. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in this Information Memorandum may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own legal advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Notes.

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## DOCUMENTS INCORPORATED BY REFERENCE

### Documents incorporated by reference

This Information Memorandum should be read and construed in conjunction with:

(i) the consolidated financial statements of the Issuer for the year ended 31 December 2020 together with the audit report thereon;

(ii) the consolidated financial statements of the Issuer for the year ended 31 December 2021 together with the audit report thereon; and

(iii) the consolidated interim financial statements of the Issuer for the six month period ended 30 June 2022, together with the limited review report thereon.

The Issuer confirms that it has obtained the approval from its joint auditors for the relevant year to incorporate by reference into this Information Memorandum the consolidated financial statements of the Issuer set out above and the relevant auditor's reports thereon.

Such documents shall be incorporated in and form part of this Information Memorandum, save that the statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that the statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum. Any non-incorporated parts of a document referred to in this Information Memorandum are either deemed not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Information Memorandum. Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum may be obtained without charge from the website of the Issuer (https://www.elia.be/nl/investor-relations) and the website of the Luxembourg Stock Exchange (https://www.bourse.lu/).

The table below sets out the relevant page references for the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2021 and 31 December 2020 included in the Issuer's 2021 and 2020 Annual Reports.

| | **Issuer's 2021 Annual Report (Consolidated Financial Statements as at and for the year ended 31 December 2021)** | **Issuer's 2020 Annual Report (Consolidated Financial Statements as at and for the year ended 31 December 2020)** |
|---|---|---|
| Consolidated Statement of Profit or Loss | Page 43 | Page 36 |
| Consolidated Statement of Comprehensive Income | Page 44 | Page 37 |
| Consolidated Statement of Financial Position | Page 45 | Page 38 |

| | **Issuer's 2021 Annual Report (Consolidated Financial Statements as at and for the year ended 31 December 2021)** | **Issuer's 2020 Annual Report (Consolidated Financial Statements as at and for the year ended 31 December 2020)** |
|---|---|---|
| Consolidated Statement of Changes in Equity | Page 46 | Page 39 |
| Consolidated Statement of Cash Flows | Page 47 | Page 40 |
| Notes | Page 48 - 117 | Page 41 - 95 |
| Auditors' Report | Page 123 | Page 96 |
| Financial Terms or Alternative Performance Measures | Page 127 | Page 99 |

The table below sets out the relevant page references for the consolidated interim financial statements of the Issuer as at and for the six month period ended 30 June 2022, as set out in the Issuer's 2022 half-year financial report.

| | **Issuer's 2022 half-year financial report (Consolidated Financial Statements as at and for the six month period ended 30 June 2022)** |
|---|---|
| Consolidated Statement of Profit or Loss | Page 11 |
| Consolidated Statement of Comprehensive Income | Page 12 |
| Consolidated Statement of Financial Position | Page 10 |
| Consolidated Statement of Changes in Equity | Page 13 |
| Consolidated Statement of Cash Flows | Page 14 |
| Notes | Page 15 - 26 |
| Auditors' Report | Page 27 |
| Alternative Performance Measures | Page 28 |

## SUPPLEMENT

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Information Memorandum which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Information Memorandum is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Information Memorandum or publish a replacement Information Memorandum for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Information Memorandum. The overview must only be read as an introduction to the Information Memorandum in conjunction with the other parts of the Information Memorandum, the documents incorporated by reference and the documents enclosed in Annex. Any decision to invest in the Notes should be based on a consideration of the Information Memorandum as a whole by the investor.*

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| **Issuer** | Elia Transmission Belgium SA/NV (the "**Issuer**"). |
| **Description of the Issuer** | Elia Transmission Belgium SA/NV is a limited liability company (*naamloze vennootschap/société anonyme*) and was established under Belgian law by a deed dated 31 July 2019. Its registered office is located at 1000 Brussels, Keizerslaan 20 and it is registered in the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under the number 0731.852.231 (RLE Brussels). The Issuer's legal entity identifier (LEI) is 549300A3EZXECDLW2V25. |
| **Principal activities of the Issuer** | The Issuer is a transmission system operator for the Belgian extra-high-voltage (380kV – 150kV) and high-voltage (70kV – 30kV) electricity networks, and for the offshore grid in the Belgian territorial waters in the North Sea. The principal activities of the Issuer are to provide electricity transmission services by developing, operating and maintaining the very-high and high-voltage electricity grid in Belgium. |
| **Description of the Programme** | Euro Medium Term Note Programme. |
| **Size** | Up to EUR 3,000,000,000 (or its equivalent in any other currencies) aggregate nominal amount of Notes outstanding at any one time. |
| **Arranger and Dealers** | BNP Paribas as Arranger.<br><br>Belfius Bank SA/NV, BNP Paribas, ING Bank N.V., Belgian Branch, and NatWest Markets N.V. as the Dealers.<br><br>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Information Memorandum to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a Dealer in respect of one or more Tranches. |
| **Agent** | KBC Bank NV. |
| **Method of Issue** | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, |

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| | where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in a pricing supplement (the "**Pricing Supplement**"). |
| **Currencies** | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers. |
| **Maturity** | Subject to compliance with all relevant laws, regulations and directives and unless previously redeemed or purchased and cancelled, each Note will have the maturity as specified in the relevant Pricing Supplement. |
| **Issue Price** | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. |
| **Form of Notes** | The Notes are issued in dematerialised form in accordance with the Belgian Companies and Associations Code. The Notes will be represented by book entry in the records of the securities settlement system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**NBB-SSS**"). The Notes can be held by their holders through participants in the NBB-SSS, including Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD or other participants in the NBB-SSS. The Notes are accepted for settlement through the NBB-SSS and are accordingly subject to the applicable settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time. The Noteholders will not be entitled to exchange the Notes into notes in bearer form. |
| **Specified Denomination** | The Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that the specified denomination shall be at least EUR 100,000 (or its equivalent in any other currency). |
| **Fixed Rate Notes** | Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement. |
| **Floating Rate Notes** | Floating Rate Notes will bear interest determined separately for each Series as follows:<br>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or<br>(ii) by reference to EURIBOR as adjusted for any applicable margin.<br>Interest periods will be specified in the relevant Pricing Supplement. |

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| **Zero Coupon Notes** | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest. |
| **Interest Periods and Interest Rates** | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. |
| **Redemption** | The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. |
| **Optional Redemption** | The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders and, if so, the terms applicable to such redemption. |
| **Early Redemption** | Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Section "*Terms and Conditions of the Notes – Redemption, Purchase and Options*". |
| **Status of the Notes** | The Notes constitute (subject to the negative pledge provisions) direct, unconditional, unsubordinated and unsecured obligations of the Issuer.<br>See Section "*Terms and Conditions of the Notes – Status*". |
| **Negative Pledge** | See Section "*Terms and Conditions of the Notes – Negative Pledge*". |
| **Cross-Default and Cross-Acceleration** | See Section "*Terms and Conditions of the Notes – Events of Default*". |
| **Ratings** | The Programme has been rated BBB+ by S&P.<br>Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.<br>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. |
| **Withholding Tax** | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Belgium, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding been required. |
| **Governing Law** | The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Belgian law. |
| **Listing and Admission to Trading** | Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed and admitted to trading on the Euro MTF market operated by the Luxembourg Stock Exchange. |

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| | As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted. |
| **Selling restrictions** | The primary offering of any Notes will be subject to offer restrictions in the United States, the United Kingdom, the EEA, Japan and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered. See section "*Subscription and Sale*".<br><br>The Notes will not be offered or sold in Belgium to "consumers" within the meaning of the Belgian Code of Economic Law.<br><br>With respect to the United States, the Issuer is Category 2 for the purposes of Regulation S under the Securities Act. |

# RISK FACTORS

*Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Information Memorandum. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The business of the Issuer, its financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Notes. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Notes. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Notes are set out, in the section "Description of the Issuer", amongst other places. The order of presentation of the risk factors in this Information Memorandum is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Notes.*

*Any reference to the "**Group**" should be construed as a reference to the Issuer and its subsidiaries. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Information Memorandum shall have the same meanings in this section.*

## Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with Notes issued under the Programme

### Risks related to the regulatory environment in which the Group operates

***The Issuer is subject to an extensive set of regulations and its income is in large part dependent on the tariff methodology, which is subject to potential changes and periodic revisions***

As operator of the electricity transmission system, the Issuer is subject to an extensive set of European, federal and regional legislation and regulations and supervision, including in relation to the transmission tariffs which apply to the use of the transmission system. Such legislation and regulation, as well as the interpretation thereof by competent bodies, is subject to changes and evolution over time, in part to give effect to a changing environment and societal expectations. Any unplanned or adverse changes in the regulatory framework or diverting interpretations in regulatory, legal or policy mechanisms (including in relation to the tariffs, incentives, renewable energy targets and operating rules) could conflict with the Issuer's existing and envisioned strategy and have a significant financial and organisational impact on the Issuer.

Approximately 94 percent of the Issuer's revenues are generated by the tariffs which applies to the electricity networks it operates. This tariff is determined by the tariff methodology which is set by the Belgian regulators, typically for periods of four years. In addition, some parameters for the determination of the regulatory return are subject to specific uncertainties which may negatively impact the Issuer's profit and financial position.

***Tariff-setting regulations***

The vast majority of revenues (approximately 94.3 percent in 2021.) and profits (approximately 99 percent in 2021) of the Issuer are generated by the network tariffs set pursuant to the legislation in force and to the tariff methodology established by the Commission for Electricity and Gas Regulation (*Commissie voor de Regulering van de Elektriciteit en het Gas/Commission de Régulation de l'Électricité et du Gaz*) (the "**CREG**"), which in turn is based on tariff guidelines set out in the law of 29 April 1999 "*relative à l'organisation du marché de l'électricité*" / "*betreffende de organisatie van de elektriciteitsmarkt*" (the "**Electricity Law**"). The current tariff methodology will apply until the end of 2023. Future changes to the Belgian federal regulatory framework may

have a negative impact on the Issuer's profitability and activities. (see "*Description of the Issuer – Regulatory framework*").

The new tariff methodology applicable to the next four-year period from 2024 (2024-2027) was adopted by the CREG on 30 June 2022. The new methodology is based on largely the same drivers as those stipulated in the tariff methodology for the period 2020-2023, subject to certain changes (see "*Description of the Issuer – Tariff methodology applicable for the period 2024-2027*"). Some of the parameters and elements of the methodology may be subject to specific uncertainties and interpretation issues that could have a positive or negative impact on the Issuer's financial position. The CREG is expected approve the tariffs (based on a proposal by the Issuer) for the next regulatory period (2024-2027) before the end of the year 2023. A tariff methodology that allows for a lower remuneration would have a negative impact on the Issuer's financial position. The remuneration is based on a number of parameters and incentives which could each have a positive or negative impact. Nevertheless, a decrease of the return on equity as a result of the new regulatory framework could, in turn, negatively impact the Issuer's profitability. Moreover, if the Issuer would no longer be able to meet the equity/debt target ratio of 40/60 due to a lack of investors in the equity capital market, the profitability of the Issuer as well as its credit rating profile could be impacted (see "*A downgrade in the Issuer's credit rating could affect its ability to access capital markets and impact its financial position*"). Based on the parameters as described in the methodology for the period from 2024 to 2027, the average regulatory return on equity for that period is expected to be around 5.7%, depending in part on the actual results and performance in relation to the various incentives and assuming a predefined regulatory gearing equity/debt target ratio of 40/60. (see *"Description of the Issuer – Tariff methodology applicable for the tariff period 2024-2027"*).

***Tariff-setting regulations – Nemo Link***

A specific regulatory framework is applicable to the Nemo Link interconnector from its date of operation which occurred on 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the minimum and maximum return levels (below and above which revenue flows from and to the national operators the Issuer and National Grid) ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime (see "*Description of the Issuer – Regulatory framework for interconnector Nemo Link*"). While this cap and floor regime gives a high level of certainty about future return levels, some incidents, such as but not limited to a long-term unavailability (below 80 percent availability) of the interconnector, would result in Nemo Link not being entitled to the cap and floor regime in that period. Nemo Link is taking mitigating actions to prevent such incidents and/or to reduce their impact and duration, but these uncertainties cannot be fully excluded.

***The TSO permits and certifications which are necessary for the Issuer's operations may be revoked or modified***

The operation of the regulated activities of the Issuer depends on licenses, authorizations, exemptions and dispensations. Approximately 94 percent of the Issuer's revenues are generated by the tariffs which apply to the electricity networks it operates. Such licenses, authorizations, exemptions and dispensations may be withdrawn or amended or additional conditions may be imposed on the regulated activities of the Issuer. Any such withdrawal or amendment or the imposition of any additional conditions could affect the revenue, profits and financial position of the Issuer.

Given the specificity of the asset and the fact that no procedure or rules are spelled out in applicable regulations in case of a revocation or modification of the TSO license, it is very difficult to predict or describe all possible scenarios. Accordingly, while considered very unlikely, in case of a final revocation or non-renewal of any of its licenses, ad hoc arrangements would have to be entered into in relation to the relevant electricity network assets owned by the Issuer in order to enable another party which would be appointed in lieu to operate such assets, and the Issuer would no longer be entitled to the regulated income in relation thereto. This would, however, raise a

number of very complex issues in relation to further maintenance, personnel and future investments. To avoid such complexities, a more plausible scenario in the unlikely event that any license or permit would be revoked or not renewed is that the authorities would impose additional or new requirements or that this would delay the Issuer's contemplated investment plan.

To date, the Issuer is the only entity which meets the relevant conditions to be appointed as TSO. To execute its activities of TSO, the Issuer has four licenses (see "*Description of the Issuer – Introduction*"). Any of these can be revoked earlier if the Issuer would fail to maintain the human, technical and financial resources to guarantee the continuous and reliable operation of the grid in accordance with applicable legislation or the unbundling obligations described in Article 9 of the Electricity Law and the regional legislation.

The Issuer was confirmed as the Belgian TSO with effect from 31 December 2019 by different public entities (the federal and Walloon governments for a period of 20 years, the Brussel's government for a period of 20 years, and the Flemish regulator for a (remaining) period of 4 years which needs to be renewed (then for 12 years) in 2023 (see "*Description of the Issuer – Introduction*").

Five years prior to the expiry of the appointment, the Issuer can request a renewal, provided that it still complies with the criteria set out above.

In the event of bankruptcy, winding-up, merger or demerger of the Issuer, its appointment will be terminated. In addition, the appointment can be revoked by the Belgian federal government following the advice of the CREG and consultation with the Issuer under certain circumstances, including:

1. a significant change in shareholding without prior certification, which could jeopardise the independent network operation;
2. serious breach of the Issuer's obligations under the Electricity Law or its implementing decrees; or
3. where the Issuer is no longer certified as a fully ownership unbundled system operator.

The early termination or non-renewal of the appointment of the Issuer as the single Belgian TSO would have a material adverse effect on the Issuer's activities, profits and financial situation. Moreover, an event of default would arise under the Issuer's bank and bond financings if the Issuer were to cease to be appointed as TSO (see section "*Description of the Issuer - Financing arrangements of the Issuer*").

***The Issuer is subject to certain trustee obligations which may impact its working capital***

As part of its role as TSO, the Issuer fulfils a role of trusteeship. This encompasses the administration and coordination of certain national or regional levy systems on behalf of relevant authorities, mostly in relation to the financial support for the development of renewable energy.

This is often referred to as public service obligations which are imposed on the Issuer by the different governments in connection with its role as TSO. These obligations are mainly related to the support of security of supply and to provide financial support for the development of renewable energy. The former includes the strategic reserve and the capacity remuneration mechanism ("**CRM**") which has been introduced to guarantee the country's security of supply from November 2025 onwards, under which the Issuer has been entrusted with certain tasks (see "*Description of the Issuer – The regulatory framework*"). The latter includes an obligation for the TSO in Belgium to purchase "green and combined heat power ("CHP") certificates" at a guaranteed minimum price as a financial support instrument for the producers of renewable energy in Belgium. For some produced offshore energy, the scheme also includes a mechanism of prepayments before attribution of green certificates.

As from 2022, the costs, including the prepayments, incurred for the performance of the federal public service obligations by the Issuer, including the purchase of offshore green certificates, the cost of the strategic reserve and the CRM and the federal surcharge, are fully passed on to the federal government, which finances this cost mainly via excise taxes (subject to the approval of the cost by the CREG). There is a semi-annual review mechanism in place to cover potential gaps between expenses incurred in connection therewith and the amounts

recovered from the federal government. In addition, the Issuer may be required to purchase and pre-finance large amounts of "green certificates" in the Walloon region under two schemes that have been introduced by the Walloon government to alleviate the likelihood of an increase of the tariffs to be paid by customers in the Walloon region.

To the extent that there would be a timing difference between the incurrence and the recovery of such costs from the relevant authorities, such costs must be pre-financed by the TSO and, consequently, may temporarily impact the cash flow of the Issuer.

***The further development of the offshore infrastructure may present specific challenges and the specific liability regime applicable to offshore connections may have an impact on the Issuer's profitability***

The further development of the offshore infrastructure is a material part of the Issuer's strategy and the European energy transition. While the Issuer is well positioned in relation to the further development of the offshore infrastructure given its existing track record and experience, there are a number of inherent risks related thereto. Next to the innovative and untested nature of some of the proposed solutions, the planning, construction and operation of grid connections of offshore wind farms trigger a number of uncertainties (including, for example, weather and soil conditions) and technical challenges. There are also only a small number of potential suppliers for the main components of such grid connections. In addition, specific regulatory liability regimes apply to the offshore connections.

The TSO is in charge of the connection of offshore windfarms to its Modular Offshore Grid ("MOG") pursuant to current laws and regulations (see "*Description of the Issuer – Key projects of the Issuer*"). Any interruption of such connection that is attributable to the TSO's gross negligence or wilful misconduct ("*faute lourde ou faute intentionnelle" / "zware fout of opzettelijke fout"*) may subject the Issuer to damages claims (which are capped to the net profit the Issuer could generate specifically on the MOG assets in the specific year the incident occurred). Any such claim for damages could negatively impact the Issuer's activities, profits and financial situation. The implementation of an additional regulatory framework is currently under discussion for the connection to the transmission system of future offshore renewable generation capacity (MOG II).

## Risks related to the activities of the Issuer and the continuity of supply

***Failure by the Issuer to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences***

In order to enable the Issuer, as TSO to maintain the frequency and voltage on its network, which is key to ensure the reliability and continuity of supply, the production of electrical energy should in principle be equal to the demand at any time. Maintaining a constant balance between supply and demand is the core task of a systems operator. The Issuer uses to that effect balancing energy to balance unplanned fluctuations in the production of electricity or the energy load, also taking into account exports to and imports from neighbouring countries.

However, new challenges are being created for the operation of the grid management as a result of the decentralisation of energy production through the growth in the number of renewable energy units connected to distribution systems across Europe as well as the connection of large offshore wind farms to the system. Together with the new opportunities that are being offered to customers to optimise their electricity management by selling their surplus energy and reducing their consumption (demand-response), this results in an increased volatility of energy flows on the network and, accordingly, a greater risk of mismatch between supply and demand at any given point in time.

If the Issuer would fail to keep the balance between energy offer and energy demand, the network frequency may be adversely impacted. Accordingly, if there is a risk of shortage of energy supply so that the energy demand may exceed the available supply at any point in time and therefore create an imbalance on the network, the relevant

TSO would have to take action in order to reduce the electricity consumption on the grid by means of "load shedding" or "curtailment", that is by switching off the supply to certain (groups of) customers. Corrective actions such as load shedding at national or international level or the curtailment of production means may then be required in such circumstances. This would lead to an adverse impact on the Issuer's image and reputation, adversely impact the gross domestic product of the countries or regions concerned and may lead to a detailed investigation from the Issuer's regulators.

***The Issuer's reputation may be damaged in various circumstances, including in case of a shortage of energy supply or as a result of a slower than expected energy transition***

As TSO, the Issuer carries out an important role in society and is perceived by society and its key stakeholders as an enabler of the energy transition. While it has an important role to play in the decarbonisation of society and in the continuity of energy supply, a number of important elements which are required to realise such ambition are outside of its control.

The federal authorities must ensure that there is enough capacity and supply of energy available in Belgium in order to avoid the risk of an electricity shortage and problems of supply. The Issuer provides them with useful technical information. The methodology used to assess the adequacy situation as well as the reliability standard are defined at European level (by ACER). See "*Description of the Issuer - Regulatory framework in Europe*".

It is the authorities' responsibility to integrate geopolitical aspects and other relevant considerations and risks in the final decision-making in order to ensure adequacy of supply. Similarly, the authorities are responsible to determine the energy policy of a country, including the mix of energy and incentives available to market participants. The current geopolitical instability, as well as the recent sharp increases in energy prices and the ongoing debate in Belgium in relation to the CRM and possible extension of the nuclear capacity has resulted in an increased uncertainty in relation to the future adequacy of energy supply (see "*Description of the Issuer*"). A decrease in the supply of gas and or hard coal, as we are currently witnessing in the European Union, can adversely impact the adequacy of the electricity markets, if the generation system is not able to meet the demand. In case of a sudden shortage of gas, the resulting disruption of gas may lead to exposure of the European gas - and subsequently the electricity markets that could have consequences in terms of ensuring security of supply. Depending on the circumstances, corrective measures may need to be taken (example: rotating blackouts) by the TSO, with potentially an adverse reputational impact. Should all preventive measures fail to avoid an adequacy issue, then the Issuer may need to activate measures like load shedding at national or international level. In the event of transmission fluctuations, disruptions, system breakdowns/blackouts of the grid, or non-implementation of emergency measures as prescribed by law, the Issuer, as TSO may be held liable for damages by its customers and/or third parties or incur additional costs. See "*Failure by the Issuer to maintain a balance between energy demand and supply on the grid may lead to load shedding and have significant adverse consequences*". In order to mitigate this risk, the European Council has decided on some emergency measures and is as well considering long-term market design changes. In this respect, the Issuer is executing the tasks assigned by the national authorities.

***The Issuer's future profit will in part depend on its ability to realise its contemplated projects and organic growth (capex contributing to the RAB) which, in turn, depends on its ability to obtain the necessary permits without incurring significant costs and/or delays***

As set out in more detail in section "*Description of the Issuer – Strategy*", the Issuer has an ambitious capex plan for the coming years. This results, amongst others, from the changing European energy market and largescale deployment of renewable-based generation technologies, which require the further development of the grid infrastructure. Electricity grids are recognised as key enablers for the energy transition. The development of such on- and offshore infrastructure and interconnectors with neighbouring countries, as well as the deployment of other elements of the investment and capital expenditure plan, is contingent on securing permits and approvals

from relevant authorities. The need to obtain such approvals and permits within certain timeframes represents an important challenge for the timely implementation of the various projects. These approvals and permits can be challenged before the competent courts causing potentially further delays.

Since the remuneration of the Issuer is in part based on its ability to realise its projects (as the current remuneration is calculated on the average Regulated Asset Base ("RAB")) (see "*Description of the Issuer – Regulatory framework*"), the Issuer's future profits will in part depend on its ability to maintain and grow its asset base (after amortizations and depreciations). To that effect, it will need to realise its contemplated organic growth (including its envisaged capital expenditure) and realise its various projects. In case the Issuer would not be able to realise or not timely realise its various projects and investment program, this could have a negative impact on the Issuer's future profits.

***Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Issuer's results of operation***

The Issuer is evolving towards the use of more IT driven tools and invests significantly more in digitalisation to manage the complexity of its system operations. A failure of the ICT systems and processes used by the Issuer or a breach of the security measures may result in losses for customers and reduced revenues for the Issuer and its affiliates.

This is particularly relevant given the drive towards digitalisation, the adoption of new technologies and the selection of innovation projects which focus on "real first" initiatives, such as the long-distance drone flights and the use of robots in converter stations. This, in turn, increases the potential risk of failure or human mistakes, the impact of potential ICT failures as well as the operational risk and the risk of having stranded assets.

The Issuer also collects and stores sensitive data, which includes own business data as well as that of its suppliers and business partners. The Issuer is subject to several privacy and data protection rules and regulations, including since May 2018 the General Data Protection Regulation (Regulation (EU) 2016/679 of 27 April 2016 - GDPR) regarding personal data as well as the NIS Directive (Directive (EU) 2016/1148 of 6 July 2016, concerning measures for a high common level of security and network and information systems across the Union).

Despite all of the precautions taken, important system hardware and software failures, failure of compliance processes, computer viruses, malware, cyber-attacks, accidents or security breaches could still occur. Such risks could increase in the context of the current geopolitical instability. Any such events could impair the ability of the Issuer or any of its subsidiaries to provide all or part of its services and may generally result in a breach of its legal or contractual obligations. This could, in turn, result in legal claims or proceedings, contractual liability, liability under any other data protection laws, criminal, civil or administrative sanctions, as well as a disruption in the operations and damage to the reputation of the Issuer, and could adversely affect the business and results of the Issuer.

Due to the specific nature of its activities as TSO, the Issuer is considered as "operators of essential services" and managers of so-called "critical infrastructure". Accordingly, the impact of any failure, attack, or malware is considered to be higher as a disruption in the activities could have a severe effect on society and has the potential to impact other network operators in Europe. In addition, the Issuer as TSO is subject to European, national and sector specific regulations, such as the European Program for Critical Infrastructure Protection (EPCIP Directive), the EU network and Information Security Directive (NIS Directive) as well as upcoming regulation such as the Directive on the resilience of critical infrastructure (CER Directive) and the Network Code on Cybersecurity which impose a heightened burden on the Issuer to identify, assess and manage potential physical security and cybersecurity risks.

***Contingency events and business continuity disruptions, including as a result of acts of terrorism or sabotage, may adversely affect the Issuer's results of operation***

The transmission systems operated by the Issuer are very reliable (see "*Description of the Issuer – Key strengths*"). Nonetheless, unforeseen events, such as unfavourable weather conditions, may occur and alter the smooth operation of one or more infrastructure components. In most cases, these lead to a so-called single contingency event, and have no impact on the end customers' power supply because of the meshed structure of the grids operated by the Issuer (and the fact that electricity can often reach end customers via a number of different connections in the system). However, it cannot be excluded that in more exceptional cases, an incident in the electricity system would lead to multiple contingency events that could result in a local or widespread electricity outage with liability claims, based upon contractual liability or as stipulated in the regional legislation (see section *"Description of the Issuer - The regulatory framework"*) and litigation, which, in turn, could negatively impact on the financial position and results of the Issuer.

Contingency events and business continuity disruption may be caused by a number of events outside of unfavourable weather conditions. These may include human errors, negligence, accidents, the risk of electrocution, malicious attacks, cyber-attacks, terrorism, equipment failures, failure of the information and communication technology (ICT), unscheduled foreign electricity flow, failure to maintain the network parameters within the limits defined in the grid codes or lack of sufficient generation capacity. Offshore equipment deserves particular attention in this context as there is less track record with the applied technologies and curative actions are more complex. The occurrence of any of these circumstances would be considered as an emergency situation which would allow the TSO to take any emergency measures deemed appropriate. This would include measures such as disconnecting some or all electricity exports, requesting electricity-generating companies to increase or decrease their electricity production or requesting from the competent Minister a reduction in the electricity consumption in affected areas.

Furthermore, the Issuer's electricity network, assets and operations (and those of its relevant affiliates) are widely spread geographically and are potentially exposed to acts of terrorism or sabotage. Such events could negatively affect such networks, assets or operations and may cause network failures, black-outs or system breakdowns. Network failures or system breakdowns could, in turn, have a material adverse effect on the Issuer's financial condition and operational results, particularly if the destruction caused by acts of terrorism or sabotage is of major importance and are not sufficiently insured and/or the financial impact could not be fully recovered via tariff mechanism. Parts of the Issuer's network have been classified as 'critical infrastructure' by the competent national authorities, as a result of which they have to comply with certain security regulations.

Any such acts or events or harm to the health safety of its staff or any third party could expose the Issuer to potential liabilities and affect the financial performance of the Issuer as well as its reputation. This could also result in damages or claims above the insured threshold. Moreover, adequate insurance for all those risks may not be available at reasonable conditions or may not be available at all. If they were to materialise and would not be fully covered by the regulatory mechanism, these exceptional costs would have to be borne by the Issuer itself and could, in turn, affect its overall profitability. See also *"The Issuer may not have adequate insurance coverage"*.

The probability of the occurrence of one or more of the above-mentioned events may increase if the competent authorities do not approve the necessary operational procedures, investments or full time equivalent (FTE) resources proposed by Elia, as it would then lack the necessary means and resources to avoid and protect the electricity network against such above-mentioned events.

***The Issuer is subject to certain physical and transitional climate risks and may not be able to meet relevant expectations in relation to the decarbonisation goals it has set***

One of the Issuer's core strategies is to adapt its infrastructure and on- and offshore network in order to play its role in the electrification of society, the increased connection and supply of renewable energy sources ("**RES**"), including the further development of offshore infrastructure and new digital technologies and services, so as to be at the forefront of the energy transition and the decarbonisation of society. This includes a number of ambitious innovative projects and sizeable investment programs, which involve a number of risks as further described in the risk factors in this section.

The physical climate risks to which the Issuer is subject fall into two categories: chronic and acute ones. Based on the best climate scenario information available today, a vulnerability assessment of the Issuer's activities took place, in line with the technical screening criteria of the EU Taxonomy Climate Delegated Act (Commission Regulation (EU) 2021/2139, as amended). This assessment highlighted the possible harmful effect of heatwave, cold wave/winter incident, storm, flooding, drought and wildfire. All these phenomena belong to acute physical risks which could lead to less favourable operating conditions for the Issuer's assets or even damage them. Such circumstances may trigger risk factors for contingency events and business continuity disruption. For example, the substations in Rochefort and Pepinster were heavily affected by the exceptional flooding which occurred during the summer of 2021. The reparations were completed in Q3 2021. Given the critical nature of the Issuer's infrastructure and the fact that its assets are spread over a wide territory (in particular its overhead line infrastructure), the Issuer's assets are regarded as facing a heightened vulnerability to physical climate risk, as is the case with other system operators and operators of utilities.

The transitional climate risks to which the Issuer is subject relate to the transition to a lower carbon economy, which implies extensive policy, legal, technology and market changes. Even though facilitating the decarbonisation lies at the heart of the Issuer's business strategy and important efforts are being made to contribute thereto (through, amongst others, its ActNow program, see "*Description of the Issuer – Strategy"*), a number of factors are outside of the Issuer's control. For example, the Issuer depends on the energy producers for the carbon-intensity of the energy that is being produced and transported on its network. The carbon-intensity of the transported energy has an important impact on the amount of greenhouse gas emissions caused by grid losses on the Issuer's network, which is one of the main sources of greenhouse gas emissions resulting from the Issuer's operations. Furthermore, the introduction of stringent regulation related to greenhouse gas emissions such as SF6 may lead to increased maintenance costs, difficulty to find alternative technologies or write-offs of assets which are not fully amortized. The impacts of new regulatory requirements are expected to be covered by the tariff methodology. However, given the fast-evolving technological and regulatory requirements and environment, as well as the uncertainties in relation to the interpretation of some of the new ESG rules and regulations (including, for example under the EU Taxonomy Delegated Acts and the proposed Corporate Sustainability Reporting Directive), no assurances can be given that the Issuer will be able to meet all such requirements or expectations or requirements of investors, shareholders, other stakeholders or pressure groups. See also "*In respect of any Notes issued with a specific use of proceeds, such as Green Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor. Failure to meet any expectations or to apply the proceeds of Green Bonds to Eligible Green Projects will not constitute an Event of Default".*

***The Issuer is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its anticipated investment program or result in additional costs***

The operations and assets of the Issuer, as a TSO, are subject to regional, national and international regulations dealing with environmental matters, city planning and zoning, building and environmental permits and rights of way. Such regulations are often complex and subject to frequent changes (resulting in a potentially stricter regulatory framework or enforcement policy). Compliance with existing or new environmental, soil sanitation,

city planning and zoning regulations, and more recently laws relating to the protection of natural habitat and wildlife, may impose significant additional costs on the Issuer and delay the projects which it pursues. Such costs include expenses relating to the implementation of preventive or remedial measures or the adoption of additional preventive or remedial measures to comply with future changes in laws or regulations.

While the Issuer has recognised provisions in connection with such obligations in its financial statements, the provisions made by the Issuer may not be sufficient to cover all costs that are potentially required to be made in order to comply with these obligations, including if the assumptions underlying these provisions prove to be incorrect or if the Issuer would face additional, currently undiscovered, contamination.

In recent years, there has also been an increased concern in relation to the impact of electric and magnetic fields ("EMF") which emanate from underground and overhead electrical cables and are inherent to the Issuer's operations. Accordingly, it cannot be excluded that the legal environment in this respect may become more restrictive in the future. This may result in the Issuer incurring additional costs in managing environmental and public health risks or city planning constraints, as well as an increased risk of potential liability claims or administrative proceedings initiated by affected persons, or may have an impact on the way and the timing in which investment projects can be realised. Due to the increased actions from pressure groups and local residents, authorities may become more reluctant to deliver the necessary permits in the future.

Furthermore, to the extent any of the costs associated therewith cannot be covered or recovered through the applicable tariff methodologies, these could adversely affect the financial results of the Issuer.

***The Issuer depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner***

The Issuer relies on a limited number of key suppliers that provide the necessary material and equipment to realise its investment projects. Given the complexity of the infrastructure works, the increasing demand in the market for such specialised skills, and the factories' full order books, the Issuer may not be able to find sufficient suppliers or supply capacity in order to realise its projects or realise them within the anticipated budget or in a timely manner.

In addition, the world is currently confronted with supply chain bottlenecks, as well as raw material, energy and staffing scarcity and increases in the prices of raw materials. These elements have resulted in a significant increase in commodity and transportation prices, which have also affected the supply chain of its suppliers and have led to a general increase in the inflation rates (a yearly inflation adjustment of the costs of the TSO is foreseen under the current tariff methodology – see "*Description of the Issuer – Regulatory Framework*"). This has recently been compounded with the war in Ukraine and the increased geopolitical instability resulting therefrom, which has, amongst others, an impact on its suppliers' ability to deliver the required number of goods or services in a timely manner and with the adequate level of quality. Furthermore, economic headwinds combined with increased inflation could lead to the insolvency of certain suppliers or partners on which suppliers rely. Even though the Issuer tries to mitigate the credit risk of its suppliers through appropriate bank guarantees, any such financial difficulty or insolvency at the level of its suppliers or partners on which its supplier rely could further result in delays in the realisation of any project and could adversely impact the future profits of the Issuer.

The maintenance and construction of an onshore and offshore electricity grid also requires a specific technical expertise. If the Issuer's contractors would fail to have a sufficiently skilled workforce, this might adversely impact the Issuer's business, including the safety of its works. In addition, the Issuer is exposed to the risk of (i) public procurement claims and (ii) the fact that its respective suppliers, when facing financial difficulties, may not be able to comply with their contractual obligations.

Any cancellation of or delay in the completion of its projects as a result thereof could have an adverse effect on the Issuer's future profits and the realization of its strategy or contribution to the energy transition or sustainability program which, in turn, could have a negative effect on the Issuer's reputation.

***A lack of highly qualified staff may result in insufficient expertise and knowhow to meet its strategic objectives***

The Issuer has an ambitious program to deliver on its commitment to contribute to the decarbonisation of society. The push towards more offshore, digitalisation and a consumer-centric model requires significant investments and changes to the Issuer's organization. To be able to achieve these goals, the Issuer's culture and work force must be fully aligned to the Issuer's strategy and the Issuer must succeed in attracting and retaining the necessary specific technical expertise. See also risk factors "*Failure of information and communication technology (ICT), cyber-attacks, data security and protection issues may adversely affect the Issuer's results of operation*" and "*The Issuer depends on a limited number of suppliers and their ability to deliver good quality infrastructure works in a timely manner*".

Given the specific nature of the expertise and the high demand in the market, it has become increasingly challenging to find these profiles on the hiring market. This is being further compounded by the current war for talent. In addition, the pandemic has highlighted the need to take extra care of the employee's well-being and pay more attention to their personal needs.

If the Issuer does not manage to have the adequate human resources and expertise available, there is an increased risk of failure to implement its strategy (delay, failure to manage the increasing complexity of network operation, delay in capex realization which supports the energy transition, etc.), bearing in mind the highly specialized and complex nature of its business. Moreover, a loss of highly qualified staff may result in insufficient expertise and knowhow to meet the Issuer's strategic objectives.

***The Issuer may not have adequate insurance coverage***

The Issuer has subscribed to insurance contracts necessary to operate its businesses in line with industry standards. However, there are no assurances that the contracted insurance coverage will prove to be sufficient in all circumstances. Even though the Issuer has contracts which seek to limit its exposure in relation to certain risks (see "*The Description of the Issuer*"), the Issuer is not (fully) insured against all the risks to which they are exposed. This includes, and is not limited to, risks stemming from material damages to overhead lines, offshore assets, third-party losses, damages, blackout claims, cyber-attacks or losses resulting from human error or defective training. Any damage or claim above the insured threshold may have a negative impact on the profitability of the Issuer.

Furthermore, for some specific risks (such as blackout claims in excess of insurance coverage and environmental liabilities, terrorism or cyber-attack) adequate insurance may not be available at reasonable conditions or may not be available at all. Should those risks materialise, the regulatory mechanism could cover these costs, but there is a risk that a part of this exceptional costs would have to be borne by the Issuer (up to a certain cap), which would affect its overall profitability.

## Financial risks

***A downgrade in the Issuer's credit rating could affect its ability to access capital markets and impact its financial position***

The Group, and more specifically the Issuer, has significant amounts of debt outstanding. The amount of debt is likely to further increase in light of the Group's ambitious capex and investment plans (see "*Description of the Issuer – Key projects of the Issuer*"). Accordingly, the ability of the Issuer to access global sources of financing to cover its financing needs to fund its plans and refinance its existing indebtedness is a key component of the Group's business and strategic plan. A deterioration in financial markets more generally or a downgrade of its

credit rating could negatively impact its ability to access financial markets and would have an adverse effect on the Group's business, financial position and ability to realise its strategic plan.

S&P has issued separate credit ratings for the Issuer. At the date of this Information Memorandum, the credit ratings of the Issuer is BBB+ with a stable outlook. There are, however, no assurances that the rating of the Issuer will remain the same for any given period or that the rating will not be lowered by the rating agency if, in its judgment, circumstances in the future so warrant.

Given the specific nature of Elia Group's business and the large recovery of its financing costs through the tariff methodology at the level of its two regulated subsidiaries, the Issuer and 50Hertz (Eurogrid GmbH), Elia Group has implemented (including at the request of its regulators) a number of measures. This includes the adoption of a funding and dividend policy applicable to the Issuer and Eurogrid and differences in the composition of their boards of directors compared to Elia Group. These seek to ring-fence the impact of Elia Group's business and future investment and strategic plans on the individual ratings of the Issuer and Eurogrid. Since the Issuer is ring-fenced from Elia Group from a ratings perspective up to a certain extent, a downgrade in the credit rating of Elia Group of up to 1-notch should not automatically affect the rating of the Issuer.

The tariff methodology applicable in Belgium provides that if a downgrade were to occur and this would be entirely attributable to activities independent of the Issuer, being regulated activities outside of Belgium or non-regulated activities, the potential increase of the interest cost on newly issued financial instruments resulting from such downgrade would have to be borne by the shareholders of the TSO instead of being passed on through the transmission tariffs, affecting in such case the financial result and profitability of the Issuer. However, if the downgrade were to result from business as usual and this would be attributable to the activities of the Issuer under the regulatory framework, the increased cost would be recoverable via the tariff.

A downgrade in the credit rating of the Issuer could also result from any additional debt raised in the context of its future large capex program supporting the accelerated energy transition.

A decision by a rating agency to downgrade the credit rating of the Issuer could reduce the Issuer's funding options and increase its costs of funding.

***Negative changes in financial markets and the macro-economic environment could affect the Issuer's ability to meet its financing obligations and needs or make them more onerous***

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be negatively impacted by the deterioration in the financial markets. In particular, the Issuer is dependent on its ability to access debt and capital markets in order to raise the funds necessary to repay its existing indebtedness and meet its financing needs under its future investments. As part of the Issuer's efforts to mitigate the funding risk, the Issuer aims to diversify its financing sources in debt instruments. In addition, increases in the applicable interest rates and risk premiums expected by investors, as has been noted in financial markets in the past few months, combined with increased inflationary pressure and geopolitical uncertainty, may make it more expensive for the Issuer to finance any inorganic growth and refinance its existing debt.

The refinancing risk is managed through developing strong bank relationships with a group of financial institutions, through maintaining a strong and prudent financial position over time and through diversification of funding sources.

The short-term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. In light of the current volatility and inflationary pressures in the market, no assurances can however be given as to the sufficiency of these measures.

***Risks associated with the Issuer's outstanding financial debt and future financing needs***

The Issuer has significant amounts of debt outstanding and will need to raise further financial indebtedness to finance its contemplated investment programme and refinance its existing indebtedness.

The ability of the Issuer to access global sources of financing to cover its financing needs or repayment of its debt could be impacted negatively by the deterioration in the financial markets and/or the level or terms of the Issuer's existing financial debt.

The terms and conditions of its existing financings contain certain financial covenants. Covenants are monitored on an on-going basis in order to ensure compliance. A breach of financial covenants could, however, have an adverse effect on the financial position of the Issuer.

The Issuer's level of debt could:

- make it difficult for the Issuer to comply with its obligations, including interest payments;
- limit its ability to obtain additional financing to operate its business and fund its future CAPEX needs;
- limit its financial flexibility in planning for and reacting to industry changes; and
- place it at a competitive disadvantage as compared to less leveraged companies.

Extra need for the realisation of the CAPEX plan and working capital could be financed by the Issuer in the form of bank loans, issuing bonds or other debt instruments. Financing costs of the Issuer related to the activity of TSO are qualified as non-controllable costs and are fully passed through via the tariffs.

Nevertheless, any increase in the level of outstanding financial indebtedness (resulting amongst others from its ambitious future investment plan) or any negative development in the debt markets could impact the rating of the Issuer or its ability to access the capital markets. Any such circumstance would negatively impact the Issuer. See also risk factor entitled "*A downgrade in the Issuer's credit rating could affect its ability to access capital markets and impact its financial position*" and risk factor entitled "*If the Issuer does not generate positive cash flows, it will be unable to fulfil its debt obligations*".

***If the Issuer does not generate positive cash flows, it will be unable to fulfil its debt obligations***

The Issuer monitors its cash flow forecasts and the cash available and the unutilised credit facilities to ensure to have sufficient cash available on demand to meet expected expenses and investments including complying with the financial obligations.

The cash flows of the Issuer may be impacted by the uncertainties on the liquidity and solvency of its counterparties. Although the Issuer continuously assesses the liquidity and solvency of its counterparties, there is a risk that the Issuer may face difficulties in meeting its financial obligations if its counterparties do not pay the outstanding amounts owed to the Issuer as and when they fall due. This risk could be further exacerbated by the current inflationary pressures and geopolitical uncertainty. The Issuer limits this risk to the extent possible by monitoring cash flows continually, by making sure that credit facilities are available and by requiring suppliers and/or customers in some contracts to provide an appropriate bank guarantee in favour of the Issuer. Moreover, the costs of customer default are in principle and to a large extent recoverable through the tariffs to the extent the Issuer can show that it carried out an accurate credit control management. The ability of the Issuer to pay principal and interest on the Notes and on its other debt depends primarily on the regulatory framework and the regulated tariffs (see the Risk Factor titled "*Regulatory framework*").

Furthermore, changing conditions in the credit markets and the level of the outstanding debt of the Issuer can make the access to financing more expensive than anticipated and could increase the Issuer's financial vulnerability. Consequently, the Issuer cannot assure investors that it will have sufficient cash flows to pay the

principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Issuer to make scheduled payments on its debt the Issuer may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance its debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable; and
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets.

The current high inflation and high energy prices can impact both the revenues (e.g. congestion rents) as well as the costs (e.g. ancillary costs) of the Issuer. Even though these costs are recoverable through the tariffs, it could nevertheless have a temporary impact on the liquidity position of the Issuer.

For a description of the consequences of a failure to make payments in respect of the Notes, see further the risk factor entitled "*The occurrence of an event of default under the Notes may result in greater financial pressure on the Issuer*" below.

***The occurrence of an event of default under the Notes may result in greater financial pressure on the Issuer***

As described in the risk factor entitled "*If the Issuer does not generate positive cash flows, it will be unable to fulfil its debt obligations*" above, there is a risk that the Issuer may not be able to fulfil its payment obligations in respect of the Notes. Upon the occurrence of any event specified in Condition 9 (*Events of Default*) (including, *inter alia*, failure to make scheduled payments in respect of the Notes), Notes may be declared immediately due and payable by a Noteholder. If the Noteholders were to request repayment of their Notes upon the occurrence of an event of default, the Issuer cannot assure that he will be able to pay the required amount in full.

In case Noteholders declare repayment pursuant to an event of default under the Notes, this will result in amounts being repaid by the Issuer prior to the expected date of repayment, thus resulting in greater short-term (and, possibly, long-term) financial pressure on the Issuer. In addition, any such default may adversely affect the credit rating of the Issuer, resulting in a higher cost of borrowing for the Issuer.

There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption (following an event of default under the Notes) at a rate that will provide the same return as their investment in the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Risks associated with tax assessments***

The statements in relation to taxation set out in this Information Memorandum are based on current law and the practice of the relevant authorities in force or applied at the date of this Information Memorandum. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Information Memorandum and/or the date of purchase of any Notes may change at any time, potentially with retroactive effect (including during any subscription period or the term of such Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of such Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder. Furthermore, although tax rules are applied with accuracy and precision, it is possible that the Issuer's own interpretation of tax laws does not correspond with that of the relevant authorities at the time of potential controls.

Potential purchasers and sellers of the Notes should also be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred, where the investors are resident for tax purposes and/or other jurisdictions. Any such taxes may adversely affect the return of a Noteholder on its investment in the Notes.

Tax audits may result in a higher taxable income or in a lower amount of tax losses carry forwards being available to the Issuer.

## Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

***Notes subject to optional redemption by the Issuer***

The Issuer's ability to redeem the Notes at its option may affect the market value of the Notes. In particular, during any period when the Issuer has the right to elect to redeem the Notes or the market anticipates that redemption might occur, the market value of those Notes generally would not be expected to rise substantially above the redemption price. This also may be true prior to any redemption period. The Issuer may, for example, be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. In the case of any such early redemption, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or at premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***The value of the Notes may be adversely affected by movements in market interest rates and inflation***

Investment in the Notes involves the risk that the price of such Note falls as a result of changes in market interest rates. While the interest rate of the Fixed Rate Note is fixed, the current interest rate on the market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of a Fixed Rate Note tends to evolve in the opposite direction. If the market interest rate increases, the price of such Note typically falls, until the yield of such note is approximately equal to the market interest rate. Inflation risk is the risk relating to the future value of money. In this respect, the real rate of return on the Notes would be reduced due to the effect of inflation. The higher the inflation, the lower the real rate of return of a Note. If the inflation is equal to or higher than the interest rate applicable to the Notes, then the real rate of return is equal to zero or could be negative. Noteholders should therefore be aware that movements of the market interest rate and the inflation can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes. The materiality of this risk may be reinforced in respect of Notes which have a longer maturity.

***The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"***

Interest rates and indices, including interest rate benchmarks, such as EURIBOR, which can be used to determine the amounts payable under Floating Rate Notes ("**Benchmarks**") have, in recent years, been and continue to be the subject of national and international political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reforms and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The Benchmarks Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK Benchmarks Regulation") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmarks Regulations or the UK Benchmarks Regulations and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Under the Conditions, certain replacement provisions will apply if a Reference Rate used as a reference for the calculation of interest amounts payable under the Floating Rate Notes were to be discontinued or otherwise became unavailable.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available. Where the Relevant Screen Page is not available and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Agent by reference to quotations from Reference Banks (as defined in Condition 4(i) (*Definitions*)) to the Issuer or any third party appointed by the Issuer. Where such quotations are not available (as may be the case if the Reference Banks are not submitting rates for the determination of such Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Reference Rate was discontinued. Uncertainty as to the continuation of the Reference Rate, the availability of quotes from Reference Banks and the rate that would be applicable if the Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 4(h) (*Benchmark discontinuation*)) (which, amongst other events, includes the permanent discontinuation of an Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions and/or the Agency Agreement as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders. Please also refer to the risk factor entitled "*Modification and waivers*" below.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate. However, such Adjustment Spread may not always be effective to reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread can be determined, the Successor Rate or Alternative Rate will apply without an Adjustment Spread. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or refencing the Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest. In such circumstances, the Issuer will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or the Independent Adviser will continue to attempt to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Interest Accrual Periods, as necessary.

Applying the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant Benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant Benchmark were to continue to apply or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event (as applicable), will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" (*Interbank Offered Rates*) Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable and may adversely affect the value of, and return on, the Floating Rate Notes.

***In respect of any Notes issued with a specific use of proceeds, such as Green Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor. Failure to meet any expectations or to apply the proceeds of Green Bonds to Eligible Green Projects will not constitute an Event of Default.***

The Pricing Supplement relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply amounts equivalent to the proceeds from an offer of those Notes specifically to finance and/or refinance, in whole or in part, projects and activities ("**Eligible Green Projects**") that promote climate-friendly and other environmental purposes in accordance with the Issuer's Green Finance Framework (such notes, "**Green Bonds**"). . Prospective investors should have regard to the information set out in the sections "Green Finance Framework" and "Use of Proceeds" regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary.

Investors should take into account that there is currently no clear single definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or to receive such other equivalent label. It is uncertain whether any such clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that no adverse environmental, social and/or other impacts will occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

The European Union has adopted various sustainability related rules and regulations, including the Regulation (EU) No 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy**"), establishing the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. The EU Taxonomy is still being further developed and will be further supplemented by various delegated acts. The European Commission furthermore published on 6 July 2021 a legislative proposal for a European green bond standard (the "**EU GBS**") which would (if adopted in such form) require amongst other things, EU Taxonomy alignment of the use of proceeds of the bonds in order to qualify for the EU GBS label. The proposed regulation for a EU GBS is still subject to further negotiations and the final regulation (if and when adopted) may deviate significantly from the European Commission's initial proposal.

For purposes of establishing its Green Finance Framework of 1 December 2021, the Issuer has taken into account the criteria set out under the EU Taxonomy and in particular the EU Taxonomy Climate Delegated Act as it applied as at the date thereof and the transparency requirements as proposed by the EU Commission's proposal for a EU GBS in July 2021. As at today, there are however very limited precedents and limited guidance in the market on the exact application and interpretation of the EU Taxonomy. The application of the EU Taxonomy by the Issuer to the Green Finance Framework is therefore to a large extent based on the Issuer's own interpretation and judgment calls in relation to the applicable criteria, and may further evolve or be challenged as practice is further established and/or as market views develop. Accordingly, it is possible that the Green Finance Framework and the allocation of the proceeds of the Green Bonds to Eligible Green Projects (as defined above) may not be considered as EU Taxonomy aligned or in line with the requirements for the EU GBS once adopted. Legal, regulatory and market conventions in the green and sustainable markets are also constantly developing and there is a risk that the use of proceeds of any Green Bonds will not satisfy, whether in whole or in part, any such future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws, applicable regulations or rules or investment portfolio mandates, in particular, with regard to any

direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the Green Finance Framework and no assurance is given by any of the Issuer, the Arranger or the Dealers to that effect.

While it is the intention of the Issuer to apply amounts equivalent to the net proceeds of any Notes issued as Green Bonds to finance or refinance Eligible Green Projects in, or substantially in, the manner described in the Green Finance Framework and/or the relevant Pricing Supplement, and to report on the use of proceeds or Eligible Green Projects as described in the Green Finance Framework there can be no assurance that the relevant project(s) or use(s) of any Eligible Green Projects will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that, accordingly, such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Failure by the Issuer to allocate the proceeds of any Notes issued as Green Bonds, failure to report on the use of proceeds or Eligible Green Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds or the failure of the Notes issued as Green Bonds to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will not constitute an Event of Default or breach of contract with respect to any of the Notes issued as Green Bonds.

In connection with the potential issuance of Green Bonds, ISS ESG has issued an independent opinion, dated 9 December 2021 on the Issuer's Green Finance Framework (the "**Second Party Opinion**"). It should, however, be noted that the Second Party Opinion only provides an opinion on certain environmental and related considerations which is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Notes. The Second Party Opinion and any other opinion or certification is not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was issued. The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. As at the date of this Information Memorandum, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference, in this Information Memorandum.

Furthermore, each prospective investor should have regard to the factors described in the Issuer's Green Finance Framework and the relevant information contained in this Information Memorandum and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest. The Issuer's Green Finance Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Information Memorandum. The Issuer's Green Finance Framework does not form part of and is not incorporated by reference, in this Information Memorandum.

Where any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), it is possible that such listing or admission does not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its

own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject, of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes. Please also refer to the risk factor entitled "The secondary market generally" below.

A failure of the Notes issued as Green Bonds to meet investor expectations or requirements as to their "green", "sustainable", "social" or equivalent characteristics including the failure to apply amounts equivalent to such proceeds to finance or refinance Eligible Green Projects, the failure to provide, or the withdrawal of, a third party opinion or certification, the Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or the failure by the Issuer to report on the use of proceeds or Eligible Green Projects as anticipated, may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate). Prospective investors are therefore advised to make their own determination regarding a potential investment in such Notes.

***Green Bonds are not linked to the performance of the Eligible Green Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes***

The performance of the Green Bonds is not linked to the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Bonds and the Eligible Green Projects. Consequently, neither payments of principal and/or interest on the Green Bonds nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Bonds shall have no preferential rights or priority against the assets of any Eligible Green Project nor benefit from any arrangements to enhance the performance of the Notes.

## Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

***Modification and waivers***

The Conditions contain provisions for Noteholders to consider matters relating to the Notes and affecting their interests generally, including the modification or waiver of any provision of the Conditions. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution or provide their electronic consents for the passing of the relevant resolution. Such decisions may include decisions relating to a reduction of the amount to be paid by the Issuer upon redemption of the Notes.

Furthermore, the Conditions also provide that the Agency Agreement, any agreement supplemental to the Agency Agreement and the Conditions may be amended without the consent of the Noteholders for the purpose of (i) curing any manifest error, (ii) complying with mandatory provisions of law or (iii) in the case of the Agency Agreement or any agreement supplemental to the Agency Agreement, in any manner which the Issuer and the Agent may deem necessary or desirable, provided that no such change shall be inconsistent with the Conditions nor, in the reasonable opinion of the Issuer, adversely affect the interests of the Noteholders.

Finally, pursuant to Condition 4(h) (*Benchmark discontinuation*), if a Benchmark Event occurs, certain changes may be made to the interest calculation and related provisions of Floating Rate Notes as well as the Agency Agreement in the circumstances and as set out in that Condition, without the requirement for the consent of the Noteholders. Please also refer to the risk factor entitled "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks" (such as the Floating Rate Notes)*".

Accordingly, there is a risk that the terms of the Notes may be modified, waived or varied in circumstances where a Noteholder does not agree to such modification, waiver or variation, which may adversely impact the rights of such Noteholder.

***Noteholders are structurally subordinated to creditors of the Issuer's Subsidiaries***

The Issuer may be partially dependent on dividends and other payments from its Subsidiaries to generate the funds necessary to meet its financial obligations (including under the Notes). Please also refer to the risk factor entitled "*Risks related to the operations of the Issuer – Risks associated with financial debt outstanding – Dividends from Subsidiaries*". Generally, the claims of creditors of subsidiaries of the Issuer will have priority over claims of the Issuer with respect to the assets and earnings of such subsidiaries. In the event of a bankruptcy, liquidation, winding-up, dissolution, receivership, insolvency, reorganisation, administration or similar proceeding relating to any one or more of the Issuer's subsidiaries, holders of such subsidiaries' indebtedness and the trade creditors of such subsidiaries will generally be entitled to payment of their claim from the assets of such subsidiaries before assets are made available for distribution to the Issuer.

***Belgian Withholding Tax***

If the Issuer, the NBB, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Notes in the circumstances described in Condition 7 (*Taxation*).

***Change of law***

The Conditions, and any non-contractual obligations arising therefrom or in connection therewith, of the Notes are governed by, and shall be construed in accordance with Belgian law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Belgian law, or the official application, interpretation or the administrative practice of Belgian law, after the date of issue of the relevant Notes. Any such decision or change may affect the enforceability of the Noteholders' rights under the Conditions or render the exercise of such rights more difficult and, hence, materially adversely impact the value of any Notes affected by it.

***Relationship with the Issuer***

All notices and payments to be delivered to the Noteholders will be distributed by the Issuer to such Noteholders in accordance with the Conditions. In the event that a Noteholder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer therefor.

***Reliance on the procedures of the NBB-SSS, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD for transfer, payment and communication with the Issuer***

The Notes will be issued in dematerialised form under the Belgian Companies and Associations Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB-SSS.

Access to the NBB-SSS is available through its NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) and Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD.

Transfers of interests in the Notes will be effected between the NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which they hold their Notes.

The Issuer and the Agent will have no responsibility for the proper performance by the NBB-SSS or the NBB-SSS participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the NBB-SSS, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the NBB-SSS.

## Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***The secondary market generally***

An active secondary market in respect of the Notes may never be established or may be illiquid and this could adversely affect the value at which investors could sell their Notes. Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, no assurances can be given that it will continue or that it will be or remain liquid. In such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings (including any unsolicited ratings) may, however, not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, any negative change in or withdrawal of a credit rating assigned to the Notes and/or to the Issuer could adversely affect the trading price of the Notes. The Issuer has been rated BBB+ by S&P with stable outlook as from 19 July 2021. All senior unsecured debt issued before that date and currently held by the Issuer has been rated BBB+ by S&P on the basis of the rating of the Elia Group. The programme has been rated BBB+ by S&P.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in, or incorporated by reference in or enclosed in Annex to, this Information Memorandum or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the "**Conditions**") that, subject to completion in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes. To the extent permitted by applicable law and/or regulation, the Pricing Supplement in respect of any Tranche of Notes may supplement, amend or replace any information in the Information Memorandum. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.*

The Notes are issued by Elia Transmission Belgium NV/SA, a Belgian limited liability company with its registered office at Keizerslaan 20 Boulevard de l'Empereur, 1000 Brussels, Belgium, enterprise number 0731.852.231 (RPR/RPM Brussels) subject to an amended and restated Belgian paying agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated on or about 5 January 2023 between the Issuer and KBC Bank NV as paying agent (the "**Agent**", which expression shall include any successor paying agent) and as calculation agent. The calculation agent for the time being (if any) is referred to below as the "**Calculation Agent**". Unless otherwise specified in the relevant Pricing Supplement, the Agent will act as the Calculation Agent. The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection by the Noteholders at the specified office of the Agent. The relevant Pricing Supplement will be obtainable at the registered office of the Issuer and of the Agent only by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Agent as to its holding of such Notes and identity.

The final terms for the Notes (or the relevant provisions thereof) are set out in the Pricing Supplement incorporated by reference into the Notes and supplement these Conditions. References to the "**relevant Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) incorporated by reference into the Notes.

In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

### 1 Form, Denomination and Title

The Notes will be issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*) and cannot be physically delivered. The Notes will be represented exclusively by book entry in the records of the securities settlement system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**NBB-SSS**"). The Notes can be held by their holders through participants in the NBB-SSS, including Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD or other participants in the NBB-SSS whose membership extends to securities such as the Notes (each a "**Participant**") through other financial intermediaries which in turn hold the Notes through any Participant. The Notes are accepted for settlement through the NBB-SSS and are accordingly subject to the applicable Belgian regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition 1 being referred to herein as the "**NBB-SSS Regulations**"). Title to the Notes will pass by account transfer. The Noteholders will not be entitled to exchange the Notes into notes in bearer form.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing or securities settlement system and successor clearing or securities settlement system operator or any additional clearing or securities settlement system and additional clearing or securities settlement system operator.

Noteholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of the Belgian Companies and Associations Code) upon submission of an affidavit drawn up by the NBB (or any other participant duly licensed in Belgium as a recognised accountholder for the purposes of Article 7:41 of the Belgian Companies and Associations Code (a "**Recognised Accountholder**")) (or the position held by the financial institution through which such holder's Notes are held with such Recognised Accountholder, in which case an affidavit drawn up by that financial institution will also be required).

The Notes are issued in the Specified Denomination(s) specified in the relevant Pricing Supplement. The minimum Specified Denominations shall be at least EUR 100,000 (or its equivalent in any other currency).

The Notes may have multiple Specified Denominations, provided that the larger Specified Denominations are integral multiples of the smaller Specified Denominations. If the minimum Specified Denomination of Notes of a series is EUR 100,000, such Notes will only be tradeable in integral multiples of EUR 100,000.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis specified in the relevant Pricing Supplement.

In these Conditions, "**Noteholder**" and "**holder**" mean, in respect of any Note, the holder from time to time of the Notes as determined by reference to the records of the relevant securities settlement systems or financial intermediaries and the affidavits referred to in this Condition 1 and capitalised terms have the meanings given to them in the relevant Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes. If the relevant Pricing Supplement specifies "Eligible Investors only" as "Applicable", the Notes may be held only by, and transferred only to, Eligible Investors (as defined in Condition 7 (*Taxation*)).

## 2 Status

The Notes constitute (subject to Condition 3 (*Negative Pledge*)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## 3 Negative Pledge

(a) **Restriction:** So long as any Note remains outstanding:

(i) the Issuer will not, and it shall procure that none of its Material Subsidiaries will, create, grant or permit to subsist any Security Interest (other than a Permitted Security Interest) upon, or with respect to, the whole or any part of its business, undertaking, assets or revenues present or future to secure any Relevant Debt (as defined below) of any person, including the Issuer or any of its Material Subsidiaries, or any guarantee of or indemnity in respect of any Relevant Debt of any person, including the Issuer or any of its Material Subsidiaries; and

(ii) the Issuer will, and shall procure that its Material Subsidiaries will, procure that no other person creates, grants or permits to subsist any Security Interest (other than a Permitted Security Interest)

upon the whole or any part of the business, undertaking, assets or revenues present or future of that other person to secure any of the Issuer's or any of its Material Subsidiaries' Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's or any of its Material Subsidiaries' Relevant Debt,

unless, at the same time or prior thereto, the Issuer's obligations under the Notes (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in Schedule 1 (*Provisions on meetings of Noteholders*) to these Conditions) of the Noteholders.

(b) **Definitions:** For the purposes of these Conditions:

(i) "**IFRS 10 – Consolidated Financial Statements**" means International Financial Reporting Standard 10 for consolidated financial statements as issued by the IASB (International Accounting Standards Board) in May 2011 as amended from time to time.

(ii) "**Material Subsidiary**" means a Subsidiary whose (i) turnover or (ii) total assets (in each case determined on a non-consolidated basis and determined on a basis consistent with the preparation of the consolidated accounts of the Issuer) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, are equal to) no less than 20 per cent. of the consolidated turnover or total assets (as the case may be) of the Issuer, all as calculated respectively by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer, provided that:

(A) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the calculation above shall, until consolidated accounts of the Issuer for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest audited accounts, adjusted as deemed appropriate by the auditors of the relevant Subsidiary from time to time (the "**Auditors**"); and

(B) in the case of a Subsidiary in respect of which no audited accounts are prepared, its turnover and total assets shall be determined on the basis of pro forma accounts of the relevant Subsidiary prepared for this purpose by the Auditors on the basis of accounting principles consistent with those adopted by the Issuer.

(iii) "**outstanding**" means all the Notes issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the Agent as provided in this Agreement and remain available for payment to the Noteholders, (c) those which have become void or in respect of which claims have become prescribed, and (d) those which have been purchased and cancelled as provided in the Conditions; provided that, for the purposes of (i) ascertaining the right to attend and vote at any meeting of Noteholders and (ii) the determination of how many Notes are outstanding for the purposes of Condition 3 (*Negative Pledge*) and Condition 10 (*Meeting of Noteholders and Modifications*) and Schedule 1 (*Provisions on meetings of Noteholders*), those Notes that are held by, or are held on behalf of, Elia Group, the Issuer or any of their respective Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding.

(iv) "**Permitted Security Interest**" means any Security Interest securing any Relevant Debt issued for the purpose of financing of all or part of the costs of the acquisition, construction or development of any project if the person or persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for such Relevant Debt.

(v) "**Relevant Debt**" means any present or future indebtedness in the form of, or represented by, bonds, notes or other transferable securities (*effecten/valeurs mobilières*) which are for the time being quoted or listed or capable of being quoted or listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue and any guarantee or indemnity of any such indebtedness.

(vi) "**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

(vii) "**Subsidiary**" means an entity from time to time which the Issuer controls; control for this purpose has the meaning as set out in IFRS 10 − "*Consolidated Financial Statements*".

## 4 Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f) (*Calculations*).

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates*: Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f) (*Calculations*). Such Interest Payment Date(s) is/are either specified in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Pricing Supplement, "**Interest Payment Date**" shall mean each date which falls the number of months or other period specified in the relevant Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless, except in relation to the Maturity Date or any applicable date for early redemption, it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless, except in relation to the Maturity Date or any applicable date for early redemption,

it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) ISDA Determination

Where ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(y) the Designated Maturity is a period specified in the relevant Pricing Supplement; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Pricing Supplement.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided in this Condition 4(b), be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations;

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates *per annum* (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the Pricing Supplement as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the relevant Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Pricing Supplement), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other

of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i) (*Zero Coupon Notes*)).

(d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption thereof (or in the case of Instalment Notes (as defined below) in respect of each instalment of principal, on the applicable Amortisation Date for the relevant Amortisation Amount) unless the Issuer defaults in making due provision for their redemption on said date (subject to the applicable grace period), in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 5 (*Redemption, Purchase and Options*)).

(e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**

(i) If any Margin is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise stated in the relevant Pricing Supplement, the Minimum Rate of Interest will be deemed to be zero.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Pricing Supplement (less, in the case of an Instalment Note, any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)) and the Day Count

Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount (less, in the case of an Instalment Note, any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)) in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Agent, the Issuer, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii) (*Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4(g) but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Benchmark discontinuation:**

(i) Independent Adviser

If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Accrual Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(h)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4(h)(iii)) and any Benchmark Amendments (in accordance with Condition 4(h)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(h) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the

Independent Adviser shall have no liability whatsoever to the Issuer, the Agent or the Noteholders for any determination made by it pursuant to this Condition 4(h).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(h) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediately following Interest Accrual Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 4(h)(i) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(h).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines in its discretion that:

(a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(h)); or

(b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(h)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as the case may be) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any relevant Successor Rate, Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(h) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and, in either case, the Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 4(h)(v), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date

specified in such notice (and for the avoidance of doubt, the Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(h)).

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(h) will be notified promptly by the Issuer to the Agent, the Calculation Agent and, in accordance with Condition 12 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent and the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the relevant Successor Rate or, as the case may be, the relevant Alternative Rate, (iii) and, in either case, the Adjustment Spread and (iv) the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(h); and

(b) certifying that the relevant Benchmark Amendments (if any) are necessary to ensure the proper operation of such relevant Successor Rate or relevant Alternative Rate and (in either case) the applicable Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and the Adjustment Spread and such Benchmark Amendments (if any)) be binding on the Issuer, the Agent, the Calculation Agent, and the Noteholders.

(vi) Survival of Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(h)(i), (ii), (iii) and (iv), the Reference Rate and the fall-back provisions provided for in Condition 4(b)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this Condition 4(h):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

(iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(h)(ii) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for a commensurate period and in the Specified Currency.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(h)(iv).

"**Benchmark Event**" means:

(i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(v) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market; or

(vi) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party appointed by the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 4(h)(i).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] \pm [30 \text{ x } (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] \pm [30 \text{ x } (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case $D_2$ will be 30

(vii) if "**30E/360 (ISDA)**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] \pm [30 \text{ x } (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case $D_2$ will be 30

(viii) if "**Actual/Actual-ICMA**" is specified in the relevant Pricing Supplement,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount (less, in the case of an Instalment Note, any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)) for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Pricing Supplement or following payment of any Amortisation Amount (if any), shall mean the Fixed Coupon Amount

or Broken Amount specified in the relevant Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount (less, in the case of an Instalment Note, any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)) for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Pricing Supplement;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Pricing Supplement;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the relevant Pricing Supplement;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Pricing Supplement;

"**Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Pricing Supplement;

"**Specified Currency**" means the currency specified as such in the relevant Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor or replacement for that system.

(j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to

calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5 Redemption, Purchase and Options

(a) **Final Redemption and/or Amortisation:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided in the relevant Pricing Supplement, is its nominal amount).

If Amortisation is specified in the relevant Pricing Supplement, (such Notes being referred to in these Conditions as "**Instalment Notes**"), each Note shall be redeemed in instalments on the Amortisation Dates and at the Amortisation Amounts per Calculation Amount, in each case as specified in the relevant Pricing Supplement. In the case of early redemption, Instalment Notes will be redeemed at their outstanding nominal amount.

(b) **Early Redemption:**

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the Option of the Issuer*), Condition 5(e) (*Make Whole Redemption at the Option of the Issuer*), Condition 5(f) (*Residual Maturity Call*) or Condition 5(g) (*Redemption at the Option of Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Pricing Supplement.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date, including any Amortisation Amounts (if any) which have not yet been repaid but excluding any Amortisation Amounts (if any) which have already been repaid, discounted at a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) *If the Early Redemption Amount payable in respect of any such Note upon its redemption* pursuant to Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the Option of the Issuer*), Condition 5(e) (*Make Whole Redemption at the Option of the Issuer*), Condition 5(f) (*Residual Maturity Call*) or Condition 5(g) (*Redemption at the Option of Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which

case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date, including any Amortisation Amounts (if any) which have not yet been repaid but excluding any Amortisation Amounts (if any) which have already been repaid, together with any interest that may accrue in accordance with Condition 4(c) (*Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the relevant Pricing Supplement.

(ii) *Other Notes*:

(A) The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 5(b)(i) (*Zero Coupon Notes*) above), upon redemption of such Note pursuant to Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the Option of the Issuer*), Condition 5(f) (*Residual Maturity Call*) or Condition 5(g) (*Redemption at the Option of Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount, including any Amortisation Amounts (if any) which have not yet been repaid but excluding any Amortisation Amounts (if any) which have already been repaid, together with accrued interest, if applicable, unless otherwise specified in the relevant Pricing Supplement.

(B) The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 5(b)(i) (*Zero Coupon Notes*) above) upon redemption of such Note pursuant to Condition 5(e) (*Make Whole Redemption at the Option of the Issuer*) shall be the amount calculated in accordance with Condition 5(e), as the case may be, together with accrued interest, if applicable, unless otherwise specified in the relevant Pricing Supplement.

(c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*) above) (together with interest accrued to the date fixed for redemption, if applicable), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Belgium or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer:** If Call Option is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Pricing Supplement) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. In the case of a partial redemption of the Notes, the Notes to be redeemed will be selected in accordance with the rules of the NBB-SSS not more than 30 days prior to the Optional Redemption Date. Any such redemption of Notes shall be at

their Optional Redemption Amount specified in the relevant Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption, if applicable. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Pricing Supplement. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(d).

(e) **Make Whole Redemption at the Option of the Issuer:** If Make Whole Call Option is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Pricing Supplement) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Make Whole Optional Redemption Date**")), redeem all, but not some only, of the Notes at a redemption price per Note equal to such amount per Note as is equal to the higher of the amounts in (A) and (B) below, as calculated by the Calculation Agent, in each case together with interest accrued to but excluding the Make Whole Optional Redemption Date, if applicable:

(A) the nominal amount outstanding of the Note; and

(B) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Make Whole Optional Redemption Date) discounted to the Make Whole Optional Redemption Date on an annual basis (based on the Day Count Fraction specified in the relevant Pricing Supplement) at the Reference Dealer Rate (as defined below) plus any Margin specified in the relevant Pricing Supplement, in each case as determined by the Reference Dealers,

provided, however, that if the Make Whole Optional Redemption Date occurs on or after the earliest date on which the Notes may be redeemed in accordance with Condition 5(f) (*Residual Maturity Call*), the redemption price will be such amount per Note as is equal to the nominal amount outstanding of the relevant Note together with interest accrued to but excluding the Make Whole Optional Redemption Date, if applicable.

Any notice of redemption given under this Condition 5(e) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(g) (*Redemption at the Option of Noteholders*).

In this Condition:

"**Reference Dealers**" means those Reference Dealers specified in the relevant Pricing Supplement;

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Make Whole Optional Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers, at the Determination Time and on the Determination Date in each case specified in the relevant Pricing Supplement, quoted in writing to the Issuer by the Reference Dealers; and

"**Reference Bond**" means the Reference Bond specified in the relevant Pricing Supplement.

(f) **Residual Maturity Call:** If Residual Maturity Call Option is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Pricing Supplement) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption (which shall be within the Residual

Maturity Call Period specified in the relevant Pricing Supplement) (the "**Residual Maturity Call Optional Redemption Date**")), redeem all, but not some only, of the Notes at a redemption price per Note equal to the nominal amount outstanding of the relevant Note together with interest accrued to but excluding the Residual Maturity Call Optional Redemption Date, if applicable.

Any notice of redemption given under this Condition 5(f) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(g) (*Redemption at the Option of Noteholders*).

(g) **Redemption at the Option of Noteholders:** If Put Option is specified in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the relevant Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption, if applicable.

To exercise such option, the holder of the relevant Note must deliver a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Agent within the notice period, to the specified office of the Agent. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) **Purchases:** The Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price, in accordance with any applicable legislation.

(i) **Cancellation:** All Notes so redeemed or purchased under this Condition 5 will be cancelled and may not be reissued or resold.

(j) **Definitions:** In these Conditions:

"**Relevant Date**" in respect of any Note means whichever is the later of: (a) the date on which payment in respect of it first becomes due and (b) if the Issuer defaults in making due provision for the amounts due on said date (subject to any applicable grace period), the date on which payment in full of the amount outstanding is made.

References to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to this Condition 5 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under Condition 7 (*Taxation*).

## 6 Payments

(a) **Payment in euro:** Without prejudice to Article 7:41 of the Belgian Companies and Associations Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the NBB-SSS in accordance with the NBB-SSS Regulations. The payment obligations of the Issuer under the Notes will be discharged by payment to the NBB in respect of each amount so paid.

(b) **Payment in other currencies:** Without prejudice to Article 7:41 of the Belgian Companies and Associations Code, payment of principal in respect of the Notes, payment of accrued interest payable on

a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the Agent.

(c) **Method of Payment:** Each payment referred to in Condition 6(a) (*Payment in euro*) will be made in euro by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payments, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction imposed pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(e) **Appointment of Agents:** The Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed in the Information Memorandum. The Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent or the Calculation Agent provided that the Issuer shall at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require and (iii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Payments on Business Days:** Subject to Condition 4(b)(ii) (*Business Day Convention*), if any date for payment in respect of the Notes is not a Business Day on which the NBB-SSS is operating, the holder shall not be entitled to payment until the next following Business Day on which the NBB-SSS is operating, nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest amount payable under the Notes, the Interest Payment Date shall not be adjusted.

## 7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(a) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such Taxes, in respect of such Note by reason of such Noteholder having some connection with Belgium other than the mere holding of the Note; or

(b) **Non-Eligible Investor:** to a Noteholder, who at the time of issue of the Notes, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (an "**Eligible Investor**") or to a Noteholder who was such an eligible investor at the time of issue of the Notes but, for reasons within the Noteholder's control, either ceased to be an eligible investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other

condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or

(c) **Conversion into registered securities:** to a Noteholder who is liable to such Taxes because such Note held by it was upon its request converted into a registered Note and could no longer be cleared through the NBB-SSS;

(d) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Notes are presented for payment.

## 8 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 9 Events of Default

If any of the following events occurs and is continuing (each an "**Event of Default**") and only in each such case:

(a) **Non-Payment:** the Issuer fails to pay any principal or interest due in respect of the Notes when due and such failure continues for a period of seven days in the case of principal and fifteen days in the case of interest; or

(b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under these Conditions and the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given by any Noteholder to the Agent at its specified office; or

(c) **Cross-Acceleration and Cross-Default:** (i) any other present or future indebtedness for borrowed money ("**Indebtedness**") of the Issuer or any of its Material Subsidiaries becomes due and payable, or becomes capable of being declared due and payable prior to its stated maturity by reason of any event of default (howsoever described) or (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, provided that the aggregate amount of the Indebtedness, guarantees and indemnities in respect of which the relevant event mentioned in this paragraph (c) has occurred equals or exceeds €50 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) and provided further that, for the purposes of this paragraph (c), the Issuer or any of its Material Subsidiaries shall not be deemed to be in default with respect to such Indebtedness, guarantee or indemnity if it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or

(d) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in an aggregate amount exceeding EUR 25 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates),

becomes enforceable and any step is taken to enforce any such mortgage, charge, pledge, lien or other encumbrance (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(e) **Insolvency:** the Issuer or any of its Material Subsidiaries becomes insolvent or bankrupt or unable to pay its debts as they fall due, stops or threatens to stop or suspends payment of all or substantially all of its debts, is under judicial reorganisation, as applicable, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of or affecting all or substantially all of the debts or assets of the Issuer or any of its Material Subsidiaries; or

(f) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries or the Issuer or any of its Material Subsidiaries ceases to carry on all or substantially all of its business or operations, except in either case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) in respect of any of its Material Subsidiaries, which is not insolvent (*failliet verklaard/déclaré en faillite*), or (ii) on terms approved by an Extraordinary Resolution of the Noteholders; or

(g) **TSO:** the Issuer ceases to be the Belgian Transmission System Operator,

then any Note may, by notice in writing given to the Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Agent.

## 10 Meeting of Noteholders and Modifications

(a) **Meetings of Noteholders:** All meetings of Noteholders will be held in accordance with the provisions on meetings of Noteholders set out in Schedule 1 (*Provisions on meetings of Noteholders*) to these Conditions (the "**Noteholders' Provisions**"). Meetings of Noteholders may be convened to consider matters in relation to the Notes, including the modification or waiver of the Notes or any of the Conditions applicable to the Series. For the avoidance of doubt, any modification or waiver of the Notes or the Conditions shall always be subject to the consent of the Issuer.

A meeting of Noteholders may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. of the aggregate nominal amount of the outstanding Notes. Any modification or waiver of the Notes or the Conditions of the Notes proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution (as defined in the Noteholders' Provisions). However, any such proposal to (i) amend the dates of maturity or redemption of the Notes or any date for payment of interest or any other amounts due or payable under the Notes, (ii) assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment in circumstances not provided for in the Conditions, (iii) assent to a reduction of the nominal amount of the Notes, a decrease of the principal amount payable by the Issuer under the Notes or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) amend Condition 2 (*Status*) or effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Noteholders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each Noteholder to individually decide to participate); (v) change the currency of payment of the Notes, (vi) modify the provisions

concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution, or (vii) amend this provision, may only be sanctioned by a Special Quorum Resolution.

Resolutions duly passed by a meeting of Noteholders of a Series in accordance with the Noteholders' provisions shall be binding on all Noteholders of that Series, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Noteholders' Provisions furthermore provide that, for so long as the Notes are in dematerialised form and settled through the NBB-SSS, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing systems as provided in the Noteholders' Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding. To the extent such electronic consent is not being sought, the Noteholders' Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of holders of Notes of a Series of not less than 75 per cent. of the aggregate nominal amount of the outstanding Notes of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Notes of that Series duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to those Noteholders of that Series through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Notes of that Series.

(b) **Modification and Waiver:** Without prejudice to Condition 4(h) (*Benchmark discontinuation*), the Agency Agreement, any agreement supplemental to the Agency Agreement and these Conditions may be amended without the consent of the Noteholders for the purpose of (i) curing any manifest error, (ii) complying with mandatory provisions of law or (iii) in the case of the Agency Agreement or any agreement supplemental to the Agency Agreement, in any manner which the Issuer and the Agent may deem necessary or desirable, provided that no such change shall be inconsistent with the Conditions nor, in the reasonable opinion of the Issuer, adversely affect the interests of the Noteholders. In addition, the Issuer shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## 11 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

## 12 Notices

All notices regarding the Notes will be valid if published through the electronic communication system of Bloomberg. For so long as the Notes are held by or on behalf of the NBB-SSS, notices to Noteholders may also be delivered to the NBB-SSS for onward communication to the Participants in substitution for such publication. Any such notice shall be deemed to have been given to Noteholders on the calendar day after the date on which the said notice was given to the NBB-SSS.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

## 13 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 13, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

## 14 Governing Law and Jurisdiction

(a) **Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Belgian law.

(b) **Jurisdiction:** The Issuer agrees for the benefit of the Noteholders that any dispute in connection with the Notes or any non-contractual obligations in connection with the Notes shall be subject to the exclusive jurisdiction of the courts of Brussels, Belgium.

## SCHEDULE 1
## PROVISIONS ON MEETINGS OF NOTEHOLDERS

### Interpretation

1. In this Schedule:

1.1 references to a "**meeting**" are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment;

1.2 references to "**Notes**" and "**Noteholders**" are only to the Notes of the Series and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;

1.3 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;

1.4 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 9;

1.5 "**Electronic Consent**" has the meaning set out in paragraph 31.1;

1.6 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75 per cent. of the votes cast or (b) by a Written Resolution or (c) by an Electronic Consent;

1.7 "**NBB-SSS**" means the securities settlement system operated by the NBB or any successor thereto;

1.8 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;

1.9 "**Recognised Accountholder**" means an entity recognised as account holder in accordance with the Belgian Companies and Associations Code with whom a Noteholder holds Notes;

1.10 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 8;

1.11 "**Written Resolution**" means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and

1.12 references to persons representing a proportion of the Notes are to Noteholders, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

### General

2. All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.

### Powers of meetings

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);

3.2 to assent to any modification of this Schedule or the Notes proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any person or persons (whether Noteholders or not) as an individual or committee or committees to represent the Noteholders' interests and to confer on them any powers (or discretions which the Noteholders could themselves exercise by Extraordinary Resolution);

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes in circumstances not provided for in the Conditions or under applicable law; and

3.7 to accept any security interests established in favour of the Noteholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests,

provided that the special quorum provisions in paragraph 19 shall apply to any Extraordinary Resolution (a "**Special Quorum Resolution**") for the purpose of making a modification to this Schedule or the Notes which would have the effect of (other than in accordance with the Conditions or pursuant to applicable law):

(i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or any other amounts due or payable under the Notes;

(ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment in circumstances not provided for in the Conditions;

(iii) to assent to a reduction of the nominal amount of the Notes, a decrease of the principal amount payable by the Issuer under the Notes or a modification of the conditions under which any redemption, substitution or variation may be made;

(iv) to amend Condition 2 (*Status*) or to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Noteholders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each Noteholder to individually decide to participate);

(v) to change the currency of payment of the Notes;

(vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution; or

(vii) to amend this provision.

## Ordinary Resolution

4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders shall have power by Ordinary Resolution:

4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders;

4.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or

4.3 to assent to any other decisions which do not require an Extraordinary Resolution or a Special Quorum Resolution to be passed.

Any modification or waiver of any of the Conditions shall always be subject to the consent of the Issuer.

5. No amendment to this Schedule or the Notes which in the opinion of the Issuer relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Noteholders complying in all respect with the requirements of Belgian law, the provisions set out in this Schedule and the articles of association of the Issuer.

## Convening a meeting

6. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. in principal amount of the Notes for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.

7. Convening notices for meetings of Noteholders shall be given to the Noteholders in accordance with Condition 12 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

## Arrangements for voting

8. A Voting Certificate shall:

8.1 be issued by a Recognised Accountholder or the NBB-SSS;

8.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or the NBB-SSS who issued the same; and

8.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

9. A Block Voting Instruction shall:

9.1 be issued by a Recognised Accountholder or the NBB-SSS;

9.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or the NBB-SSS to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

9.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the NBB-SSS that the vote(s) attributable to the Note or Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three (3) Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

9.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

9.5 naming one or more persons (each hereinafter called a "**proxy**") as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in 9.4 above as set out in such document.

10. If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least three (3) Business Days before the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent or such bank or other depositary shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.

11. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

12. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.

13. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the

NBB-SSS and which have been deposited at the registered office at the Issuer not less than three (3) and not more than six (6) Business Days before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

14. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

15. A corporation which holds a Note may, by delivering at least three Business Days before the time fixed for a meeting to a bank or other depositary appointed by the Agent for such purposes a certified copy of a resolution of its directors or other governing body or another certificate evidencing due authorisation (with, in each case, if it is not in English, a translation into English), authorise any person to act as its representative in connection with that meeting.

## Chairman

16. The chairman of a meeting shall be such person as the Issuer may nominate, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

## Attendance

17. The following may attend and speak at a meeting:

    17.1 Noteholders and their respective agents, financial and legal advisers;

    17.2 the chairman and the secretary of the meeting;

    17.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers; and

    17.4 any other person approved by the Meeting.

No one else may attend or speak.

## Quorum and Adjournment

18. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

19. One or more Noteholders or agents present in person shall be a quorum:

19.1 in the cases marked "**No minimum proportion**" in the table below, whatever the proportion of the Notes which they represent

19.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

| **Purpose of meeting** | **Any meeting except for a meeting previously adjourned through want of a quorum** | **Meeting previously adjourned through want of a quorum** |
|---|---|---|
| | Required proportion | Required proportion |
| To pass a Special Quorum Resolution | 75 per cent. | 25 per cent. |
| To pass any other Extraordinary Resolution | A majority | No minimum proportion |
| To pass an Ordinary Resolution | A majority | No minimum proportion |

20. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 18.

21. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

## Voting

22. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Notes.

23. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

24. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

25. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

26. On a show of hands or a poll every person has one vote in respect of each Note so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the

obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

27. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

## Effect and Publication of an Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution

28. An Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution to Noteholders within fourteen days but failure to do so shall not invalidate the resolution.

## Minutes

29. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

30. The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

## Written Resolutions and Electronic Consent

31. For so long as the Notes are in dematerialised form and settled through the NBB-SSS, then in respect of any matters proposed by the Issuer:

31.1 Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant securities settlement system(s) as provided in sub-paragraphs (a) and/or (b) below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (the "**Required Proportion**") by close of business on the Relevant Date ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

(a) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant securities settlement system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant securities settlement system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant securities settlement system(s).

(b) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 7 above, unless that meeting is or shall be cancelled or dissolved.

31.2 Unless Electronic Consent is being sought in accordance with paragraph 31.1, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant securities settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. For the purpose of determining whether a resolution in writing has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the securities settlement system(s) with entitlements to the Notes or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the NBB-SSS, Euroclear, Clearstream or any other relevant alternative securities settlement system (the "**relevant securities settlement system**") and, in the case of (b) above, the relevant securities settlement system and the accountholder identified by the relevant securities settlement system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant securities settlement system (including Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

32. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent.

## SETTLEMENT

The Notes will be accepted for settlement through the NBB-SSS and will accordingly be subject to the NBB-SSS Regulations (as defined in "*Terms and Conditions of the Notes*").

The number of Notes in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Notes.

NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD. Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD and investors can hold their Notes within securities accounts in Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD.

Transfers of interests in the Notes will be effected between NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which they hold their Notes.

The Agent will perform the obligations of paying agent included in the service contract for the issuance of fixed income securities dated on or about 21 April 2020 between the Issuer, the NBB and the Agent (the "**Clearing Agreement**").

The Issuer and the Agent will not have any responsibility for the proper performance by the NBB-SSS or its NBB-SSS participants of their obligations under their respective rules and operating procedures.

## USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes or any particular use of proceeds as identified in the relevant Pricing Supplement.

In most cases, the general corporate purposes include (i) the refinancing of currently outstanding loans and other debt (including shareholder loans), (ii) the financing of the Issuer's investment programmes, (iii) financing that part of the funding needs that exceed the auto-financing capabilities of the Issuer at any given point in time, and (iv) investments in affiliates or associated joint ventures in connection with the Issuer's regulated business in Belgium.

In particular, in respect of any Notes which are issued as Green Bonds in accordance with the Issuer's Green Finance Framework, amounts equivalent to the net proceeds from the issue of any Tranche of Notes will be used to finance and/or refinance Eligible Green Projects. The Issuer may, in the future, update the Green Finance Framework. The Green Finance Framework and the Second Party Opinion will be available on the Issuer's website at https://www.elia.be/investor-relations/european-green-bonds. For the avoidance of doubt, the Green Finance Framework and the Second Party Opinion are not, nor shall they be deemed to be, incorporated in and/or form part of this Information Memorandum.

For each issue, the relevant Pricing Supplement will specify under "*Reasons for the Offer*" whether the proceeds are for general corporate purposes or otherwise specify any particular identified use of proceeds.

Neither the Arranger nor any of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

## GREEN FINANCE FRAMEWORK

*Introduction*

The Issuer has set up a green finance framework on 1 December 2021 (as may be amended from time to time, the "**Green Finance Framework**") with the aim to attract funding that will support its clean energy strategy and Europe's transition to a low-carbon economy.

The Green Finance Framework is publicly available on the Issuer's website (https://www.elia.be/investor-relations/european-green-bonds). The Green Finance Framework is not incorporated by reference in, and does not form part of, this Information Memorandum.

The Green Finance Framework has been prepared in line with the voluntary guidelines of:

- the ICMA Green Bond Principles (version June 2021); and
- the LMA Green Loan Principles (version February 2021).

The Green Finance Framework intends to reflect certain criteria as set out under the EU Taxonomy (in particular the 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 (the "**EU Climate Delegated Act**")) and the transparency requirements under the proposal of the European Commission dated 6 July 2021 on a EU GBS ("**the 2021 EU GBS Proposal**"). As regulations and interpretations thereof may evolve over time, no assurances are or can be given to that effect. Please also refer to risk factor "*In respect of any Notes issued with a specific use of proceeds, such as Green Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor. Failure to meet any expectations or to apply the proceeds of Green Bonds to Eligible Green Projects will not constitute an Event of Default*" in this respect.

This section contains a short summary of the Green Finance Framework as at the date of the Information Memorandum. The Green Finance Framework may be amended, supplemented or replaced from time to time.

While this section addresses Notes whereby the use of proceeds is specified in the applicable Final Terms to be applied to finance and/or refinance in whole or in part Eligible Green Projects as defined below (the "**Green Bonds**") specifically, the Issuer may more generally from time to time enter into or issue, as applicable, any other green bonds, green notes, green private placements and/or green (syndicated) loans under its Green Finance Framework (together "**Green Finance Instruments**").

For each of the Green Bonds, (i) the use of proceeds, (ii) the process for projects evaluation and selection, (iii) the management of the proceeds, (iv) the reporting on allocation and impact, and (v) the external review will be carried out in accordance with the Green Finance Framework.

*Use of the proceeds*

The Issuer intends to apply the proceeds of the Green Bonds issued under the Green Finance Framework to finance and/or refinance, in whole or in part, a portfolio of new or existing green projects based on the eligibility criteria set out in the Green Finance Framework (the "**Eligible Green Projects**").

The table below provides an overview of the eligibility criteria (mapped onto the relevant United Nations Sustainable Development Goals (SDGs)) as at the date of the Information Memorandum.

The allocation of the proceeds of the Green Bonds to the underlying Eligible Green Projects may not meet all investors' expectations and in particular, may not be aligned with future guidelines and/or regulatory or legislatives criteria regarding sustainability reporting or performance.

| ICMA GBP/GLP Category | Technical screening criteria | Exclusion criteria | UN SDG | EU Economic Activity [1] and EU Environmental Objectives[2] |
|---|---|---|---|---|
| Renewable Energy | **Electricity transmission infrastructure and equipment that complies with at least one of the following criteria:**<br>· The system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems<br>· More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 $gCO_2e$/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;<br>Installation of metering infrastructure that meets the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 | **Overarching exclusion criteria:** Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 $gCO_2e$/kWh measured on a life cycle basis is not eligible<br>**DNSH specific exclusion criteria:** In addition, when selecting Eligible Green Projects, the exclusion criteria will follow the Do No Significant Harm ('DNSH') criteria applicable to the transmission of electricity |  | **Transmission and distribution of electricity NACE D35.1.2**<br>**Substantial contribution to Climate Change Mitigation (Article 10):**<br>**1.a)** generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through the use of innovative technology with a potential for significant future savings or through the necessary reinforcement or extension of the grid;<br>**1.b)** improving energy efficiency, except for power generation activities as referred to in Article 19(3);<br>**1.g)** establishing the energy infrastructure required for enabling the decarbonisation of energy systems. |

At the date of this Information Memorandum, some (non-exhaustive) examples of Eligible Green Projects include (i) the development of internal backbone to integrate domestic renewable energy production, connect new generation units and transport additional international electricity flows, (ii) the integration of offshore wind production to continue the integration of offshore renewable electricity generation and (iii) the development of interconnections to integrate renewable energy on a European scale and access the most competitive prices on the international market in order to achieve price convergence.

*Process for projects evaluation and selection*

The portfolio of Eligible Green Projects is evaluated and defined by the Issuer's dedicated Green Finance Committee which will verify whether the proposed projects comply with the eligibility criteria set out in the Green Finance Framework.

*Management of proceeds*

The Issuer will manage the proceeds of outstanding Green Bonds on a portfolio basis. In accordance with the evaluation and selection process, the Issuer intends to allocate the proceeds from the Green Bonds to eligible projects in the portfolio of Eligible Green Projects that meet the eligibility criteria set out in the Green Finance Framework. The Issuer aims, over time, to achieve a level of allocation to the portfolio of Eligible Green Projects which matches or exceeds the balance of proceeds from its outstanding Green Finance Instruments. Pending the allocation of the proceeds of Green Bonds to the Eligible Green Projects, the Issuer will manage the unallocated proceeds in line with its liquidity guidelines (in cash, deposits or other money market instruments).

The Issuer aims to allocate the Green Finance Instruments proceeds within a timeframe of 24 months after issuance.

*Reporting*

The Issuer will report on the portfolio of Eligible Green Projects towards which the proceeds of the Green Bonds are allocated for the first time one year after the first issuance of the relevant Green Finance Instruments,

and then annually until full allocation or in case of material change. The reporting is currently expected to include an allocation report and an impact report providing environmental indicators and operational environmental and social indicators. The Issuer intends to report for all Green Finance Instruments (including the Green Bonds) outstanding on an aggregated basis.

The Issuer intends to align its impact reporting with the portfolio approach described in the ICMA Handbook "Harmonized Framework for Impact Reporting" (version June 2021). The reporting will be available on the Issuer's website (https://www.elia.be/investor-relations/european-green-bonds).

*External review*

A second party opinion (the "**Second Party Opinion**") has been obtained from Institutional Shareholder Services Inc. ("**ISS ESG**") on the Green Finance Framework on 9 December 2021 and confirms amongst others that the Issuer's formal concept for its Green Finance Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting is in line with the ICMA 2021 Green Bond Principles, the LMA 2021 Green Loan Principles and aligned on a "best efforts" basis with the 2021 EU GBS Proposal. The Second Party Opinion furthermore confirms that based on robust processes for selection, the nominated project category is considered to be aligned with the EU Taxonomy and the relevant activity-specific Technical Screening Criteria, including the Climate Change Mitigation Criteria, the Do No Significant Harm Criteria and the Minimum Social Safeguards requirements. The Second Party Opinion does not assess or confirm compliance of any Green Bonds (and the relevant use of proceeds) with the criteria and procedures set out in the Green Finance Framework. The Second Party Opinion is available on the Issuer's website (https://www.elia.be/investor-relations/european-green-bonds) and is not incorporated by reference in, and does not form part of, this Information Memorandum. The Second Party Opinion may be amended, supplemented or replaced from time to time.

The Issuer may appoint an external auditor to provide a post-issuance limited assurance report addressing the allocation of the Green Finance Instrument's proceeds to Eligible Green Projects, on an annual basis until full allocation.

Any such opinion or review is not nor should be deemed to be, a recommendation by the Issuer, the Dealers, or any other person to buy, sell or hold any Green Bonds. As a result, neither the Issuer nor any of the Dealers will be, or shall be deemed, liable for any issue in connection with its content.

# DESCRIPTION OF THE ISSUER

## 1 Introduction

Elia Transmission Belgium SA/NV (the "**Issuer**") is a limited liability company ("*société anonyme"* / "*naamloze vennootschap"*) and was established under Belgian law by a deed enacted on 31 July 2019, published in the Appendix to the Belgian State Gazette ("*Moniteur belge" / "Belgisch Staatsblad"*) on 7 August 2019, under the reference 20190807-0329538. Its registered office is located at 1000 Brussels, Keizerslaan 20 (telephone number: +32 (0)2 546 70 11) and it is registered in the Brussels Register of Legal Entities under the number 0731.852.231. The Issuer's LEI is 549300A3EZXECDLW2V25. The Issuer's website can be accessed via www.elia.be.

In 2019, the Issuer and its subsidiaries (the "**Group**") were transferred into a new corporate structure in order to isolate and ring fence the regulated activities in Belgium of "Elia Group SA/NV" ("**Elia Group**") (formerly Elia System Operator SA/NV) from its non-regulated activities and from the regulated activities outside of Belgium. It involved transforming "Elia System Operator SA/NV" ("**ESO**"), the TSO, into a holding company which was renamed "Elia Group SA/NV", and setting up a new subsidiary "Elia Transmission Belgium SA/NV" ("**ETB**"), the Issuer, which effectively took over the Belgian regulated activities of ESO, including the indebtedness related to these activities. The reorganization was completed on 31 December 2019. The new structure aims to allow the Group to further pursue its ambitious growth strategy and capture opportunities yielded by the energy transition.

The Issuer is the TSO for the Belgian extra-high (380kV – 150kV) and high-voltage (70kV – 30kV) electricity networks, and for the offshore grid in the Belgian territorial waters in the North Sea. The electricity transmission networks and related assets are owned by the Issuer's wholly owned subsidiary (minus one share), Elia Asset NV/SA ("**Elia Asset**"). The Issuer and Elia Asset operate as a single economic entity ("**Elia**"). The Issuer was appointed as the sole TSO in Belgium by a ministerial decree of 13 January 2020 (published in the Belgian State Gazette of 27 January 2020, and with effect as of 1 January 2020) for a 20-year period. The Issuer has also been appointed as a local TSO (operating the high voltage grid) in the Flemish Region by a decision of the Flemish Regulator for the Electricity and Gas Markets (*Vlaamse Regulator van de Elektriciteits- en Gasmarkt*) ("**VREG**") of 24 December 2019 (published in the Belgian State Gazette of 5 February 2020) for the remainder of a 12-year period ending on 31 December 2023, as the local TSO in the Walloon Region for a 20-year period starting on 31 December 2019 (in its capacity as the national TSO) and as the regional TSO in the Brussels-Capital Region by a decree of the Brussels Government of 19 December 2019 (published in the Belgian State Gazette of 14 February 2020) for a 20-year period starting on 31 December 2019. The Issuer is allowed to ask for the renewal of these appointments for the same duration. As a precondition to the appointment as national TSO, compliance with the unbundling requirements is assessed through a certification procedure run by the CREG. In a decision of 27 September 2019, the CREG confirmed, based on a notification file submitted by ESO, that the new group structure was not of a nature to call into question the core elements of the CREG's previous decision of 6 December 2012 certifying ESO as a fully ownership unbundled TSO, and that it was hence not necessary to proceed to a new certification of the Issuer. Hence, the Issuer, is a fully ownership unbundled TSO with an obligation to stay in line and comply with the criteria and requirements to obtain and maintain such certification, and is monitored for its compliance on an ongoing basis by the CREG. The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expected that this license will be renewed in due time. It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of the Issuer and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of the Issuer (see "*Description of the Issuer – Appointment of the TSO*").

On 27 February 2015, a joint venture Nemo Link was set up between the Issuer (previously Elia System Operator SA/NV) and National Grid Interconnector Holdings Limited ("**National Grid**"), a subsidiary company of National Grid Plc, a major UK company which owns and manages gas and electricity infrastructure in the UK and in north-eastern US. Nemo Link is active in the development, construction and operation of an electricity transmission

interconnector (1,000MW) linking the electricity networks of Belgium and Great Britain. It consists of subsea and underground cables connected to a converter station and an electricity substation in each country, which allows electricity to flow in either direction between Belgium and the UK. Nemo Link is governed by a regulatory framework determined by OFGEM and the CREG. On 31 January 2019, the Nemo Link interconnector was taken into operation resulting in energy exchanges between the countries. It constitutes a crucial stage in the ongoing integration of the European power grid. It is a European Project of Common Interest ("**PCI**") and constitutes a crucial link in the ongoing integration of the European power grids (part of the Trans-European Networks for Energy – TEN-E).

# 2 General information in relation to the Issuer

## 2.1 Corporate object

The Issuer's corporate object, according to Article 3 of its Articles of Association, is:

- the management of electricity networks, whether or not through participations in undertakings that own electricity grids and/or are active in this sector, including related services;
- to this effect, the Issuer may particularly take on the following tasks relating to the electricity network or the electricity networks referred to in the foregoing mentioned above:
    - operation, maintenance and development of secure, reliable and effective networks, including interconnectors from them to other networks in order to guarantee continuity of supplies;
    - improvement, study, renewal and extension of the networks, particularly in the context of a development plan, in order to ensure the long-term capacity of the networks and to meet reasonable demand for the transmission of electricity;
    - management of electrical currents on the networks, having regard to exchanges with other mutually connected networks and, in this context, ensuring coordination of the switching-in of production plants and determining the use of interconnectors on the basis of objective criteria in order to guarantee a durable balance among the electrical currents resulting from the demand for and the supply of electricity;
    - providing secure, reliable and effective electricity networks and, in this connection, ensuring availability and implementation of the necessary support services and particularly emergency services in the event of defects in production units;
    - contributing to security of supply via an adequate transmission capacity and network reliability;
    - guaranteeing that no discrimination arises among network users or categories of network users, particularly in favor of affiliated undertakings;
    - collecting revenues from congestion management;
    - granting and managing third-party access to the networks;
    - in the context of the foregoing tasks, endeavouring and taking care that market integration and energy efficiency are promoted according to the legislation applicable to the Issuer;

The Issuer can, under the conditions stipulated by law, involve one or more subsidiary undertakings under its supervision and control in the performance of certain activities as set out above.

The Issuer may, provided it complies with any conditions laid down in the applicable legislation, both in Belgium and abroad, carry out any transaction that is such as to promote the achievement of its object together with any public service task that might be imposed upon it by the legislator. The Issuer may not engage in any activity relative to the production or sale of electricity other than production in the Belgian supply area within the limits of its power requirements in relation to support services and sales that are necessary for its coordination activity as network administrator.

The Issuer may perform all operations generally of any nature, whether industrial, commercial, financial, relating to moveable or immoveable property, that is directly or indirectly related to its object. It may in particular own goods, moveable or immoveable, of which it performs the management or exercise or acquire all rights with respect to these goods such as are necessary to fulfil its mission.

The Issuer may participate, in any manner, in all other undertakings which are likely to promote the creation of its object; in particular, it may participate, including in the capacity of shareholder, cooperate or enter into any form of cooperation agreement, whether commercially, technically or of any other nature, with any Belgian or foreign person, undertaking or company engaged in similar or related activities, without holding any membership rights, either direct or indirect, in any form whatsoever, in producers, distribution system operators ("**DSOs**"), suppliers and intermediaries, each in respect of electricity and/or natural gas, or in companies affiliated with the said companies, except in the cases provided for by applicable legislation.

The terms "producer", "distribution system operator (DSO)", "supplier", "intermediary" and "subsidiary undertaking" have the meanings provided in Article 2 of the Electricity Law.

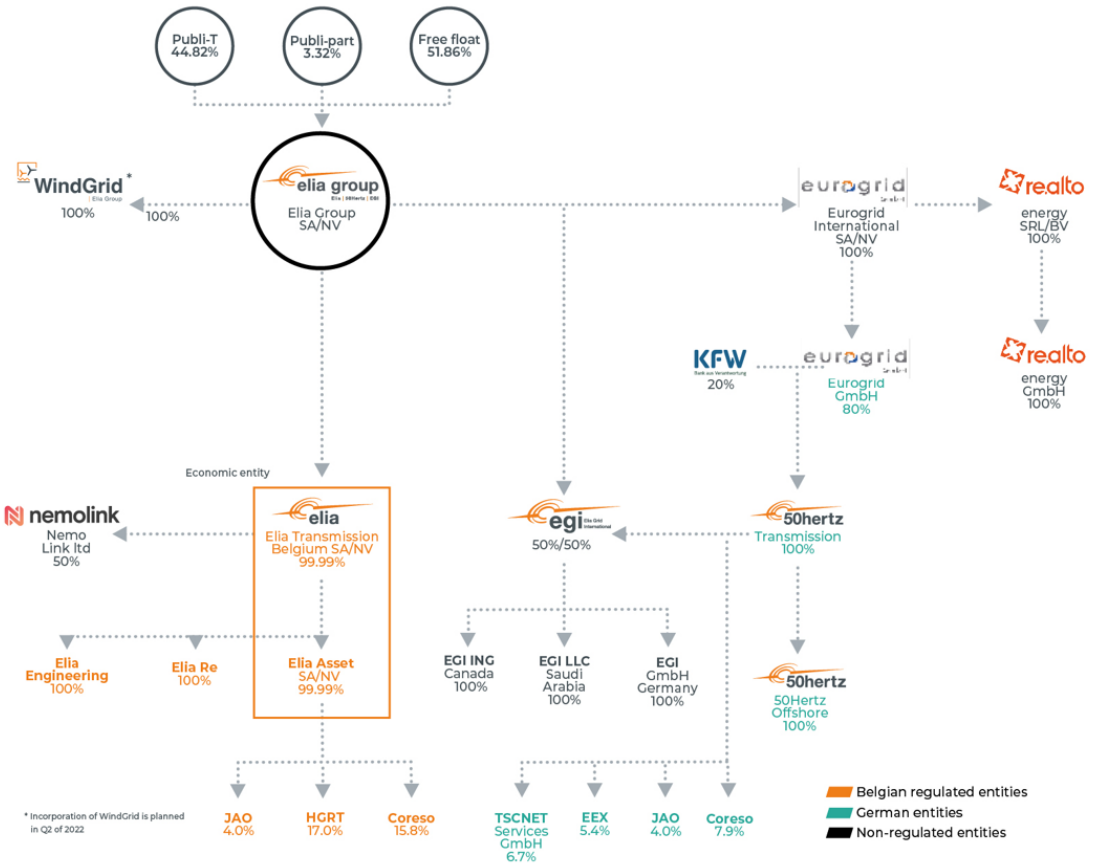
# 3 Organisational structure

## 3.1 Structure of the Elia Group

On 31 December 2019, Elia System Operator SA/NV, the holding company of the Issuer, effectively completed an internal reorganization, with the aim to isolate and ring-fence the regulated activities of the group in Belgium from the non-regulated activities and the regulated activities outside of Belgium.

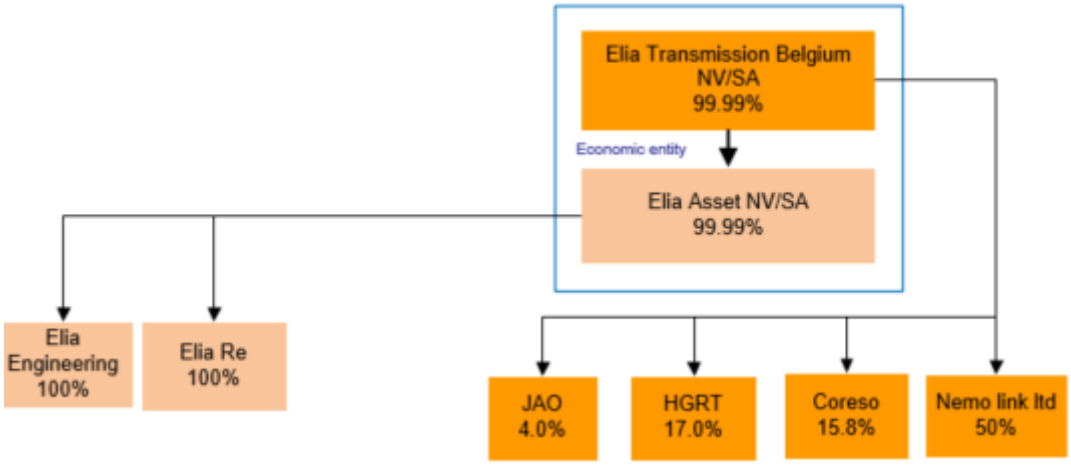
Following the implementation of the internal reorganisation, former Elia System Operator SA/NV transformed into a holding company listed on the stock exchange, which was renamed "Elia Group SA/NV". This holding company holds stakes in various subsidiaries, including the Issuer (i.e. the Belgian TSO), Eurogrid International (i.e. comprising the activities of 50Hertz, the German TSO), EGI (i.e. the Group's international consultancy branch), re.alto (start-up launched in 2019 dedicated to the exchange of energy data and services) and a new subsidiary WindGrid. The main shareholder of Elia Group is the municipal holding Publi-T SC/CV ("**Publi-T**").

The following diagram depicts, in simplified form, the organisational structure of Elia Group, as at the date of this Information Memorandum:




## 3.2 Structure of the Issuer and affiliates

The following diagram depicts, in simplified form, the organisational structure of the Issuer, including minority participations, as at the date of this Information Memorandum:




The subsidiaries, as indicated above and related to the role of the TSO in Belgium, Elia Asset, Elia Engineering and Elia RE are fully controlled by the Issuer.

**Principal subsidiary Elia Asset**

To perform some of the tasks legally required to be performed by a TSO, regional and local TSO, the Issuer acts with its wholly owned (99.99 percent) subsidiary, Elia Asset, which owns the extra high-voltage and owns (or has rights to use assets owned by third parties) the high-voltage electricity network. Elia Asset is controlled by the Issuer, which owns all shares, with the exception of one share held by Publi-T. Together, the Issuer and Elia Asset constitute a single economic unit (Elia) and has the role of a TSO in Belgium.

**Elia Engineering**

The Issuer, mainly through Elia Asset, acquired all shares in Elia Engineering on 26 December 2003. Elia Engineering manages all investment projects and major transformation works involving Elia Asset's, as well as the connection of the customers' infrastructure and (electrical) asset-related projects ordered by industrial customers.

**Elia RE**

Following the events of 11 September 2001 in the USA, the Issuer's insurance policy covering the overhead network was terminated and the insurance premium relating to the Issuer's network-related assets coverage was significantly increased. The Issuer also faced market rates for insurance against industrial risks which it deemed unacceptable. As a response to these developments, the Issuer created a captive reinsurance company, Elia RE. Elia RE was incorporated in 2002, as a Luxembourg public limited liability company (*société anonyme*), for the purpose of reinsuring all or part of the risks of the Issuer. Elia RE is held by Elia Asset. Since its incorporation, the Issuer has entrusted Elia RE with three of its insurance programs: the overhead network, electrical installations and buildings and civil liability. In practice, the Issuer enters into an insurance agreement with an insurer, which reinsures a portion of the risks with Elia RE. Therefore, there is no direct transfer of money from the Issuer or Elia Asset to Elia RE. Elia's - insurance premiums, as well as reinsurance premiums paid to Elia RE by insurers, correspond to standard market rates.

**Nemo Link**

The Issuer and National Grid signed a joint venture agreement on 27 February 2015 to move ahead with the Nemo Link interconnector between the UK and Belgium. Manufacturing and site construction began in 2016 and the link started commercial operations in the first quarter of 2019. The high-voltage direct current ("**HVDC**") interconnector provides 1,000MW of capacity. The link runs for 140 km between Richborough on the Kent coast and Herdersbrug near Zeebrugge, using both subsea and subsoil cables, and a converter station on both sides to turn direct into alternating current for feeding it into the grid. Electricity flows in both directions between the two countries.
the Issuer and NGIH both hold 50 percent of the shares in Nemo Link Limited, a UK company. This shareholding is accounted for as an "equity method – joint venture" in the financial statements.

**HGRT**

The Issuer owns 17 percent of the shares in Holding Gestionnaire de réseaus de transport S.A.S., a French company ("**HGRT**"). The other shareholders are RTE (the French TSO), TenneT (the Dutch TSO), Swissgrid (the Swiss TSO), Amprion (a German TSO) and APG (the Austrian TSO). HGRT is the holding company of Central Western Europe ("**CWE**") TSOs, created in 2001, which currently holds a 49 percent equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates are the leading exchange for the power spot markets at the heart of Europe. It covers Austria, Belgium, Denmark, Germany, Finland, France, Luxembourg, the Netherlands, Norway, Poland, Sweden, the United Kingdom and Switzerland. Striving for a well-functioning European single market for electricity, EPEX SPOT shares its expertise with partners across the continent and beyond. EPEX SPOT is a European company (Societas Europaea) in corporate structure and staff, which is based in Paris with offices or

affiliates in Amsterdam, Bern, Brussels, Leipzig, London and Vienna. EPEX SPOT is held by EEX Group, part of Deutsche Börse, and HGRT.

**JAO**

On 1 September 2015, Joint Allocation Office S.A. ("**JAO**") was incorporated. It is a Luxembourg-based service company of 22 TSOs. The company was established following a merger of the regional allocation offices for cross-border electricity transmission capacities, being CAO Central Allocation Office GmbH (in which the Group had a 6.66 percent stake) and Capacity Allocation Service Company.eu SA (in which the Group had a 8.33 percent stake). JAO mainly performs the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acts as a fall-back for the European Market Coupling. The shareholders of JAO are the Issuer, 50Hertz Transmission and 20 other TSOs holding each 1/22 of the shares. The Issuer holds directly 4.0 percent of the shares in JAO, including the participation held by 50Hertz Transmission, the Group holds a total participation of 7.2 percent.

**Coreso**

The establishment of Coreso SA/NV ("**Coreso**") in 2008 by the Issuer, National Grid and RTE aimed at increasing the operational coordination between TSOs, in order to enhance the operational security of the networks and the reliability of power supplies in Central Western Europe ("**CWE").** Coreso also contributes to a number of EU objectives, namely the operational safety of the electricity system, the integration of large-scale renewable energy generation (wind energy) and the development of the electricity market in CWE comprising France, Belgium, the Netherlands, Germany and Luxembourg. This geographical area is characterised by major energy exchanges and the co-existence of traditional generation facilities with an increasing share of renewable generation, whose output may fluctuate with changing weather conditions. Optimised management of electricity systems and corresponding network infrastructure, specifically interconnections between power networks are very important in this context. The Issuer owns directly 15.84 percent of the shares in Coreso.

# 4 Business overview

## 4.1 Role as TSO in Belgium

The Issuer develops, operates and maintains the national extra-high-voltage electricity transmission system (380kV to 70kV) in Belgium, which is regulated at the federal level. In addition, the Issuer owns and operates a major part of the local and regional high-voltage electricity transmission systems (70kV to 30kV) in each of the Regions, which are regulated at the regional level (all transmission systems together, the "**grid**"). It provides the physical link between electricity generators, DSOs, suppliers and direct supply customers and manages interconnections with the electricity grids of neighbouring countries. It also manages the coordination of the flow of electricity across the grid in Belgium, to enable secure and reliable delivery from electricity generators to end customers.

The Issuer fully owns (through Elia Asset) the Belgian extra-high-voltage electricity network assets as well as approximately 98 percent of the Belgian high voltage electricity network (and has a right to use in relation to the remainder).

The extension of the activities of the TSO to include offshore activities was incorporated in the Electricity Law in 2012. The Issuer owns, operates, maintains and develops in particular an offshore grid in the Belgian North Sea, called the Modular Offshore Grid ("**MOG**"). The Issuer assures the management of the system in the Belgian electrical zone and is responsible of the balancing between production injected in the grid and consumption taken off the grid within this zone. In addition to its activities relating to the operation of the network, the Issuer also aims to improve the functioning of the open electricity market by acting as a market facilitator, in close cooperation with the power market operator(s).

## 4.2 Transmission system operation

Transmission system operation refers to the regulated activity of operating the extra-high-voltage and high-voltage electricity networks and the management of electricity flows on these networks. The operator of such a network is called a TSO. The main users of these networks are the electricity generators, the traders, the DSOs, the commercial suppliers and large (industrial) off-takers (end customers). As such, the Issuer plays a crucial role in the community by transmitting electricity from generators to distribution systems, which, in turn, deliver it to the consumer. The Issuer also plays an essential part in the economy, as its grid supplies power directly to major companies connected to the grid and indirectly to all consumers and its operations allows for a reliable electricity system around the clock.

TSOs, such as the Issuer in Belgium, operate their electricity network independently of electricity generators and suppliers. The extra-high-voltage electricity networks, such as the ones operated by the Issuer, are also used to import and export electricity internationally and for mutual assistance between TSOs according to international standards set by European legislation and by the European Network of TSOs for Electricity ("**ENTSO-E**") operating rules (grid codes). Belgium's extra-high-voltage electricity network is interconnected with the transmission systems of France, Luxembourg, the Netherlands, Germany and the United Kingdom.

## 4.3 Core business of TSO in Belgium

The role of the TSO is comprised of four different areas: grid management, system operation, market facilitation, trusteeship.

### 4.3.1 Grid management

This activity consists of: (a) ownership; (b) maintenance; and (c) development of the network to enable the transmission of electricity at voltages ranging from 380kV to 30kV. In the upcoming five years (2023-2027), the Issuer plans to invest approximately €7.2 billion in Belgium.

#### (a) Ownership

The Issuer is Belgium's TSO (380kV to 30kV), operating over 8,867 km of lines and underground cables throughout Belgium. The grid, mainly owned (98 percent.) and operated by the Issuer, is composed of three categories of voltage levels:

- the 380kV lines that are part of the backbone of the European network. Electricity generated at this voltage flows towards the Belgian regions and is also exported to foreign countries (such as France and the Netherlands);
- the 220kV and 150kV lines and underground cables that are strongly interconnected with the 380kV level and carry electricity in and between the Belgian electricity areas; and
- the high-voltage network, consisting of the 70kV to 30kV lines and underground cables, which carries electricity from the higher-voltage levels to the off-take points used by the DSOs and large industrial customers that are directly connected to the Issuer's network.

The use of different voltage levels is the result of technical and economical optimisation. Extra-high voltage is required for the optimal transmission of electricity over long distances with minimal energy loss, while lower voltages are optimal for shorter distances and lower quantities.

### (b) Maintenance and replacement capital expenditures

Elia's policy with respect to network maintenance is based on a risk assessment approach that takes into account the meshed structure of its network. A sophisticated asset management strategy has been put in place to closely monitor the functioning of critical infrastructure components. The main objectives are to reach maximum availability and reliability of the network with the highest efficiency so as to minimise the total cost of ownership. To implement this policy, the Issuer extensively monitors the network and performs routine preventative inspections.

Like most European TSOs, the Issuer is facing the challenges of an ageing network that was developed in or even before the 1970s. To meet these challenges, the Issuer has developed a number of risk-based models that are aimed at optimising asset replacement strategies. Investments peaks are levelled out thanks to a balanced maintenance and replacement policy. As working methods evolve, staff need training to help them develop the requisite skills and techniques. In the upcoming years, an increasing part of the capital expenditure plan will be allocated to replacement investments.

### (c) Grid development

Elia's network development is based on four investment plans: one federal plan and three regional plans. These investment plans identify the reinforcements to the networks that are required in order to achieve consistent and reliable transmission, to cope with the increase in consumption as well as new power plant requirements (conventional sources or RES), the connection and the integration of RES (onshore and offshore), and the increased import and export capacity with neighboring countries.

The investment plans also take into account environmental and land-use constraints as well as applicable health and safety objectives (see Risk Factor "*The Issuer is subject to environmental and zoning laws, as well as increased public expectations and concerns, which may impair its ability to obtain relevant permits and realise its anticipated investment program or result in additional costs").*

## 4.3.2 System operation

Given the growth in renewable energies and their variable generation, greater flexibility is needed within the electricity system to maintain a constant balance between supply and demand. Digitalisation and the latest technologies offer market players new opportunities to optimise their electricity management by selling their surplus energy or temporarily reducing consumption (demand flexibility). By opening the system to new players and technologies, the Issuer wants to create a more competitive energy market while maintaining security of supply at all times. To achieve this, the Issuer ensures that every market player has transparent, non-discriminatory access to the grid.

The Issuer monitors the electricity flows on its network and seeks to balance in real time the total electricity injected into and taken off its network, taking into account the power exchanged with the neighbouring countries, through the procurement of the appropriate ancillary services. The Issuer also purchases electricity on the market to compensate for energy losses in the local transmission networks that are a consequence of the transmission of electricity.

The Issuer's network is the essential link between the supply of and demand for electricity both within Belgium and in the context of the EU's internal electricity market. To inject electricity into the Issuer's network, generation plants located in Belgium must be physically connected and receive access to (i.e. the right to use) the network. The Issuer's network is operated in such a way as to allow this electricity, as well as the electricity coming from neighbouring countries, to flow to the off-take points to which distributors, large corporate customers and foreign networks are connected. Parties accessing the Issuer's network are charged regulated tariffs based on their peak quarter-hourly demand and energy consumption.

As a system operator, the Issuer constantly monitors, controls and manages the electricity flows throughout the Belgian extra-high-voltage and high-voltage networks to ensure the reliability, continuity and quality of electricity transmission by maintaining the frequency and voltage within internationally determined limits.

The Issuer's network is monitored 24 hours a day, seven days a week by three control centres (one national and two regional). These control centres continuously monitor electricity flows, frequency, voltage at each off-take point, load on each network component and the status of each circuit breaker. When a network component is switched off, the Issuer's personnel takes appropriate measures to reinforce the operational reliability of the network and to safeguard electricity supply to the Issuer's customers. The Issuer has the ability to remotely activate or deactivate certain network components.

The Issuer has adopted other measures designed to maintain reliability for its customers. These measures consist of both operational measures (such as capacity allocation, load flow forecasts and compliance checks) and emergency procedures. Some of these measures have been adopted in cooperation with neighbouring TSOs (and approved by their respective regulator) and/or with Coreso, the regional coordination service centre, in order to promote coordinated action.

Ancillary services contracts are granted in accordance with public procurement rules. Part of the costs incurred by the Issuer as a result of the purchase of ancillary services are directly invoiced to the balance responsible parties ("**BRPs**"), while the ancillary services (such as compensation for the electricity losses) are reflected in the network tariffs.

### 4.3.3 Market facilitation

In addition to its two core activities described above, the Issuer aims to improve the functionality of the open electricity market by acting as a market facilitator, both in the context of a single European electricity market as well as in the framework of the integration of renewable energy and unlocking value for consumers, in accordance with national and European policies. It does so in close cooperation with the relevant power market operators (the Issuer is also an indirect shareholder of certain of these market operators). Further to the legislative proposals in the Clean Energy Package, this cooperation will be further formalised and fine-tuned (see "*Third Energy Package and Clean Energy Package*").

Due to the central location of the Belgian network within continental Europe and the intensive cross-border commercial exchanges following the deregulation of the European electricity market, the Issuer's network is intensively used by other market participants for cross-border import and export and for the transit of electricity. The Issuer wants to facilitate further market integration, both at the national and European level by giving new market players and technologies a chance to help them innovate their systems and introduce new market products.

The Issuer's income from or charges due under the inter-TSO compensation mechanism for EU cross-border trade are passed through to the home market participants by a tariff reduction or increase.

The Issuer has played an important role for many years in various market integration initiatives, such as: (i) the design and implementation of the Belgian power hub; (ii) the establishment of regional markets, initially CWE (i.e. France, Belgium, the Netherlands, Luxembourg, Austria and Germany) and subsequently the Nordic countries and North West Europe (i.e. Central West Europe, the Nordic countries and the UK); (iii) the establishment of the CORE capacity calculation region (CWE region together with Central Eastern Europe); (iv) day-ahead price coupling in the North-Western Europe region, stretching from France to Finland, operating under a common day-ahead power price calculation using the Price Coupling of Regions solution, the MRC Region (Multi Regional Price Coupling; (v) the creation of the first regional technical coordination center for CWE, Coreso, in cooperation with RTE and National Grid (the French and UK TSOs); (vi) the creation of a market coupling between the Benelux countries and France; and (vii) the participation in the establishment of the future single day-ahead coupling and single intraday coupling

(covering the EU). The Issuer is also a stakeholder in a number of European initiatives aiming to optimise market operation , i.e. HGRT and ENTSO-E.

The Issuer's initiatives which aim to enhance market facilitation and integration include:

- having an equity interest of 17 percent. in Holding HGRT, which itself has a 49 percent. equity stake in EPEX SPOT. The European Power Exchange EPEX SPOT SE and its affiliates APX and Belpex operate organised short-term electricity markets in Germany, France, the UK, the Netherlands, Belgium, Austria, Switzerland and Luxembourg. The Issuer was a founding shareholder of Belpex SA/NV (see "*HGRT*");
- being a founding shareholder of Coreso. Coreso is the first regional technical coordination center aiming to improve reliability across the CWE region. Coreso is shared by several TSOs and develops forecast management of electricity transits across this region (see "*Coreso*"); and
- being a shareholder of JAO, a service company performing the annual, monthly and daily auction of transmission rights across 27 borders in Europe and acting as a fall-back for the European Market Coupling (see "*JAO*").

### 4.3.4 Trusteeship

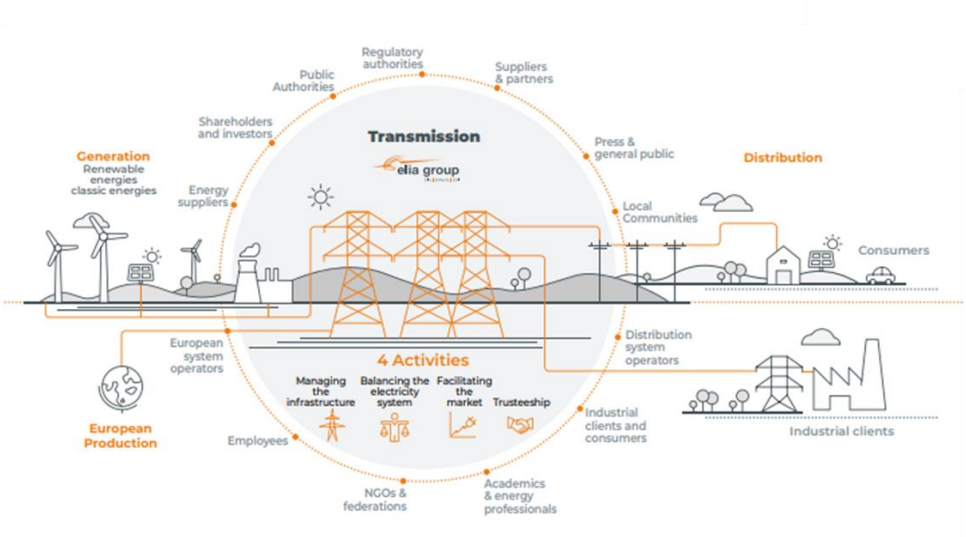
The legal responsibility for processing the regional and national levy system that promotes the integration of RES into the energy system lies with the Issuer. The Issuer therefore collects these levies as trustee, administrating them and coordinating their distribution.

## 4.4 Trends in the Belgian electricity market and evolution in the offshore market

The main players in the electricity market are the electricity generators, the TSO and the DSOs, wholesale and retail suppliers, the power market operator, the traders, end customers and regulators.

On the one hand, industrial players are striving to quickly decarbonise, in line with the European Green Deal, Fit for 55 and REpowerEU plan. This includes the chemical, steel, automotive and oil and gas sectors. As these large customers are directly connected to the transmission grid, the Group plays an important role in linking them to RES, enabling innovative processes to be adopted and encouraging sector coupling (and so advancing the production of green steel or gas). In order to support such players and find quick and easy solutions to their decarbonisation needs, the Group is committed to undertaking real stakeholder dialogue, for example through the organisation of industry roundtables.

On the other hand, households and smaller consumers are slowly transforming into prosumers who want to play an active role in energy markets by producing their own energy (through their home solar panels) and injecting it back into the grid. These, and the owners of flexible appliances such as electric vehicles and heat pumps, will become important providers of flexibility for the grid: they will be able to charge their appliances when there are high amounts of renewable energy available and will be able to inject electricity back into the grid when it needs it. Moreover, consumers are increasingly expecting to interact with the energy system in the same way and with the same level of ease that they are enjoying in other sectors: they are interested in having more control over their household consumption and in tracing the origin of the electricity they use. Digitalisation is making this possible.




Throughout the last years, the Group has seen several developments at political, market and technology level making offshore wind a substantial cornerstone of quick decarbonisation and electrification. This boosted a global trend for large-scale energy investment projects for the next years worldwide. The European Commission defined a target capacity of some 300 GW offshore wind by 2050 in Europe to realise the Green Deal (the current installed capacity in Europe amounting today to some 20 GW).

However, due to the geographic conditions, some countries (such as BE/GE) will remain short in renewables and some countries (such as NO, DK, IRE...) will have huge offshore wind excess potential along their coasts. For this reason, the expansion of offshore wind is increasingly becoming a multilateral and international (cross-border) topic to master the various national energy transition challenges. Consequently, the Group observes in Europe an overall trend to plan offshore grid connections in a more meshed way (incl. hybrid solutions that combine wind infeed with the electricity trade across borders) in order to increase efficiency and security of supply. Furthermore, there are some advanced plans for offshore energy hubs connecting various countries with complementary export/ import needs.

These growth perspectives attract many established players of the energy business as well as new players that are scouting new opportunities. Also industrial consumers are either directly acquiring equity stakes in offshore projects or concluding long-term Power Purchase Agreements ("**PPA**") to ensure future supply of green electricity. Finally, financial investors such as long-term investment funds, insurances or pension funds also show increased interest in offshore infrastructure.

Looking at the connection of offshore wind, projects have to be delivered in the next years along the Belgian North Sea coast and the German Baltic coast. The Belgian Government increased the ambition for offshore wind in its domestic waters to 3.5GW, to be connected to the onshore network via the construction of an artificial island (Belgian Energy Island). Moreover, the Issuer is currently assessing opportunities to develop interconnectors with Denmark (Triton Link) and UK (Nautilus).

## 5 Key strengths

Elia's business relies on a number of strengths, including the following:

– **A successful energy transition in a sustainable world**

As Belgium's sole TSO (legal and factual monopoly), Elia operates 8,896 km of high-voltage power lines. It is responsible for developing, building and operating a robust 30kV to 380kV electricity transmission system which includes both onshore and offshore infrastructure. Being a key player in the energy system, Elia is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by continuously adapting our transmission grid and the way we operate the system. We ensure that projects are completed on time and within budget, with a maximum focus on safety. Elia's activities sit at the heart of the energy value chain, linking the generation of (traditional and renewable) energy with its distribution to end consumers via distribution system operators. We work closely with a range of stakeholders, from public and regulatory authorities to other European system operators, members of the public, non-governmental organisations (NGOs) and industrial clients (the last of which are directly connected to our grid), ensuring that we carry out our work for the benefit of local communities. Elia's mission is to create value for society by keeping the lights on. The Issuer is facilitating the decarbonisation of Europe by delivering the necessary infrastructure and shaping the markets. We innovate to meet evolving consumer needs and protect people's safety.

– **Sustainable funding strategy**

By issuing Green Finance Instruments, the Issuer intends to align its funding strategy with its mission and reinforce its commitment to the clean energy transition and aims to support the strategy of Elia Group and its subsidiaries and Europe's transition to a low-carbon economy.
Green Finance Instruments are an effective tool to mobilise the integration of environmental benefits leading to sustainable growth and the transition to a climate-neutral and thereby contribute to the achievement of the SDGs and objectives of the EU Green Deal.

– **Important investments to decarbonise society**

The development of the electricity transmission grid is one of the main ways to transform the energy system into a carbon-neutral one. Over the last few years, national network development plans developed by TSOs have become increasingly driven by sustainability. Additional factors such as market efficiency, ensuring the security of the electricity system, ensuring quality of service and establishing an increasingly resilient system (which is capable of dealing with critical events) are other important drivers. Grid development can have a direct impact on the reduction of system-level GHG emissions when it involves connecting RES to the grid or reducing RES curtailment. It can also support decarbonisation indirectly by improving the secure operation of the grid when high amounts of RES are present in the system. Creating an integrated European network is one of the key objectives of the Clean Energy for all Europeans Package and is fundamental for achieving long-term decarbonisation and security of supply targets.

– **Active under two regulatory frameworks**

Group's risk profile is limited by the nature of its activities and the regulated environment in which it operates. The Group is active under two established regulatory regimes with separate regulators and with good visibility on the remuneration parameters within the regulatory cycles. In Belgium, the current Belgian regulatory period took effect on 1 January 2020 for a four-year period from 2020 to (and including) 2023 whereby the approved tariffs have been fixed for that four-year period. The next regulatory period will take effect as from 1 January 2024 for a four-year period from 2024 to (and including) 2027 where the new tariff methodology has been approved by the regulator in June 2022 increasing the visibility on ETB's future results. Nemo Link, in operation since January 2019, also

operates under its own regulatory framework providing visibility for 25 years until 2044. The length of regulatory cycles, in combination with diversification across two regulatory regimes, contributes to further lowering the overall risk profile of the Group.

– **Robust financial position and stable cashflow**

Elia's regulatory framework includes a number of elements that contribute to the creation of a solid long-term financial basis for the Issuer. Firstly, Elia's optimal leverage ratio is set by the regulator and financial expenses are hence included in Elia's tariffs. Secondly, the tariff structure allows all costs (to the extent not deemed unreasonable by the regulator) over which Elia has no direct control ('non-controllable costs') to be recovered through future tariffs. In addition, part of Elia's profit must by law be used to fund future investments (and not be distributed to shareholders). Finally, Elia's future investment plans always have to be approved by the government and the regulators before being launched, which ensures their inclusion in the tariffs.

# 6 Strategy

In line with its ambition, Elia Group and its subsidiaries aims to and is well on the way to become one of the leading European TSOs, which provides critical electricity infrastructure and a reliable electricity system for society. Through large-scale investments in infrastructure, digitalisation, and sector coupling, Elia Group is contributing to Europe's great and complex ambition of becoming climate-neutral by 2050, as outlined in its Green Deal and has developed a strategy for the activities carried out by the Group as well as for its German-based activities carried out by 50Hertz. Along with nine other European transmission system operators, Elia Group has recently reinforced its call for suppliers to make more sustainable products and services, contributing to a carbon-neutral society.

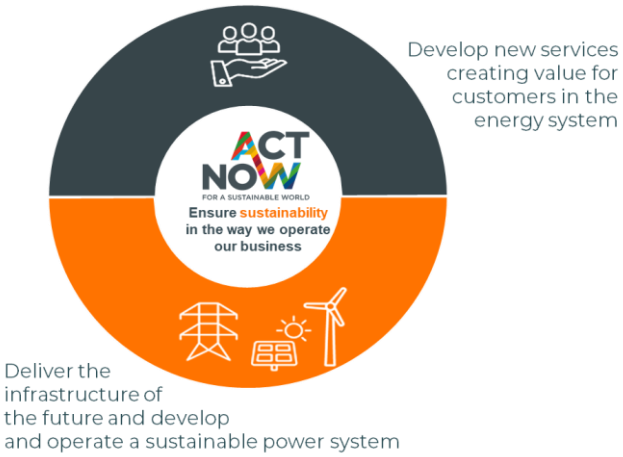
## 6.1 Vision and mission

Decarbonisation is considered to be one of society's most pressing challenges. As system operators, the Group is central to overcoming this challenge. Its grid forms the backbone of the energy transition. The Group is strengthening its on- and offshore transmission grid to facilitate the integration of increasing amounts of renewable energy into the system and allow consumers to decarbonise. The Group is also furthering digitalisation and sector convergence and shaping energy markets, so supporting new market players to become active participants in the energy sector. As a driver of the energy transition, the vision that guides the Group every day is "*A successful energy transition for a sustainable world*".

The Group's mission describes who it serves, what it delivers and how: "In the interest of society, the Group makes the energy transition happen to decarbonise Europe by delivering the needed power infrastructure and shaping the European energy markets. Keeping the lights on by operating a reliable and sustainable system and innovate to meet evolving consumers' needs in an efficient way and to protect people's safety. Creating further value for society in the changing energy landscape."

## 6.2 Pillars of growth

The Group's strategy consists of two pillars of growth:




The pillars of growth outline how, by continuously improving its activities to deliver excellent services, products and projects, it is both fulfilling its societal mission and increasing its relevance in a rapidly changing environment. These pillars ensure that the Issuer keeps working in the continuously evolving interest of society.

### 6.2.1 Pillar 1: Deliver the infrastructure of the future & develop and operate a sustainable power system

The Group is committed to keeping the lights on around the clock, designing, delivering and operating the transmission infrastructure of the future and enabling the energy transition - not just in its home market Belgium, but also contributing at a European level. Its CAPEX projects, which is dedicated to delivering on time, within budget and to a high standard of quality with a maximum focus on safety, actively contribute to shaping solutions that meet its stakeholder needs and create value for wider society. For example, the onshore and offshore interconnectors the Group build allow renewable energy to be shared between countries that have excess RES and those that have RES deficits, so contributing to the strengthening of the internal European energy market.

### 6.2.2 Pillar 2: Develop new services creating value for customers in the energy system

Through its second pillar, the Group is ready to continuously change, delivering new services that create value for energy customers and digital tools, which benefit the international energy ecosystem. The Group aims to achieve this by utilising and driving the digitalisation of the power sector and spurring innovation. Leveraging its experience with consumer centricity as part of its regulated activities, the Group is exploring and contributing to fostering a range of new opportunities. Ultimately, these activities will further hasten the energy transition.

## 6.3 The Group's digital transformation

In order to deliver the Group's strategy, the digital transformation of its business has become key. The Group seeks to remain efficient throughout this transformation as it: masters the growing complexity of its core business; speeds up its activities; develops new solutions towards a decarbonised system; work as part of ecosystems to better understand and serve the needs of consumers; and lay the foundations for expanding its role and the services it provides across the energy value chain.

## 6.4 Elia Group's sustainability program ActNow

Sustainability lies at the heart of the Group's business strategy and Elia Group's ActNow program, which was developed and published in 2021, setting out its long-term sustainability objectives. These objectives are guided

by the UN SDGs, demonstrating that its organisational goals are explicitly linked to global goals, and are implemented through its business roadmaps and plans.

Its biggest contribution to sustainability lies in the development of the power grid and the enhancement of electricity market design, which in turn enable the integration of rapidly growing amounts of RES into the system and allow the further electrification of society to occur. These efforts are consolidated in the first objective of enabling the decarbonisation of the power sector. However, as a socially responsible Group, its commitment to sustainability reaches far beyond this: from reducing its own carbon footprint to embedding circularity in its core business processes to ensuring equal opportunities for all staff, ActNow is firmly embedded in its core business via its business roadmaps and plans.


The Issuer, being Elia Group's subsidiary, contributes to fulfill the ActNow objectives and has set its own objectives in line with the ActNow program.

# 7 Regulatory framework

## 7.1 Overview

As set out in more detail in the section "The Belgian regulatory framework", the Belgian regulatory regime is fixed for a period of 4 years and represents mostly a "cost-plus" model, whereby the non-controllable costs incurred by the Issuer (depreciation, financial costs and taxes) and approved by the regulator (CREG) are passed through the transmission tariffs. Those costs include the shareholders' remuneration. This remuneration is mainly based on two key items. First, for the equity corresponding to the regulatory gearing, the Issuer receives a fair remuneration which is driven by the perspective of the 10-year OLO estimated by the Federal Planning Bureau (fixed at 2.40 percent for the period 2020-2023), on which a risk premium weighted with a beta factor is applied. The equity exceeding the regulatory gearing ratio (>40 percent. of the RAB) is remunerated at the same referential OLO rate increased with 70 bps. Secondly, various incentive components, linked to operational performance (i.e., specific costs (and revenues) over which the Issuer has direct control) have been defined in the current tariff methodology.

As set out in more detail in the section "Regulatory framework for interconnector Nemo Link", a specific regulatory framework is applicable to the Nemo Link interconnector whereby a revenue based cap and floor regime has been agreed for a term of 25 years.

## 7.2 Regulatory framework in Europe

The European framework is applicable to the Issuer as the TSO in Belgium.

### 7.2.1 The European legal framework

Over the past two decades, the European Union has been promoting the "unbundling" of vertically integrated electricity (and gas) companies. The most recent Electricity Market Design Directive and Regulations (part of the so-called Clean Energy Package) have continued the liberalization trend establishing common rules for an internal market in electricity, as well as providing conditions for the third-party access to networks for the cross-border exchange of electricity.

### 7.2.2 Third Energy Package and Clean Energy Package

(i) ***Third Energy Package***

The Third Energy Package was composed, among others, of Directive 2009/72/EC (the "**Electricity Directive**"), Regulation (EC) No 714/2009 (the "**Electricity Regulation**") and Regulation (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER) (the "**ACER Regulation**"). These acts have been replaced by Directive (EU) 2019/944, Regulation (EU) 2019/943 and Regulation (EU) 2019/942 respectively.

Already under the Third Energy Package, for transmission activities, Member States have been required to implement provisions regarding: (a) the appointment/licensing of the TSO(s); (b) the separation of generation and supply activities from the (ownership and) operation of the network (ownership, legal, functional and accounts unbundling) and related certification requirements; (c) confidentiality of commercially sensitive information; (d) non-discriminatory third-party network access; and (e) the creation of independent regulators.

**(a) Appointment of the Issuer as TSO**

Member States are required to appoint one or more TSOs. Belgium has elected to appoint one single TSO for its entire territory. This is set out in the Electricity Law. The duration of the appointment is not specified by EU law and, consequently, is determined at the national level by each Member State. The Issuer was appointed as the Belgian TSO for a (renewable) 20-year term as from 31 December 2019 by a Ministerial Decree of 13 January 2020. The

Issuer has also been appointed as the regional TSO in the Brussels Capital Region for the same period by a Decree of the Brussels Capital Region's government of 19 December 2019) and as the local TSO in the Flemish Region in succession of ESO (now Elia Group SA/NV) for the remaining duration of the latter's appointment, i.e. until 31 December 2023. As to the Walloon Region, it follows directly from the Walloon electricity decree of 12 April 2001 (the "**Walloon Electricity Decree**") that the national TSO (the Issuer) is also the local TSO . The process for the renewal of the local TSO license in the Flemish Region is ongoing. It is expected that this license will be renewed in due time (at the latest by end of 2023, when the current licence expires). It cannot, however, be excluded that certain additional obligations will be imposed on the occasion of such renewal relating to the governance of the Issuer and, in particular, the potential inclusion of additional safeguards regarding the independence of relevant board members of the Issuer (see "*Description of the Issuer – Introduction*").

**(b) Unbundling**

TSOs are required to be "unbundled" from electricity production and supply undertakings. More precisely, the person or company that is appointed as TSO must, at least in terms of its ownership (subject to historical exemption regimes in certain EU Member States), its accounting, its legal form, its organisation and its decision-making process, be independent from undertakings active in the production or supply of electricity (and gas). Cross-participations between transmission activities on the one, and production and supply (and associate) activities on the other, are in principle excluded. The Belgian federal electricity law of 29 April 1999 (the "**Electricity Law**") also provides that the Issuer cannot develop any activities with respect to the operation of distribution grids below 30kV and that neither the Issuer nor gas companies can hold any direct or indirect participations in each other. A certification procedure applies as a condition to (re)appointment, and is run by the competent national regulator together with the European Commission (and ACER) to verify compliance with the (ownership) unbundling requirements. The TSO must at all times continue to comply with those requirements.

**(c) Confidentiality of commercially sensitive information**

TSOs must preserve the confidentiality of commercially sensitive information obtained in the course of carrying out their activities, and shall prevent information about their own activities (e.g., on network availability and capacity allocation), which may be commercially advantageous from being disclosed in a discriminatory way. This obligation goes along with and aims at protecting the right of non-discriminatory network access of the market players, whose commercial position must not be revealed to competitors. As regulated actors, TSOs must be trustworthy actors in the competitive non-regulated part of the energy market and must exchange information with the other TSOs and disclose certain information to the market as necessary to preserve effective competition and the efficient functioning of the market, while preserving the confidentiality of commercially sensitive information.

**(d) Network access**

EU law requires each Member State to implement a regulated third-party access regime based on pre-approved and published tariffs that are applied to all network users in a non-discriminatory manner. The tariffs, or at least the methodologies for their calculation, have to be pre-approved by an independent regulator and must allow for the investments necessary for the long-term viability of the network.

**(e) Independent regulators**

EU law requires that each EU Member State establishes (an) independent regulator(s) specific to the energy industry. The regulator's main task is to ensure non-discrimination among grid users and end customers and the efficient functioning of the market through, inter alia, the setting or approval of the transmission tariffs (or at least the methodology for their calculation) and monitoring the compliance of the electricity undertakings with their obligations under EU law and the laws of the Member State. In addition, the regulator must monitor the management and allocation of the interconnection capacity, the mechanisms for managing congested capacity and the level of transparency and competition in the market. Furthermore, the regulator may also act as the dispute-settlement

authority for complaints made by grid users against the TSOs and DSOs. In Belgium, the Issuer's main regulator is the federal regulator CREG. In addition, for certain matters in relation to its capacity as local/regional TSO in Flanders, Brussels and Wallonia, the regional regulators VREG, Brugel and CWaPE are competent. Reference is made to the section "Regulatory authorities in Belgium" below.

(ii) ***Clean Energy Package***

The key principles of the Third Energy Package (as described above) are maintained by the (recast) Electricity Market Design Directive and Regulation (EMD Directive and EMD Regulation, as defined below). Nonetheless, the recasts bring a number of important changes in how these principles are to be further implemented going forward, which affect the roles and responsibilities of, among others, the TSOs, the DSOs, ENTSO-E, the (new) EU DSO entity, national regulatory authorities ("**NRAs**") and ACER.

The Clean Energy Package is further composed of a wider set of Directives and Regulations:

The (recast) Electricity Market Design Directive (Directive (EU) 2019/944) (the "**EMD Directive**")

The EMD Directive confirms the principle of market-based power supply, specifying under which circumstances for which period of time derogations are possible with a view to protecting energy poor and vulnerable household customers. It also enables suppliers to offer dynamic electricity price contracts and provides the possibility for customers to purchase and sell electricity via aggregation, independently of their electricity supply contract (and without requiring their supplier's consent). By 2026 it must be possible for each customer to switch its supplier or aggregator within 24 hours.

The EMD Directive allows and provides incentives for DSOs to procure flexibility services with a view to improving efficiencies in the operation and development of the distribution system. It further requires the development of independent, free-of-charge price comparison tools for household consumers and micro-enterprises, and imposes detailed billing guidelines and information requirements. It also requires electromobility to contribute to a better functioning of and foster the participation of end customers to the market (with a potential role to be played by the DSOs if the market does not do it).

All final customers must be able to act as active customers (i.e., able to consume, store or sell self-generated electricity within their premises, or to participate in flexibility schemes) without being subject to disproportionate or discriminatory technical requirements, administrative requirements, procedures and charges, and to network charges that are not cost-reflective (meaning they are entitled to network charges accounting separately for the electricity fed into and taken off the grid, based on smart meters). They should be able to delegate the management or their installations and balancing responsibility to third parties. The EMD Directive also creates citizen energy communities, open to voluntary participation by natural persons, local authorities and small and micro-enterprises.

The EMD Directive promotes energy efficiency and empowers final customers, amongst others through the further deployment of smart metering systems and by setting rules on the access of final customers to their data. In particular, all final customers have a right to get a smart meter installed, if they bear the associated cost. A systematic roll-out of smart meters can be linked to a positive cost-benefit analysis.

The EMD Directive clarifies the DSOs' tasks, particularly relating to the use of flexibility, co-ordination with the TSOs and the development of network development plans. The existing provisions for TSOs are largely maintained, with clarifications concerning energy storage, ancillary services and the new regional co-ordination centres (see below). The EMD Directive further imposes constraints on the DSOs' and TSOs' right to own, develop, manage and operate EV charging, ancillary services and energy storage facilities. These are only possible if certain conditions are fulfilled (i.e., if the market fails to provide these functions), and subject to regular reassessments of the market situation.

Finally, the EMD Directive reinforces and extends the powers of the national regulators.

– The (recast) Electricity Market Design Regulation (Regulation (EU) 2019/943) ("**EMD Regulation**")

On top of the objectives already put forward by the Electricity Regulation, the EMD Regulation aims to: (i) set the basis for an efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher shares of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation; and (ii) set fundamental principles for well-functioning, integrated electricity markets

In view of that, the EMD Regulation defines principles on balance responsibility, non-discriminatory access to balancing markets and the settlement of the imbalance price having to reflect the real-time value of energy (i.e. reflecting the marginal cost of each imbalance in each quarter hour). The EMD Regulation also enhances the cooperation between TSOs and NEMOs for the harmonised management of the integrated day-ahead ("**DA**") and intra-day ("**ID**") markets and requires TSOs to issue long-term transmission rights ("**LTTRs**") to allow market participants to hedge price risks across bidding zone borders.

The EMD Regulation further sets a prohibition on maximum and minimum limits to wholesale electricity prices, except for applying harmonised limits on maximum and minimum clearing prices for DA and ID timeframes under certain conditions. It also sets detailed rules on the non-discriminatory, transparent and market-based dispatching (subject to priority dispatching of renewables in limited cases) of generation and demand response, as well as redispatching (including curtailment) and congestion management. As a rule, redispatching, curtailment and congestion management must be market-based, with non-market-based methods (such as transaction curtailment) to be used only in limited circumstances, in particular where renewable generators are concerned. TSOs requesting redispatch or curtailment must financially compensate the affected facilities and network planning can take into account re-dispatching up to 5% of the annually generated electricity from renewable sources directly connected to the grid. Capacity can be allocated via explicit or implicit auctioning (i.e., via bids including both the price for the energy and the capacity), and must be freely tradeable on the secondary market. At least 70% of interconnector capacity must be available for cross-zonal trade. The EMD Regulation also provides for regular reviews of bidding zone configurations as a way to solving congestion.

An important innovation, the EMD Regulation (in conjunction with the Risk Preparedness Regulation – see below) sets a framework for capacity remuneration mechanisms ("**CRMs**") as a means to address security of supply issues. CRMs must be justified by a resource adequacy assessment. The must be temporary, technology-neutral (including storage and demand-response) and open to (direct or indirect) cross-border participation where technically feasible. The must take the form of a strategic reserve unless if that cannot address the adequacy concern. The EMD Regulation also lays down some sustainability (emissions) criteria (with a grace period), and grandfathering provisions for existing contracts.

Under the EMD Regulation, tariffs for network connection and access cannot be distance-related or create disincentives for self-generation, self-consumption and demand-response. There can be no (positive or negative) discrimination against production connected at transmission and distribution level, nor against storage and aggregation capacity.

Last but not least, under the EMD Regulation, the tasks of ENTSO-E have been extended and the regional security centres are replaced by regional coordination centres ("**RCCs**"). The RCCs will complement the role of the TSOs by performing tasks of regional relevance and fostering coordination between the TSOs. The EMD Regulation also provides for the creation of a EU DSO entity, allowing the DSOs to coordinate on things as network planning, grid codes, the integration of renewables and demand-response, and digitalisation.

The (recast) Regulation establishing a European Union Agency for the Cooperation of Energy Regulators (Regulation (EU) 2019/942) ("**ACER Regulation**") establishes ACER, the purpose of which is to assist the national regulatory authorities in exercising, at Union level, the regulatory tasks performed in the Member States and, where necessary,

to coordinate their actions and to mediate and settle disagreements between them. ACER also contributes to the establishment of high-quality common regulatory and supervisory practices, thus contributing to the consistent, efficient and effective application of Union law in order to achieve the Union's climate and energy goals.

The Risk-Preparedness Regulation (Regulation (EU) 2019/941) ("**Risk-Preparedness Regulation**") aims at enhancing the cooperation between Member States with a view to preventing, preparing for and managing electricity crises and security of supply concerns in a spirit of solidarity and transparency and in full regard for the requirements of a competitive internal market for electricity. To that end, the Risk-Preparedness Regulation sets out methodologies to (i) assess security of supply; (ii) identify crisis scenarios in the Member States and on a regional level; (iii) conduct short-term adequacy assessments; and (iv) establish risk-preparedness plans and manage crises, including ex-post evaluation and monitoring.

The (recast) Renewable Energy Directive (Directive (EU) 2018/2001) ("**RES Directive**") establishes common principles and rules to remove barriers, stimulate investments and drive cost reductions in renewable energy technologies, and empowers citizens, consumers and businesses to participate in the clean energy transformation. At the heart of the RES Directive is the Union-wide objective of achieving a share of minimum 32% of RES in the EU's gross final energy consumption by 2030. Member States can set their own individual targets towards achieving the Union-wide target. Certain sectors also have an individual Union-wide target (e.g. 14% by 2030 for the transport sector).

To achieve these general objectives, the RES Directive sets out detailed rules, amongst other things, on RES support schemes, permitting, guarantees of origin, grid connection (including priority grid access for smaller installations, demonstration projects and renewable gas, but no longer applying to RES in a general way), renewable self-consumption and energy communities, and district heating and cooling.

The Energy Efficiency Directive (Directive (EU) 2018/2002) ("**EE Directive**") establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 headline targets on energy efficiency of 20 % and its 2030 headline targets on energy efficiency of at least 32,5 % are met, and paves the way for further energy efficiency improvements beyond those dates.

The EE Directive lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets and contributions by 2020 and 2030, which will need to be notified to the European Commission. Member States must also reduce their annual final energy consumption by 0.8% annually. The EE Directive also contains rules on extend consumer rights, including on smart metering, access to billing and consumption information.

The Energy Performance in Building Directive (Directive (EU) 2018/844) ("**EPB Directive**") supplements the EE Directive particularly for the real estate and construction sector (appreciating the fact the biggest energy efficiency gains can be achieved from buildings). The EPB Directive covers topics including, amongst other things, renovation targets, energy performance certificates ("**EPCs**"), inspection, monitoring and control of energy use and the deployment electrical vehicle ("**EV**") (re)charging points in buildings.

The Governance Regulation (Regulation (EU) 2018/1999) ("**Governance Regulation**") establishes a governance mechanism to:

(a) implement strategies and measures designed to meet the objectives and targets of the Energy Union and the long-term Union greenhouse gas emissions commitments consistent with the Paris Climate Agreement, for the first ten-year period, from 2020 to 2029, covering in particular the Union's 2030 targets for energy and climate, and every ten-year period thereafter (with an update very five years);

(b) stimulate cooperation between Member States, including, where appropriate, at regional level, designed to achieve the objectives and targets of the Energy Union;

(c) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the Union and its Member States to the UNFCCC and Paris Climate Agreement secretariat; and

(d) contribute to greater regulatory certainty as well as contribute to greater investor certainty and help take full advantage of opportunities for economic development, investment stimulation, job creation and social cohesion.

To achieve those objectives, the Governance Regulation introduces a new instrument in the form of the national energy and climate plans ("**NECPs**") to be prepared and submitted by each Member State to the European Commission. The NECPs cover a ten-year period, setting out the Member States' national objectives and targets for achieving the five dimensions of the Energy Union, and corresponding policies and measures. Member States will be required to report against their progress and update their NECPs two years after their implementation date, with a final update a year after.

The Renewable Energy Directive, the Energy Performance in Building Directive and the Energy Efficiency Directives are currently being revised in the framework of the European Green Deal. This framework establishes the objective of becoming climate neutral in 2050 in a manner that contributes to the European economy, growth and jobs. This objective requires a greenhouse gas emissions reduction of 55% by 2030 as confirmed by the European Council in December 2020. To achieve that intermediary goal by 2030, the European Commission has released, on 14 July and 14 December 2021, an ambitious package of proposals, including revisions of the abovementioned Directives relevant to the power markets and the Issuer (the "**Fit for 55**" package).

(iii) ***Fit for 55 package and Recovery and Resilience Funding***

The European Union's vision to increase its climate ambitions in line with the Paris Agreement was presented by the European Commission in its Green Deal[1] in December 2019. The Green Deal is presented as laying "down the blueprint for the transformational change"[2] needed by the EU to meet its climate ambitions and become "the first climate neutral continent by 2050"[3].

In order to give teeth to the Green Deal, an EU Climate Law (the "**Climate Law**")[4], was adopted in June 2021. It imposes binding obligations both to the EU and the Member States and provides an overall framework for the EU's contribution to the Paris Agreement. Amongst others, the Climate Law sets out (i) a binding objective of climate neutrality in the Union by 2050, (ii) a binding intermediary target of a reduction of net greenhouse gas emissions by at least 55% compared to 1990 by 2030 and (iii) establishes that a second intermediary target will have to be set for 2040.

Taking stock of the Green Deal, and the legally binding targets put forward in the Climate Law, in July 2021, the Commission published the so-called "Fit for 55" package to reduce greenhouse gas emissions by at least 55% by 2030. The package, which is currently being negotiated by the EU legislators, is a set of interlinked

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[1] European Commission, Communication from the Commission, "The European Green Deal", Brussels 11.12.2019, COM (2019) 640 final.

[2] European Commission, Communication, "Fit for 55 : delivering the EU's 2030 Climate Target on the way to climate neutrality", COM(2021) 550 final, Brussels. 14.07.2021, p. 1.

3 European Commission, European Green Deal: Commission proposes transformation of EU Economy and society to meet climate ambitions, Press Release, Brussels. 14th July 2021.

4 Regulation 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) N°401/2009 and (EU) 2018/1999 ("European Climate Law"), OJ L 243/1, 9.7.2021

proposals, to support a "fair, competitive and green transition"[5]. This extensive package, which was complemented by a second series of legislative proposals in December 2021, entails the revision of a wide array of existing energy and climate related legislations, as well as proposals for new pieces of legislation. Without being exhaustive, the Package will notably entail a review of the RES Directive, the EE Directive, the Effort Sharing Regulation (EU) 2018/842 ("**ES Regulation**"), the EU Emission Trading System Directive 2003/87/EC ("**EU ETS Directive**"), the Energy Taxation Directive 2003/96/EC ("**ET Directive**"), the EPB Directive as well as of the current Gas Market Directive 2009/73/EC and Gas Market Regulation (EC) 715/2009.

Of course, all proposals and measures proposed by the Commission in the context of the Fit for 55 Package are subject to changes in the context of the ongoing legislative process that will lead to the adoption of the definitive legislative texts, some of which will require further transposition at the national level. Besides, the discussions currently taking place in the context of the REPower EU strategy of the Commission, in order to both address high energy prices and the dependence on Russian fossil fuels, will also likely impact the ambitions and measures that will finally be adopted in the context of the Fit for 55 package.

As part of a wide-ranging response, the aim of the Recovery and Resilience Facility ("**RFF**") is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. The RFF is a temporary recovery instrument. It allows the Commission to raise funds to help Member States implement reforms and investments that are in line with the EU's priorities and that address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination.

The RRF helps the EU achieve its target of climate neutrality by 2050 and sets Europe on a path of digital transition, creating jobs and spurring growth in the process. The reforms and investments in Belgium's plan aim for Belgium to become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To this end, the plan consists of 105 investments and 35 reforms. They will be supported by €5.9 billion in grants, out of which €100 million is allocated to the construction of an artificial energy island in the North Sea to integrate offshore wind and further international interconnections.

### 7.2.3 Regulation on cross-border exchanges and on trans-European infrastructure

*Cross-border exchanges in electricity*

The current EMD Regulation determines conditions for access to the network for cross-border exchanges in electricity. It provides rules applicable to cross-border capacity allocation methods and to the establishment of a compensation mechanism for cross-border flows of electricity. It also provides the basic principles applicable to setting cross-border transmission charges. These charges must be transparent, take into account the need for network security, reflect actual, not unreasonable costs, be applied in a non-discriminatory manner and not be distance-related. Furthermore, any revenues resulting from the allocation of capacity must be taken into account by regulatory bodies when setting the transmission tariffs. The principles on cross-border exchanges set out in the EMD Regulation have been further developed in the European grid codes (see "Grid codes").

5 European Commission, Communication from the Commission: "Fit for 55": delivering the EU's 2030 Climate Target on the way to climate neutrality", 14.07.2021, COM(2021) 550 final, p.3.

*Trans-European infrastructure*

Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure ("**TEN-E Regulation**") determines the structure and process to establish lists of European Projects of Common Interest ("**PCIs**") developed by project promotors. The selection is done based on a number of factors, including an energy system-wide cost-benefit analysis. The selected projects receive priority treatment in the permit-granting process and specific treatment for cost allocations and may receive incentives and European subsidies under the Connecting Europe Facility ("**CEF**"). Some of the Issuer's current and past PCIs include "Brabo II + III" and Nemo Link.

Among the key elements of the new TEN-E Regulation (which replaced the old one from 2013) are:

i. strengthened cross-border cooperation in offshore infrastructure developments, smart electricity grids and hydrogen;

ii. mandatory sustainability assessment for all eligible projects; and

iii. new provisions for Projects of Mutual Interest ("**PMIs**") connecting the EU with third countries, in the interest of security of supply.

### 7.2.4 Grid codes

A grid code contains the rules governing the connection and access to the electricity network, the provision of ancillary services by the network users (generators, distributors, suppliers and end customers directly connected to the network) and their respective rights and duties, as well as the rights and duties of the TSO. There are seven national grid codes in Belgium (one federal and six regional), four of which apply to the Issuer. All four codes deal with similar issues, mostly technical, but apply to different networks: they establish, among other matters, the procedure for the connection of a user to the network, the rights and duties of each network user, the parties' balancing obligations, the procedure for measuring the volume of electricity transmitted and emergency procedures in the event of an incident or an anticipated blackout.

At European level, the EMD Regulation sets out the areas in which European network codes have been and are being developed. These codes are developed by ENTSO-E in cooperation with ACER and are submitted to the European Commission to go through comitology and receive legislative force as Commission Delegated Regulations. The EU DSO entity contributes to the development of network codes which are relevant for the distribution systems and the DSOs. The European Commission can also approve network codes in its own right, in certain areas. The European network codes are sets of rules that apply to one or more parts of the energy sector. To date, eight European network codes and guidelines have entered into force: "Capacity Allocation and Congestion Management", "Requirements for Generators", "Demand Connection", "HVDC", "Forward Capacity allocation", "Emergency and Restoration", "Electricity Balancing" and "System Operations".

The website of ENTSO-E gives a status update of the development and implementation of all the European network codes: https://www.entsoe.eu/major-projects/network-code-development/updates-milestones/Pages/default.aspx[6].

Following the entry into force of the European network codes and guidelines, the Belgian federal and regional grid codes applicable to the Issuer have been updated to ensure the consistency of the various sets of rules. Nonetheless, the development of European network codes and guidelines

6 See: ACER's Process on the grid connection NCs amendment

remains without prejudice to the rights of EU Member States to establish and maintain national grid codes, to the extent their content does not adversely interfere with the cross-border trade of electricity. Similar principles apply under the German legislation and to 50Hertz, which also has to respect these grid codes.

## 7.3 The Belgian regulatory framework

### 7.3.1 General overview

The Belgian electricity market is regulated both at federal and regional level. At federal level, the first EU Directive on the internal electricity market was transposed by the Electricity Law. Regional legislation has followed this transposition for the Regions' areas of competence.

The Third Energy Package has been transposed into law through an amendment of the Electricity Law at the federal level, and of the regional legislation in place at the Flemish, Brussels and Walloon levels, each within their respective areas of competence. Following a ruling of the Court of Justice of the European Union ("**CJEU**") in an infringement procedure against the Belgian State, the federal Electricity Law was amended on 21 July 2021 to bring it in line with the Electricity Directive as to the designation of the TSO, the powers of the CREG to approve the terms and conditions for the access and connection to the grid and for ancillary services and to impose penalties. The implementation into Belgian law of the European network codes (see section "Grid codes") is complete. The Flemish decree of 8 May 2009 (the "**Flemish Energy Decree**") has already transposed the EMD Directive, whereas its transposition has not yet been completed and is ongoing in the other Regions and at federal level. On 19 July 2022, a bill amending the Electricity Law was introduced in the federal parliament to partially transpose the EMD Directive at federal level.

With respect to the transmission grid and the local/regional transmission grids operated and owned by the Issuer and Elia Asset, cost control and tariff matters are the responsibility of the federal State for the entire grid, whereas technical, operational and organisational (including unbundling) matters regarding access and connection to the grid fall under the responsibility of the Regions for voltages equal to or below 70kV (local and regional transmission systems) and of the federal State for voltages above 70kV (the national transmission system). The three Regions are also responsible for low- and medium-voltage distribution networks (including distribution tariffs).

At federal level, the Electricity Law forms the overall basis of and contains the main principles of the legal framework applicable to the Issuer, including unbundling and the transmission tariffs. In addition, the Belgian federal government has enacted several royal decrees governing, amongst others, aspects of the generation of electricity, the operation of the transmission network and the access to it (including the Royal Decree of 22 April 2019, establishing the technical regulation for the operation of the (national) transmission system and access to the system, the "**Federal Grid Code**"), public service obligations and accounting requirements with respect to the transmission network and market monitoring and supervision by the CREG. The Federal Grid Code is currently being reworked to introduce a split (by September 2022): matters regarding connection and access to the grid, as well as ancillary services will be regulated by the code of conduct approved by the CREG, while all other matters (technical requirements, rights and duties of the TSO etc.) will be kept in the Federal Grid Code.

The Electricity Law entrusts the operation of the national extra-high and high-voltage electricity network to one single TSO, to be designated by the federal Minister for Energy for a renewable period of 20 years, upon the proposal of the historical network owners. According to the Electricity Law, as amended in 2021, the federal Minister for Energy designates as the single national transmission system operator the undertaking that (i) satisfies all applicable legal requirements, (ii) is certified as ownership unbundled, (iii) directly or indirectly, has full possession or ownership of the transmission system assets concerned and which form part of or coincide with the transmission system situated within the national territory. These conditions are currently satisfied by the Issuer , whose federal TSO designation was renewed for 20 years as of 31 December 2019 (see above).

Besides these considerations and the transposition of EU law, the Electricity Law has been amended several times, among others to create a strategic reserve (to be procured and contracted by the Issuer for the volumes established for each winter period by Ministerial Decree), to better incentivise the participation of demand-side response to balancing and ancillary services, to adapt the support and connection mechanism for the development of offshore wind farms and to create domain concessions for offshore transmission and storage installations, to create a capacity remuneration mechanism (CRM) and to cover the cost of public service obligations.

It is worth noting that amendments to the Electricity Law have been adopted to align the rules governing the strategic reserve mechanism with the commitments made by the Belgian government within the framework of a state aid procedure before the Commission. Taking into account these amendments, the European Commission decided on 7 February 2018 not to raise objections to the strategic reserves mechanism for the winter periods until and including 2021-2022. For the winter period 2021-2022, the Energy Minister did not instruct the Issuer to constitute a strategic reserve.

A capacity remuneration mechanism ("**CRM**") has been introduced to guarantee the country's security of supply beyond 2025, the year as of which electricity production via nuclear power plants would no longer be authorised in Belgium. With a decision on 18 March 2022, the federal Council of Ministers decided that the two most recent nuclear units (Doel 4 and Tihange 3) can remain operational after 2025. Nonetheless, by the same decision, the government reconfirmed the need for additional capacity and the results of the second CRM auction will be published at the latest on 31 October 2022.

The CRM has been introduced into the Electricity Act by a Law of April 22, 2019, as amended. Under that framework, several providers of capacity (consisting of both existing and new capacity, and of generation as well as demand-response and storage equipment), which have been prequalified and selected in a competitive auction, have entered into a capacity contract with the Issuer, under which they are remunerated for making that capacity available as and when called upon within the agreed timeframe. They have a payback obligation for the positive difference between the reference price (fixed on the basis of projections about the future market price for electricity) and a strike price (based on the offer of the capacity provider), and are penalised in case they are proven not to be available (both pre-emptively and at the time of the obligation).

The first Y-4 auction held in October 2021 resulted in 4,447.70 MW of capacity contracted for delivery year 2025-2026, part of which must still receive the necessary permits to build and operate the capacity. An additional Y-1 auction will take place in 2024 to fill the gaps (e.g. because certain capacity that received a contract in the Y-4 auction does not get built on time, and to allow smaller capacity providers to participate). The Issuer monitors the status of the capacity during the pre-delivery period and applies financial penalties, so as to have the relevant unit available during the delivery period. Each year, a new auction can be organised for the next delivery year (i.e., 2026, 2027 etc.) based on an adequacy assessment carried out by the Issuer resulting (or not) in a decision by the federal Energy Minister. This development is an important step to avoid black-outs due to a lack of energy production in Belgium.

On 28 February 2022, the Electricity Act was again amended to allow a re-run of the auction to replace capacities that were awarded a capacity contract in the initial auction of October 2021 and which could not obtain the relevant (final) permits to build and operate the relevant capacity by 15 March 2022. This has led to the early termination of the capacity contract for the additional capacity of a proposed project in Vilvoorde and the instruction to launch the rerun. The result of the rerun has been published on 13 April 2022 and has resulted in a capacity contract being awarded to a project in Seraing to replace the one in Vilvoorde.

As per Ministerial Decree of 30 March 2022, Elia received the instruction to organise the Y-4 auction for the delivery period starting as of the 1st of November 2026. The results of that auction will be published at the latest on the 31st of October 2022.

At regional level, the Walloon Electricity Decree was amended in 2012 (and has subsequently been amended from time to time) to transpose, amongst other things, the Third Energy Package and the (old) Energy Efficiency Directive

2012/27/EU (meanwhile replaced by the EE Directive), to allow flexible access, to adapt the support level of certain types of renewables, to set up subsequent banking operations in 2015 ("mise en reserve") and in 2017 ("temporisation"), the latter having been extended in 2021, and a (albeit never implemented) refinancing and securitisation ("mobilisation") mechanism in 2019, all meant to limit the transmission tariff and regional budget impact of the (re)purchase obligations for green and CHP certificates by the Issuer (see also the next paragraph, the section "Public service obligations" and the risk factor titled "The Issuer is subject to certain trustee obligations which may negatively impact its working capital").

In the context of the Public Service Obligations, the Walloon Electricity Act in 2019 has introduced a more structural and final solution to address the imbalance in the certificates market, and to avoid the cost for the Walloon region and the consumers rising too high. This new regime, which has not however been implemented to date, would enable a refinancing and securitisation ("mobilisation") of the Issuer's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In the same context, in 2021, the exemption of the green certificate levies has been regularised and the second banking mechanism ("temporisation") has been extended (applying now to certificates bought by the Issuer until the end of 2024), with a possibility for the Walloon Government to order new banking operations on a quarterly basis (as opposed to annually before). The Walloon Electricity Act has also transposed partially the RED Directive with the creation of the concept of renewable energy communities. Other amendments concern the organisation of the Walloon Commission for Energy (Commission wallonne pour l'Energie) ("**CWaPE**") and residential consumers.

The Flemish Energy Act was amended in 2012 and has subsequently been amended from time to time to transpose, among other things, the Third Energy Package, the (old) Energy Efficiency Directive 2012/27/EU, and more recently the Clean Energy Package. It has further been amended to introduce an objective liability regime in case of power interruption and power quality problems, to introduce a proper right of way regime for installing and operating electrical installations, to amend the process for adopting the technical regulations, to modify the support levels and mechanisms for renewables and combined heat-power (CHP), and to modify the role and supervising powers of the Flemish regulator VREG. Other amendments were made to the Flemish Energy Act since 2019, amongst other things in relation to the green and CHP certificates, guarantees of origin and the roll-out of smart (digital) meters, alongside dispositions relating to corporate governance of the distribution and local transmission system operators. In 2019, the Flemish Energy Act has also been aligned with the GDPR. A Decree of 2 April 2021 (with its date of entry into force yet to be determined) has partially transposed the RES Directive and the EMD Directive for the energy communities, peer-to-peer trade and energy sharing. Many other smaller changes were made in the past two years, which are mainly of a more technical or institutional nature and/or which primarily concern distribution system operators and are therefore less relevant for the Issuer.

The Brussels Electricity Ordinance of 19 July 2001 (the "**Brussels Electricity Ordinance**") has been amended, among other things, to transpose the Third Energy Package and the (old) Energy Efficiency Directive 2012/27/EU and to extend the role and tasks of the Brussels regulator Brugel. Article 24ter, §2, first paragraph of the Brussels Electricity Ordinance, which relates to the mandatory installation of smart meters, as that paragraph had been introduced by an Ordinance of 23 July 2018, has been annulled by the Constitutional Court in its judgement No 162/2020 of 17 December 2020, insofar as it did not foresee in an adequate arrangement for electro-sensitive persons. Furthermore, an appendix 2 related to CHPs has been added to the Brussels Electricity Ordinance and the tax procedure for surcharges applicable to suppliers has been amended.

In addition to the fact that the scope of the grid was extended to the territorial waters of Belgium, Belgium opted for a fully ownership unbundled TSO regime under the Third Energy Package. The certification procedure as provided for under the Electricity Directive (which remained unchanged under its successor EMD Directive) has been fully transposed. The certification process of Elia Group (then ESO) first took place between March and December 2012. The CREG's final decision of 6 December 2012 confirmed that Elia Group (at the time ESO) complies with the full

ownership unbundling rules. This positive decision was notified by the Belgian government to the European Commission and has been published in the Official Journal of the European Union.

Following the reorganisation in 2019, whereby the Issuer, as a wholly owned subsidiary of Elia Group, took over the Belgian transmission system operation activities, the certification of the Issuer as the new TSO was confirmed by the CREG in a decision of 27 December 2019, following which the Issuer was appointed as the national TSO by a Ministerial Decree of 13 January 2020, for a period of 20 years starting on 31 December 2019.

### 7.3.2 Regulatory authorities in Belgium

The CREG is a public, independent body established at federal level in Belgium as the regulator for gas and electricity markets. The functions of the CREG include the supervision of the TSO and the monitoring of the application of (national and European) grid codes and public service obligations at federal level. These missions include the approval of the transmission tariffs and the control of accounts of certain undertakings involved in the electricity sector. More specifically, with regards to the Issuer, the CREG is competent, amongst other things, for:

- establishing the Code of Conduct;
- the approval of the terms of standard industry contracts used by the Issuer at federal level: connection, access and BRP contracts; this list has been complemented by the Federal Grid Code with the terms and conditions for balancing service providers, voltage service providers, scheduling agents and outage planning agents, and the cooperation agreement with DSOs;
- the approval of the capacity calculation and capacity allocation methodologies for interconnection capacity at the borders of Belgium;
- the approval of the appointment of independent members of the Board of Directors;
- the approval of tariffs for connection and access to, and use of, the Issuer's network, as well as the approval of the imbalance tariffs applicable to the BRPs; and
- monitoring the compliance with the energy regulation at large, taking investigative measures and imposing administrative fines and sanctions in case of non-compliance.

The operation of electricity networks with voltages equal to or below 70kV (other than the transmission tariffs) falls within the jurisdiction of the respective regional regulators: the VREG for the Flemish Region, the CWaPE for the Walloon Region and the Brussels Commission for Energy ("Bruxelles Gaz Electricité" / "Brussel Gas Elektriciteit", "**Brugel**") for the Brussels-Capital Region.

Their role includes the issuance of regional supply licenses, establishing grid codes for grids with a voltage level equal to or below 70kV, certification of cogeneration (CHP) facilities and facilities which generate renewable power, issuance and management of green power and CHP certificates and supervision of the respective local or regional TSO (i.e. in each case, the Issuer) and the DSOs. Each of them can require any operator (including the Issuer) to abide by any specific provision of the regional electricity rules under the threat of administrative fines and other sanctions.The regional regulators also have the authority with regard to distribution tariff setting for DSOs.

### 7.3.3 Public service obligations

Public authorities define public service obligations in various fields (promotion of renewable energy, social support, fees for use of roads, etc.) to be performed by network operators. Costs incurred by such operators in respect of those obligations are covered by tariff surcharges applied at the level of the entity that has imposed the public service obligation. A regional obligation leads to a regional surcharge.

The Issuer can ask the CREG annually to adapt tariffs to cover any gaps between expenses and tariff revenues caused by the performance of public service obligations. To the extent that there would be a timing difference between the

incurrence and the recovery of such costs, the costs would have to be pre-financed by the Issuer and, consequently, may negatively impact the Issuer's cash flow (see risk factor "The Issuer is subject to certain trustee obligations which may negatively impact its working capital").

The short-term liquidity risk is managed on a daily basis with the funding needs being fully covered through the availability of credit lines and a commercial paper program. Other risk mitigation measures include being involved in the design of public service obligation mechanisms aiming to support the development of renewable energy. Once these mechanisms are in place, performing good forecasts on end-user consumption, RES infeed, market prices, the expected number of sales of green certificates at a guaranteed minimum price, as well as reporting and communicating issues to governments and regulators can contribute to mitigating the potential impact on the Issuer's cash position.

At the end of 2021, the Electricity Act was amended to the effect that the cost of the public service obligations relating to the CRM and the federal green certificates scheme incurred by the TSO are no longer covered by surcharges on the transmission tariffs, but directly by the federal State via a levy on all tax payers. This reform has already been implemented. A convention signed by the federal government, the CREG and the Issuer sets out the process to be followed for the determination of the eligible costs recoverable through the levy, as well as the payment modalities.

In the Walloon region, the Government in 2017 introduced a second banking scheme, designed to alleviate pressure on the Issuer to increase the surcharge to be paid by customers in the Walloon region (as a result of the TSO passing on the costs of its obligation to purchase "green certificates"). The second banking scheme foresees a phased purchase of such "green certificates" by the Walloon Governmental Agency for Climate and Air (AWAC), initially between 2017 and 2021, but this has been extended until 31 December 2024. These are also placed in reserve ("temporisation") for a maximum period of 9 years (or such shorter period as the Walloon Government may decide) and are being gradually released back in to the market between 2022 and 2033 (on a quarterly basis, as and when ordered by the Walloon Government based on the Issuer's and the energy administration's predictions about the evolution of the certificates market). Unlike the first banking scheme, this temporisation scheme is funded out of the general budget of the Walloon Region, rather than through a surcharge on the transmission tariffs. Each scheme is intended to delay the TSO's obligation to purchase "green certificates" by several years. Both schemes require administrative support of the Issuer and, ultimately, the Issuer may still be required to purchase a large amount of "green certificates" from the Walloon region.

As a more structural solution for this issue, in 2019 a new regime was introduced, enabling a refinancing and securitisation ("mobilisation") of Elia's historic green certificates debt (resulting both from the initial purchase and from the subsequent repurchase obligations under the consecutive banking regimes). In very broad terms, this scheme would allow the Issuer to refinance the cost of its purchase and repurchase obligations by creating a so-called "green energy claim (GEC)" against each of these (re)purchased certificates and selling those GECs to a financial counter party (the Issuer), financed by a long-term bond placed by the Issuer in the capital markets and backed by the future tariff revenues of the Issuer when the GECs become payable, thus allowing the Issuer (and the Walloon Government) to spread the surcharge associated with the Issuer's various (re)purchase obligations (and their effect on the consumers' power bills) over a longer period in time. This scheme has however not been implemented to date.

To the extent that: (i) the TSO is required to purchase a large amount of "green certificates"; and (ii) there is a delay in recovering the costs incurred in purchasing such "green certificates", the costs would have to be pre-financed by the Issuer and, consequently, there may be a negative impact on the Issuer's cash flow.

The Issuer does not provide any guarantees to third parties involved in these transactions.

### 7.3.4 General principles of tariff setting

The essential part of the Issuer's income and profits come from regulated tariffs charged for the use of the electricity transmission system.

Transmission tariffs are set pursuant to specific regulations and approved by the CREG, based on a methodology, which, in turn, is based on tariff guidelines set out in the Electricity Act. These tariff guidelines have been amended, amongst others, by a Law of June 28, 2015 and two Laws of 13 July 2017 to incentivise demand-side response and storage and to increase the competitiveness of the electro-intensive industry, the efficiency of the market and the energy system (including energy efficiency).

Once approved, tariffs are published and are non-negotiable between individual network users and the Issuer. If the applicable tariffs are, however, no longer proportionate due to changed circumstances, the CREG may require the Issuer to, or the Issuer may at its own initiative, submit an updated tariff proposal for approval to the CREG.

The actual volumes of electricity transmitted may differ from the forecasted volumes. Deviations between real volumes of electricity transmitted and budgeted volumes and between effectively incurred costs/revenues and budgeted costs/revenues can result in a so-called "regulated debt" or a "regulated receivable", which is booked on an accrual account. This mechanism applies to all of the abovementioned key parameters for tariff-setting (i.e. fair remuneration, controllable elements, non-controllable elements, influenceable costs and other incentive components). The financial settlement of any such deviations is taken into account when setting the tariffs for the next period.

Regardless of deviations between forecasted parameters and actually incurred costs and revenues, the CREG takes the final decision as to whether the incurred costs and revenues are deemed reasonable, in order to be included in the tariff calculation. This decision can result in the acceptance or rejection of such costs or revenues. To the extent that certain elements are rejected, the corresponding amounts will not be taken into account for the setting of tariffs for the next period.

### 7.3.5 Tariffs applicable for the tariff period 2020-2023

On 28 June 2018, the CREG issued a decision fixing the tariff methodology applicable for the period 2020-2023 for the electricity transmission grid and the electricity grids which have a transmission function.

This methodology is the general framework on which transmission tariffs have been set for these four years. The tariff proposal for the regulatory period commencing on 1 January 2020, based on the methodology described below, was approved by the CREG on 7 November 2019.

The methodology is "service driven" (cost +) and is largely determined by a "fair remuneration" mechanism combined with certain "incentive components".

The tariffs are based on budgeted costs reduced by non-tariff revenues and based on the estimated volumes of electricity transported through the grid.

The different drivers for tariff setting are determined based on the following key parameters: (i) fair remuneration; (ii) "non-controllable elements" (costs and revenues not subject to an incentive mechanism); (iii) "controllable elements" (costs and revenues subject to an incentive mechanism); (iv) "influenceable costs" (costs and revenues subject to an incentive mechanism under specific conditions); (v) "incentive components"; and (vi) the settlement of deviations from budgeted sales volumes.

*Fair remuneration*

For the period 2020-2023, the formula for the calculation of fair remuneration has been defined as follows:

A: [40 percent x average RAB x [(1 + α) x [(OLO (n)+(β x risk premium)]]]

plus

B: [(S – 40 percent) x average RAB x (OLO (n) + 70 base points)]

for which:

- RAB(n) = RAB(n-1) + investments(n) – depreciation(n) – divestments(n) – decommissioning (n) +/- change in working capital needs;
    - OLO (n), which is also referred to as the risk free rate, is set at 2.4 percent[7]:
    - S = the aggregated capital and reserves/average RAB, in accordance with Belgian GAAP;
    - Alpha (α) = the illiquidity premium set at 10 percent;
    - beta (β) = calculated over a historical three-year period, taking into account available information on the the Issuer's share price in this period, compared with the Bel20 index over the same period. The value of the beta cannot be lower than 0.53; and
    - risk premium = 3.5 percent.

*Non-controllable elements*

A number of costs are considered to be non-controllable by the Issuer. These include items such as depreciation of tangible fixed assets, ancillary services (except for the reservation costs of ancillary services excluding black start, which qualify as influenceable costs), costs related to line relocation imposed by a public authority, and taxes, partially compensated by revenues from non-tariff activities (for example cross border congestion revenues).

The Issuer is deemed to have very limited or no impact on these items. Accordingly, these can be covered by tariffs whatever the amount, as long as they are considered to be "reasonable". Under the current tariff period, certain exceptional costs specific to offshore assets (e.g. the MOG) have been added to the list of non-controllable costs. Non-controllable costs also include financial costs incurred in relation to indebtedness to which the so-called "embedded debt principle" is applied. As a consequence, all actual and reasonable finance costs related to debt financing are included in the tariffs.

*Controllable elements*

Controllable elements are costs that are considered to be under the Issuer's control. The regulator pre-defines a yearly allowance for the period 2020-2023. the Issuer is incentivised to decrease these costs compared to the pre-defined allowance, meaning that they are subject to a sharing rule of productivity and efficiency improvement which may occur during the regulatory period. The sharing factor is 50 per cent. Therefore, the Issuer is encouraged to control a defined category of its costs and revenue. The possible reduction of this pre-defined amount leads to an additional profit equivalent to 50 percent of the reduction. The remaining 50 percent is reflected in a reduction of future tariffs. Conversely, cost overruns are non-recoverable (and therefore at the expense of the Issuer's shareholders) for 50 percent and covered by the (future) tariffs for the remaining 50 percent.

*Influenceable costs*

The reservation costs for ancillary services, except for black-start and voltage control, and the costs of energy to compensate for grid losses are considered as influenceable costs, meaning that budget overruns or efficiency gains will create a negative or positive incentive, insofar as they are not caused by a certain list of external factors. 20 percent of the difference in expenses between Y-1 and Y (corrected by external factors) constitutes a profit (pre-tax) for the Issuer. For each of the two categories of influenceable costs (power reserves and grid losses), the incentive cannot be less than €0.

7 In case of an important change of the Belgian macro-economic situation and/or the market circumstances compared to the expected situation and conditions, the CREG and the Issuer can agree a modification of the fixed OLO rate.

*Other incentive components*

- Market integration and continuity of supply: This incentive consists of three elements: (i) financial participations, (ii) increase of cross-border commercial exchange capacity and (iii) the timely commissioning of investment projects contributing to market integration. These incentives can contribute positively to the Issuer's profit (€0 to €16 million for cross-border capacity, €0 to €5 million for timely commissioning). The profit (dividends and capital gains) resulting from financial participations in other companies, which the CREG has accepted as being part of the RAB, is allocated as follows: 40 percent is allocated to future tariff reductions and 60 percent is allocated to the Issuer's profit (amounts are pre-tax).

- Network availability: The incentive for the Issuer consists of: (i) if the average interruption time ("**AIT**") reaching a target predefined by the CREG, the Issuer's net profit (pre-tax) could be impacted positively with a maximum of €4.8 million; (ii) in case that the availability of the Modular Offshore Grid is in line with the level set by the CREG, the incentive could contribute to the Issuer's profit from €0 to €2.53 million; and (iii) the Issuer could benefit from €0 to €2 million in case that the predefined portfolio of maintain and redeploy investments is realised in time and on budget (amounts are pre-tax).

- Innovation and grants: The content and the remuneration of this incentive covers: (i) the realization of innovative projects which could contribute to the Issuer's remuneration for €0 to €3.7 million (pre-tax); and (ii) the subsidies granted on innovative projects could impact the Issuer's profit with a maximum of €0 to €1 million (pre-tax).

- Quality of customer-related services: This incentive relates to three subincentives: (i) the level of client satisfaction related to the realization of new grid connections which can generate a profit for the Issuer of €0 to €1.35 million; (ii) the level of client satisfaction for the full client base which would contribute with €0 to €2.53 million to the Issuer's profit; and (iii) the data quality that the Issuer publishes on a regular basis which can generate a remuneration for the Issuer of €0 to €5 million (amounts are pre-tax).

- Enhancement of system balancing mechanisms: the Issuer gets a reward if certain projects related to system balancing as defined by the CREG are realised. This incentive can generate a remuneration between €0 and €2.5 million (pre-tax).

### 7.3.6 Tariffs applicable to the Modular Offshore Grid (MOG)

The tariff methodology includes specific rules applicable to the investment in the MOG. The main features of said rules are (i) a specific risk premium to be applied to this investment (resulting in an additional net return of 1.4 percent applicable to equity invested in MOG assets, (ii) a specific depreciation rate applicable to the MOG assets (30 years), (iii) certain costs specific to the MOG being treated differently compared to the costs for onshore activities and (iv) a dedicated incentive based on the availability of the offshore assets.

### 7.3.7 Tariffs methodology applicable for the tariff period 2024-2027

As foreseen by the Electricity Law, the CREG and the Issuer agreed in December 2021 on the formal process in relation to the organisation to the steps to be taken (i) to define the tariff methodology for the period 2024-2027 and (ii) to define the effective tariffs applicable for the tariff period 2024-2027.

The process relating to the definition of the tariff methodology for the period 2024-2027 was completed on 30 June 2022. On 30 June 2022, the CREG published its final tariff methodology for the period 2024-2027. Based on this final methodology, the Issuer will prepare a tariff proposal for the same period. After negotiations with the CREG that will be held in 2023, new tariffs for the period 2024-2027 will be established and published by no later than 31 December 2023.

The tariff methodology for the period 2024-2027 is very similar to the current tariff methodology. However, the agreement between the CREG and the Issuer foresees in the adaptation of some of the parameters relating to the fair margin, as well as to the incentive framework.

For the fair margin, CREG and the Issuer have currently agreed on the following parameters:

- The OLO(n) or risk free rate set at 1.68 percent
- A beta factor set at 0.69
- A risk premium maintained at 3.5 percent
- The elimination of the illiquidity premium

The formula which includes the risk free rate, the beta factor and the risk premium applies to the equity component applied to 40 percent of the RAB of the relevant year. Any equity above 40 percent threshold is remunerated at the risk free rate plus 0.70 percent.

The CREG and the Issuer have agreed to maintain the current incentives for the next regulatory period, while adapting the technical parameters for some of them, and adding two new incentives to the current list (one relating to the maximisation of the intraday transmission capacity and the other relating to the improvement of energy efficiency of the Issuer's substations).

Based on hypotheses of performance, the contribution of the incentive is estimated to a net remuneration of 1.3 percent-1.4 percent to be applied to 40 percent of the RAB, as long as the Issuer succeeds in reaching a reasonable target of 65 percent-70 percent of the maximal amount on average for all the incentives.

Based on the parameters described in the draft methodology the average regulatory return on equity for the period is expected to be around 5.7%, in function of effective results on incentive regulation.

The CREG informed the Issuer in a formal letter of the regulatory parameters which will apply to the second phase of the MOG ("**MOG II**"). These parameters will be integrated in the tariff methodology. The CREG has proposed a regulatory framework for the MOG II which is identical to the regulatory framework for the MOG I infrastructure.

However, the CREG has estimated the risk premium for MOG II at around 1.4 percent (applicable to 40 percent of the MOG II RAB), taking into account that MOG II will include an artificial island ("**Princess Elisabeth Island**"). For the island, the CREG proposes a depreciation time of 60 years. In order to integrate the MOG II parameters into the tariff methodology, a process comprising a dialogue with the Issuer, followed by a public consultation and sending to the Belgian parliament of a final proposal. The Issuer does not as yet know the precise timing of that process.

### 7.4 Regulatory framework for interconnector Nemo Link

- A specific regulatory framework is applicable to the Nemo Link interconnector from the date of operation which took place on 31 January 2019. The framework is part of the tariff methodology issued on 18 December 2014 by the CREG. The cap and floor regime is a revenue-based regime with a term of 25 years. The national regulators of the UK and Belgium (Ofgem and the CREG, respectively) determined the return levels of the cap and floor ex-ante (before construction) and these remain largely fixed (in real terms) for the duration of the regime. The cap return level can be increased or decreased with maximum 2 percent on availability incentives. Consequently, investors will have certainty about the regulatory framework during the lifetime of the interconnector.

- The interconnector is currently operational (as from 31 January 2019) and as a result the cap and floor regime has started. Every five years, the regulators will assess the cumulative interconnector revenues (net of any market-related costs) over the period against the cumulative cap and floor levels to determine whether the cap

or floor is triggered[8]. Any revenue earned above the cap is returned to the national TSOs in the UK (National Grid plc) and in Belgium (ETB) on a 50/50 basis. The TSOs can then reduce the network charges for network users in their respective jurisdictions. If revenue falls below the floor, then the interconnector owners are made whole by the TSOs which top up the difference. The TSOs can, in turn, recover those costs through the national transmission tariffs in their respective jurisdictions.

- Each five-year period will be considered separately. Cap and floor adjustments in one period will not affect the adjustments for future periods, and total revenue earned in one period will not be taken into account in future periods.
- The high-level tariff design is as follows:

| | |
|---|---|
| Regime length | 25 years |
| Cap and floor levels | Levels are set at the start of the regime and remain fixed in real terms for 25 years from the start of operation.<br><br>Based on applying mechanistic parameters to cost efficiency: a cost of debt benchmark is applied to costs to deliver the floor, and an equity return benchmark to deliver the cap. |
| Assessment period (assessing whether interconnector revenues are above/below the cap/floor) | Every five years, with within-period adjustments if needed and justified by the interconnection company. Within-period adjustments will let the interconnector company (and its shareholders) recover revenue during the assessment period if revenue is below the floor (or above the cap) but will still be subject to true-up at the end of the five-year assessment period. |
| Mechanism | If revenue is between the cap and floor at the end of the five-year period, no adjustment is made. Revenue above the cumulated cap is returned to the end customers (via a reduction of the national transmission tariffs by the TSOs) and any shortfall of revenue below the cumulated floor will be topped up by the network users (via an increase of the national transmission tariffs by the TSOs). |

- The cap and floor revenue levels for Nemo Link Ltd were fixed by Ofgem and the CREG on 17 December 2019. Nemo Link Ltd is the first interconnector project to be regulated under the cap and floor regime and reached at the end of 2019 the final assessment stage of the regime, the Post Construction Review (PCR), where Ofgem and the CREG determined the values of the Post Construction Adjustment (PCA) terms that formed the final cap and floor levels for the project. The determined values for the final cap and floor levels are £77.0 million and £43.9 million respectively (in 2013/14 prices).

[8] Interconnector owners generate revenue (congestion revenue) by auctioning interconnector capacity. As long as there is a price difference between the two interconnected markets, there will be demand for the capacity and a revenue stream will be generated.

## 8 Key projects of the Issuer

For the period 2023-2027, the Issuer plans to invest €7.2 billion, which is estimated to result in an 16.6% annual RAB growth over the next 5 years. The capex will mainly relate to the replacement or reinforcement of the existing infrastructure to absorb the higher infeed of renewable energy. As from 2023, the further integration of the European electricity system and the goal to further decarbonise the society drives a second wave of important investments marked by higher capex for projects like the Energy Island, Ventilus and Boucle de Hainaut. The most important projects are:

- Princess Elisabeth Island: The extension of the MOG (which is being referred to as MOG II) aims to develop and build new offshore grid infrastructure including a multifunctional artificial island with a capacity of 3.5GW allowing to connect new wind farms in the Belgian part of the North Sea to the onshore grid. It aims to provide an efficient, reliable means of connecting new offshore generation facilities to the mainland and will thus make a substantial contribution to facilitating RES integration in Belgium as well as helping to meet Belgium's climate targets;
- Ventilus: a new 380kV backbone and 220kV energy hub in West-Flanders region, aims to provide reliable access to current and future renewable offshore and onshore wind energy. The Ventilus project will connect wind energy from the North Sea to a new electricity highway in West Flanders. Through its connections to other grid projects, Ventilus will create a robust network for the transmission of renewable energy. This constitutes an important step towards a low-carbon society;
- Boucle du Hainaut: The 'Hainaut Loop' is one of the Issuer 's largest infrastructure projects. With a view to achieving the energy transition and various climate objectives, this project plans the construction of a 380kV connection between Avelgem and Courcelles;
- Nautilus: This subsea hybrid interconnector via the energy island will transport electricity between Belgium and UK while facilitating offshore wind connections in the North Sea. Nautilus would have two functions: connecting the grids of both countries and directly connecting offshore wind farms to the mainland. Not only would it enable better integration of renewable energy at sea, but would also allow more volatile electricity flows in Europe while further enhancing electricity price convergence;
- Brabo III: is the upgrade of Belgium's existing 380kV network, which forms the backbone of the Belgian power grid. Once the work is complete, it should be able to transmit up to 20 percent more electricity on the upgraded power connection within the 380kV network. Brabo III has started and due to commission by the end of 2024. The Brabo project is essential for the further economic growth of the port of Antwerp and is necessary for a secure and sustainable supply of electricity inside and outside of Belgium. At a local level, the project will increase supply capacity to cope with growing electricity consumption in the port of Antwerp. At a national and international level, it will upgrade the north-south axis of the European interconnected grid. This will improve international trade opportunities and reduce reliance on Belgian generation facilities.

The Issuer plans to finance this investment program in accordance with the optimal capital structure as defined in the regulatory framework (with a target equity/debt ratio of 40/60).

## 9 Trend information and recent events

The Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

There has been no significant change in the financial position or financial performance of the Issuer since 30 June 2022, the date to which the latest historical financial information of the Issuer was published. However, in order to successfully tackle the climate crisis, the Issuer has been speeding up its activities in line with ever-increasing European and national targets related to renewable energy and decarbonisation. The faster implementation of the

Issuer's plans and the current inflationary environment, led to the announcement of an increase of the Issuer's CAPEX plan for 2023-2027 ahead of its full-year results (see "*Description of the Issuer – Key projects of the Issuer*").

Given the nature and location of its operations and the fact that the Issuer does not currently have activities in Russia nor in Ukraine or with Russian companies, the Issuer does not foresee a direct impact of the Ukrainian conflict on its business.

### Financing arrangements of the Issuer

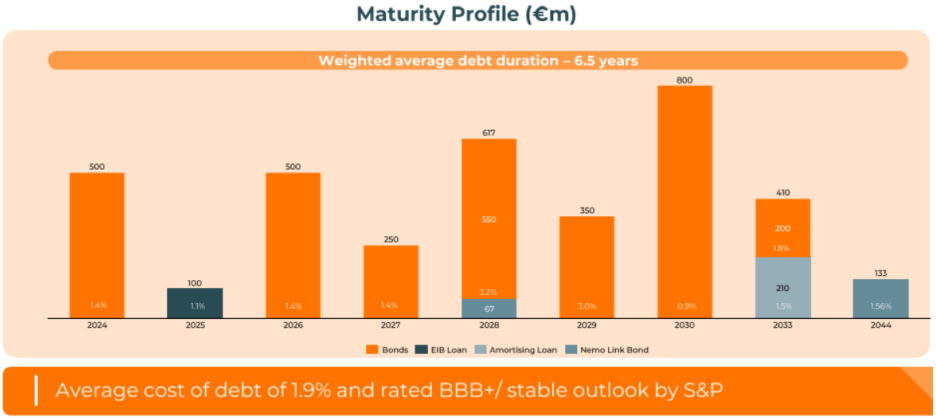
The financing of Elia Group is organised on a decentralised level, such that the Issuer exclusively arranges its financing independently from the holding company and on a ring-fenced basis.

The long-and short-term financing of the Issuer is structured through a range of financial arrangements with customary covenants and events of default. The Issuer's financial indebtedness does not benefit from any security, nor does it benefit from any guarantee from Elia Group.

The Issuer's has a rating BBB+, stable outlook by Standard & Poor's. As at 30 June 2022, the Issuer has a weighted average debt duration of 6.5 years and an average cost of debt of 1.9%.

| (in € million) - 30 June 2022 | Maturity | Redemption schedule | Interest rate | Nominal Amount | Amount non-current | Amount current |
|---|---|---|---|---|---|---|
| Eurobond issues 2013/15 years | 2028 | At maturity | 3.25% | 550.00 | 547.80 | |
| Eurobond issues 2013/20 years | 2033 | At maturity | 3.50% | 200.0 | 199.3 | |
| Eurobond issues 2014/15 years | 2029 | At maturity | 3.00% | 350.0 | 347.4 | |
| Eurobond issues 2015/8.5 years | 2024 | At maturity | 1.38% | 500.0 | 499.4 | |
| Eurobond issues 2017/10 years | 2027 | At maturity | 1.38% | 250.0 | 248.4 | |
| Eurobond issues 2019/7 years | 2026 | At maturity | 1.38% | 500.0 | 498.8 | |
| Eurobond issues 2020/10 years | 2030 | At maturity | 0.88% | 800.0 | 790.3 | |
| Amortising bond – 7.7 years | 2028 | Linear | 1.56% | 49.9 | 42.0 | 8.3 |
| Amortising bond – 23.7 years | 2044 | Linear | 1.56% | 133.4 | 132.4 | |
| Total bonds | | | | 3,333.3 | 3,305.8 | 8.3 |
| Amortising term loan | 2033 | Linear | 1.80% | 168.0 | 153.7 | 14.0 |
| European Investment Bank | 2025 | At maturity | 1.08% | 100.0 | 100.0 | |
| Total Bank loans | | | | 268.0 | 253.7 | 14.0 |
| Sustainable Revolving Credit Facility | 2023 | | Euribor + 0.325% | 650.0 | unused | unused |
| Total Revolving Credit facility | | | | 650.0 | - | - |
| | | | | | Amount non-current | Amount current |
| Leases | | | | | 22.93 | 5.7 |
| Accrued interests | | | | | | 13.9 |

The figure below summarizes the debt profile of the Issuer (as at 30 June 2022):



As of 30 June 2022, the Issuer's total outstanding indebtedness amounted to €3,624.3 million comprising the following:

a) several institutional fixed rate bonds with different maturities for an aggregate amount outstanding of €3,314.1 million as at 30 June 2022;
b) a €210 million fixed rate amortizing term loan facility for a period of fifteen years entered into with BNP Paribas Fortis SA/NV and Belfius Bank SA/NV on December 21, 2018 for the financing of the Issuer's participation in Nemo Link Ltd. with an outstanding amount €167.7 million per 30 June 2022;
c) a €100 million credit facility with the European Investment Bank to support the Issuer's ongoing capex program (the "**EIB Loan**");
d) leases for an amount of €28.6 million; and
e) accrued interests for a total amount of €13.9 million.

In addition, the Issuer disposes over a €650 million sustainability-linked revolving credit facility entered into on 12 October 2020, with Belfius Bank NV, BNP Paribas Fortis SA/NV, Coöperatieve Rabobank U.A., ING Belgium SA/NV, KBC Bank SA/NV, National Westminster Bank plc and Sumitomo Mitsui Banking Corporation as arrangers. The facility's pricing is, amongst others, tied to three of Elia's sustainability performance targets, which relate to the company's efforts to tackle climate change and its health and safety performance. The revolving facility includes customary representations, undertakings and events of default.

The EIB Loan also contains a number of customary provisions typically included in EIB loans.

As at 30 June 2022, the Group has a strong liquidity position of €1,060 million, including the sustainability-linked revolving credit facility of €650 million, the fully undrawn commercial paper of €300 million and an amount of €110 in cash.

In addition, the Issuer has adopted a funding policy which reflects its specific role within the Elia Group. As further detailed in its funding policy which can be found on https://investor.eliagroup.eu/en/financial-position/financial-position-for-elia-transmission-belgium/funding-and-dividend-policy, it is based on separation of funds and a dividend policy which aims at a dividend pay-out which does not exceed an average of approximately 60% of the annual results for the current and next regulatory period and a financial policy targeting a rating of BBB+ (provided that both the regulatory framework and the rating methodology applied by the credit rating agency remain stable).

## 10 Legal and arbitration proceedings of the Group

As at the date of this Information Memorandum, the Group was, in the ordinary course of its operations, involved in approximately 59 civil and administrative litigation proceedings as a defendant. Ten of these proceedings relate to claims against the Group exceeding a value of €600,000.

The Group has provisions for litigations which, as at 30 November 2022, amounted to approximately €2.0 million in total. These provisions do not cover claims initiated against the Group for which damages have not been quantified or in relation to which the plaintiff's prospects are considered by the Group as being remote.

The summary of legal proceedings set out below, although not an exhaustive list of claims or proceedings in which the Group is involved, describes what the Group believes to be the most significant of those claims and proceedings. Subsequent developments in any pending matter, as well as additional claims (including additional claims similar to those described below), could arise from time to time.

The Group cannot predict with certainty the ultimate outcome of the pending or threatened proceedings in which the Group is or was, during the previous 12 months, involved and some of which may have significant effects on the Group's financial position or profitability as they could result in monetary payments to the plaintiff and other costs

and expenses, including costs for modifying parts of the Group's network or (temporarily or permanently) taking portions of the network out of service. While payments and other costs and expenses that the Group might have to bear as a result of these actions are covered by insurance in some circumstances, other payments may not be covered by the insurance policies in full or at all. Accordingly, each of the legal proceedings described in the summary below could be significant to the Group, and the payments, costs and expenses in excess of those already incurred or accrued could have a material adverse effect on the Group's results of operations, financial position or cash flows.

The nature of the principal civil and administrative proceedings in which the Group is involved, either as a defendant or a plaintiff, is as follows (by categories of similar proceedings):

### 10.1 Legal proceedings brought against the Issuer

These include, among others:

a) claims for compensation for the consequences of electrical fall-out or disturbance;
b) judicial review of building permits and zoning plans for substations, overhead lines and underground cables or zoning plans;
c) judicial review of decisions taken within the framework of public procurement proceedings in application of national legislation implementing Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;
d) claims, lodged by both public authorities and citizens, aimed at the relocation of overhead lines and underground cables and/or at the compensation for relocation costs; and
e) claims by citizens seeking compensation for the nuisance caused by the presence of the transmission lines (for example, due to the perceived potential health risks caused by EMFs, noise, interruptions of telephone and radio connections, aesthetic or other damages).

### 10.2 Legal proceedings brought by the Issuer

These include, among others:

a) judicial review of decisions refusing to issue a building permit or against expropriation decisions;
b) claims seeking compensation of repair costs due to the damage caused to underground cables, towers and overhead lines; and
c) claims for the recuperation of paid taxes against regional tax authority.

## 11 Management and corporate governance

The respective roles and responsibilities of the management bodies of the Issuer are, to a large part, governed by the Articles of Association, the Belgian Code of Companies and Associations (the "**BCCA**") as well as the provisions of the Electricity Law and the Royal Decree of 3 May 1999 on the management of the electricity transmission system[9] (the "**Corporate Governance Decree**").

The Corporate Governance Decree and the Electricity Law set out certain specific rules regarding the organization and corporate governance of the TSO, with a view to guaranteeing its independence and impartiality. These rules relate more specifically to the transparency of the shareholder structure, the appointment of independent directors, the establishment of a Corporate Governance Committee, an Audit Committee and a Remuneration Committee, the application of rules related to conflicts of interests and opposition of interests with dominant shareholders and the establishment of an Executive Management Board. The independence of the TSO requires in particular that (i) all members of the Board of Directors, the Audit

Committee, the Remuneration Committee and the Corporate Governance Committee are non-executive directors and (ii) at least half of the members of the Board of Directors are independent directors and a majority of the members of the Audit Committee, the Remuneration Committee and Corporate Governance Committee are independent directors. Additionally, the members of the Board of Directors may not be members of the supervisory board or the board of directors of, or of the bodies that legally represent, an undertaking that fulfils any of the following functions: the production or supply of electricity.

## 11.1 Board of directors

The Board of Directors of both the Issuer and Elia Asset are composed of the same non-executive directors. Pursuant to the Issuer's Articles of Association, the Board of Directors must, in principle, be composed of 14 members, but may be temporarily composed of less than 14 members. As at the date of the Information Memorandum, the members of the Board of Directors are:

| Name | Position | Expiry of mandate (after annual general shareholders' meeting) | Board committee membership | Principal outside interests at the date of this Information Memorandum |
|---|---|---|---|---|
| Bernard Gustin | Non-executive independent Director and Chairperson | 2023 | - | Managing Director and Executive Chairman of LINEAS SA/NV, and LINEAS Group SA/NV; and Director of Groupe Forrest International SA/NV, Africa on the Move ASBL/VZW, Hansea SA/NV, DreamJet SAS, T.C.R. International SA/NV, BSCA (Brussels South Charleroi Airport) SA/NV, BEL Air Cargo Ireland Ltd, and of BEL Air Cargo Belgium SRL/BV. |
| Claude Grégoire | Non-executive Director and Vice-Chairperson | 2023 | - | Vice-Chairman of the Board of Directors of Fluxys SA/NV, Fluxys Belgium SA/NV, and of Circuit de Spa Francorchamps SA/NV; and<br>Director of CPDH SA/NV, C.E.+T SA/NV (Constructions Electroniques + Télécommunications Power), C.E.+T Group SA/NV, C.E.+T Power CPDH SA/NV, C.E. + T Energrid SA/NV, Alpha Innovations SA/NV, AIBC (Alpha Innovations Business Center), LLN Services SA/NV, JEMA SA/NV, SEREL Industrie SA/NV, and of (Mutualité) Solidaris Wallonie |
| Geert Versnick | Non-executive Director and Vice-Chairperson | 2026 | Chairman of the Corporate Governance Committee | Chairman of the Board of Directors of Publi-T SC/CV and De Wilde Eend Private Stichting;<br>Managing Director of CLANCY SRL/BV;<br>Executive Director of Flemco SRL/BV; and<br>Director of Fluxys Belgium SA/NV, INFOHOS SOLUTIONS SA/NV, XPERTHIS SA/NV, Adinfo Belgium SA/NV and CEVI SA/NV. |

| Name | Position | Expiry of mandate (after annual general shareholders' meeting) | Board committee membership | Principal outside interests at the date of this Information Memorandum |
|---|---|---|---|---|
| Michel Allé | Non-executive independent Director | 2025 | Chairman of the Audit Committee | Director (as permanent representative of GEMA SRL) of D'Ieteren SA; Director of Société de Participation et de Gestion SA; Director (as permanent representative of GEMA SRL) of Eurvest SA; Director of GEMA SRL;;; Director of Solvay Executive Education Vietnam ASBL; Managing Director of CEPACASBL; President of the Board of Directors (as permanent representative of GEMA SPRL) of EPICS Therapeutics SA; Director (as permanent representative of SPDG SA) of DreamJet Participations SA; and Director of Sauvegarde de l'Ecole Plein Air ASBL; Director Lineas (Group) SA (as permanent representative of GEMA SRL) |
| Els Neirynck | Non-executive independent Director | 2026 | Member of the Audit Committee | CFO and director of The Fertility Partnership Group and director of REPIN B.V. |
| Pieter De Crem | Non-executive Director | 2026 | Member of the Corporate Governance Committee and member of the Remuneration Committee | Director of ED MERC SRL/BV, ZABRA SA/NV, BESIX SA/NV, and of VANHOUT SA/NV |
| Luc De Temmerman | Non-executive independent Director | 2026 | Member of the Corporate Governance Committee and Chairman of the Remuneration Committee | Director of InDeBom Strategies SComm/CommV, ChemicaInvest Holding B.V., Everlam Holding SA/NV, and of De Krainer Bieënvrienden ASBL/VZW and Sajjan India Limited |
| Cécile Flandre | Non-executive Director | 2023 | - | Independent director of Fluxys Belgium SA/NV and of Belgian Finance Center ASBL/VZWp, , Director and President of the Audit Committee and Member of the Nomination and Remuneration Committee of MS Amlin Insurance SE |
| Interfin SC/CV represented by its permanent representative Thibaud Wyngaard | Non-executive Director | 2026 | - | First alderman of Uccle in charge of Public Works, Mobility, Parking and Sports;<br><br>Assistant in the Law Faculty of the University of Brussels (ULB);<br><br>Vice Chairman of the Board of Directors and the Directors Committee of Sibelga; |

| Name | Position | Expiry of mandate (after annual general shareholders' meeting) | Board committee membership | Principal outside interests at the date of this Information Memorandum |
|---|---|---|---|---|
| | | | | Chairman of the Audit Committee of Sibelga SC/CV;<br><br>Member of the Bureau of Interfin;<br><br>Vice Chairman of the Board of Directors of the Brussels Network operations (BNO) SC/CV;<br><br>Director of Interfin SC/CV, Publi-T SC/CV, Brutélé SA/NV; and<br><br>Member of the High Counsel of Sports (Conseil Supérieur des Sports). |
| Roberte Kesteman | Non-executive independent Director | 2023 | Member of the Audit Committee, Member of the Corporate Governance Committee and Member of the Remuneration Committee | Senior Advisor Benelux of First Sentier Investments Limited (as Permanent Representative of Symvouli SRL/BV);<br><br>Director of Fluxys Belgium SA/NV; and<br><br>Independent director of Aperam S.A. |
| Laurence de l'Escaille | Non-executive independent Director | 2025 | Member of the Corporate Governance Committee | Director of BPost Bank SA |
| Dominique Offergeld | Non-executive Director | 2023 | Member of the Audit Committee and Member of the Remuneration Committee | Chief Financial Officer of ORES SCRL; Director of Contassur NV; and Director of Club L VZW ; Vice Chairwoman of the Board of Directors of Publi-T SC/CV |
| Rudy Provoost | Non-executive Director | 2023 | Member of the Audit Committee | Member of the Supervisory Board and of the Strategic Committee of Randstad Holding NV; Director of Vlerick Business School Stichting van openbaar nut;; Director of Jensen Group NV; Director of Yquity BV ; Director of Pollet Water Group SA/NV and President of VOKA |
| Saskia Van Uffelen | Non-executive independent Director | 2026 | Member of the Remuneration Committee | Director of AXA Belgium NV; Mandate of the Government at Digital Champion België; President of the Board of Directors at Media Invest Vlaanderen NV; President of the Board of Directors |

| Name | Position | Expiry of mandate (after annual general shareholders' meeting) | Board committee membership | Principal outside interests at the date of this Information Memorandum |
|---|---|---|---|---|
| | | | | of Flanders Future Techfund and Director of Arcadiz Telecom NV |

The Issuer's business address serves as the business address of each of the board members.

The following paragraphs contain brief biographies of each of the directors.

**Bernard Gustin** – Mr Gustin is the Chairman of the Board of Directors of Elia Group, Elia Transmission Belgium SA and Elia Asset, a position he assumed in 2017. He serves as Managing Director and Executive Chairman of LINEAS SA, and LINEAS Group SA. Mr Gustin was the Co-CEO (2008-2012) and later CEO of Brussels Airlines SA/NV (2012-2018). Prior to his functions with Brussels Airlines, he was a partner with Arthur D. Little (1999-2008). Born in 1968, he holds a commercial engineering degree from ICHEC, a degree in international comparative management from ICHEC (Loyal College Maryland), and an MBA from Solvay Business School.

**Claude Grégoire** – Mr Grégoire is Vice-Chairman of the Board of Directors of Elia Group, Elia Transmission Belgium and Elia Asset, Fluxys, Fluxys Belgium and of the Circuit de Spa-Francorchamps. He served as Director of Publi-T SC/CV and still serves amongst others as Director of Circuit de Spa Francorchamps and Spa Grand Prix, CPDH, C.E.+T (Constructions Electroniques + Télécommunications Power), C.E.+T Group, C.E.+T Power CPDH, C.E. + T Energrid SA, Alpha Innovations, AIBC (Alpha Innovations Business Center), SEREL Industrie as well as Solidaris Wallonie. Mr Claude Grégoire is the former Managing Director of SOCOFE (1990-2020). Born in 1954, Mr Grégoire holds a degree of electro-mechanical civil engineering.

**Geert Versnick** – Mr Versnick is Vice-Chairman of the Board of Directors of Elia Group, Elia Transmission Belgium and Elia Asset. Mr. Versnick is a former lawyer, a former Vice-Governor of the Province of East Flanders, a former Member of the City Council of the city of Ghent and a former member of the Belgian federal Parliament. He is the Daily Manager of CLANCY BV. He is the Chairman of the Board of Directors of Publi-T SC/CV. Born in 1956, Mr Versnick holds a Master of Laws from the University of Ghent, a certificate of Board Effectiveness from Guberna and a certificate of High Performance Boards from IMD. In addition, he attended the Board Education retreat organised by IMD and the AVIRA program organised by INSEAD.

**Michel Allé** – Mr Allé is the former Chief Financial Officer of SNCB SA/NV (2013-2015) and SNCB Holding SA/NV (2005-2013). Prior to his functions with SNCB and SNCB Holding, he served as Chief Financial Officer of BIAC SA/NV (2001-2005). Born in 1950, Mr. Allé holds a Master in Physics Civil Engineering and a Master in Economics from the University of Brussels (ULB). Alongside his professional experience, he has a long academic experience with the University of Brussels (ULB) (Solvay Brussels School of Economics and Management & Ecole Polytechnique). Today, he is Honorary Professor of that same University.

**Els Neirynck –** Mrs. Neirynck has been co-opted by the Board of directors on 20.10.2022. She is Executive Director of REPIN BV, active in Healthcare / Fertility activities, as well as Executive Director, Chief Financial Officer of its affiliates TFP Fertility Europe, TFP Fertility Germany GmbH and TFP Fertility Denmark GmbH. She holds a Master in Corporate Tax and Applied Economics of the University of Gent, as well as a Master in Corporate Finance of EHSAL. Mrs. Neirynck has years of international experience as CFO and has been on the jury for the selection of Belgium's best finance team for several years now.

**Pieter De Crem** – Mr De Crem began his political career in 1989 as an attaché to the staff of Prime Minister Wilfried Martens. In 1994, he was elected Mayor of Aalter, a position he still holds today. He was elected to the

Belgian Federal Parliament for the first time in 1995, and then served as President of the CD&V Group in the House of Representatives (2003-2007) and as chairman of the Home Affairs Committee in 2007. Mr De Crem has served as Minister of Defense (2007-2014), Foreign Trade (2014-2020), and Home Affairs and Security (2018-2020). He has also served as Deputy Prime Minister (2013-2014) and as the federal government's special envoy for the MYRRHA research project based in the Belgian Nuclear Research Centre (2017-2018). Born in 1962, Mr De Crem holds a Master in Romance philology from the University of Leuven (KUL), a Master in European and lnternational Law from the University of Brussels (VUB) and a Degree from Harvard Business School (APM).

**Luc De Temmerman** – Mr De Temmerman is the former CEO of Everlam SA/NV (2014-2016), Galata Chemicals LLC (2011-2012) and a former Senior Vice President (1997-2009) of Solutia, Inc. Born in 1954, he holds a Doctorate in Applied Sciences (PhD), a degree in Chemical Engineering (MS) from the University of Leuven (KUL) and a degree in Business Administration (CEPAC/MBA) from the University of Brussels (ULB).

**Cécile Flandre** – Ms Flandre is the former Chief Financial Officer of Ethias SA/NV (2017-2021). She previously served as a member of the Board of Directors of Ethias SA/NV and certain subsidiaries, Previously, she was the Chief Financial Officer of Belfius Insurance SA/NV (2012-2017), member of the Management Board and Board of Directors, and member of the Board (or Chairwoman) of certain subsidiaries. Born in 1971, Ms Flandre holds a Master degree in Actuarial Sciences from the University of Brussels (ULB) and a Master degree in Mathematics, specialization in Statistics, from the University of Brussels (ULB).

**Interfin SC/CV, represented by its permanent representative Thibaud Wyngaard** – Wyngaard is first alderman of Uccle in charge of Public Works, Mobility, Parking and Sports. Prior to his political functions, he was with the Legal Department of the Royal Belgian Football Association (2006-2008). He served as an assistant and researcher at the Public Law Centre of the Université Libre de Bruxelles (2008-2010), where he currently serves as Assistant in the Faculty of Law. He served as political secretary of the Ecolo group in the Parliament of the Brussels-Capital Region (2010-2018). He is Vice Chairman of the Board of Directors and the Comité directeur of Sibelga. He is also Chairman of the Audit Committee of Sibelga, Member of the Bureau of Interfin, and Vice Chairman of the Board of Directors of the Brussels Network operations (BNO). He serves as Director of Interfin, Publi-T, and Brutélé. He is also a Member of the High Counsel of Sports (Conseil Supérieur des Sports). Born in 1983, Mr Wyngaard holds a Master in Law with a major in public law from the University of Brussels (ULB), a Complementary Master in environmental law from the University Faculty of Saint-Louis and a Complementary Master in public real estate law from the University Faculty of Saint-Louis.

**Roberte Kesteman** – Ms Kesteman is the former CEO (2008-2012) and CFO and HR Director (2002-2008) of Nuon Belgium SA/NV. She is the former Chariwoman of FEBEG. Born in 1957, Ms Kesteman holds a Master in Commercial and Consular Sciences from the Vlaamse Economische Hogeschool Brussel and attended the International Corporate Finance Course at INSEAD (France).

**Laurence de l'Escaille** – After completing her university studies at the University of Oxford and Johns Hopkins University in Washington DC, Ms Laurence de l'Escaille began her career in 2008 as an analyst at the European Bank for Reconstruction and Development in London. She then joined the International Monetary Fund (IMF) where she was in charge of research programs for the Monetary and Capital Markets Department. Her career continued at McKinsey & Company as a Partner. There, she directed several major strategic and operational advisory programs in Europe and Africa for eight years, with a particular attention to issues relating to electrification and the energy transition. In 2020, she joined the Belgian Federal Governments' COVID-19 Commissariat, where she focused primarily on strategic planning for COVID-19 vaccine deployment.

**Dominique Offergeld** – Ms Offergeld is the Chief Financial Officer of ORES SRL/BV. She is Vice-Chairwoman of the Board of Directors of Publi-T SC/CV. Born in 1963, Ms Offergeld holds a Master in

Economics from the University of Namur, a certificate of General Management from INSEAD and a Certificate of Corporate Governance from Guberna.

**Rudy Provoost** – Mr Provoost is the former CEO (2011-2016) and Chairman of the Board of Directors (2014-2016) of Rexel. Before joining Rexel, he was a member of the Management Board of Royal Philips (2000-2011) and successively CEO of Philips Consumer Electronics and CEO of Philips Lighting. He also held a variety of senior leadership positions and executive management positions at Whirlpool (1992-1999), Born in 1959, Mr Provoost holds a Master in Psychology from the University of Ghent, a Master in Management from Vlerick Business School and an Executive Master in Change from Insead.

**Saskia Van Uffelen** – Mrs Van Uffelen Saskia is Digital Skills Leader for Belgium for the Belgian Federal Government and EU DG Connect. For Agoria she is managing the Digital, Technology and Telecom business. She is the former Corporate Vice President Benelux of Inetum (2019 - 2021) and former Chief Executive Officer of Ericsson Belux (2014-2019). Born in 1961, she holds a Master in Pedagogy from the High Educational Institute Antwerp in Belgium and a Master in Physical Education. She currently exercises a directorship in AXA Insurance Belgium SA and in Arcadiz Telecom.

### 11.1.1 Conflict of interest

The Issuer is not aware of any potential conflicts of interest between any duties owed to the Issuer by the persons listed in the table above and the other duties or private interests of those persons. As a Belgian public company, the Issuer must comply with the procedures set out in Article 7:96 BCCA regarding conflicts of interest within the Board of Directors and Article 7:97 BCCA regarding related party transactions.

Each director and member of the Executive Committee has to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the Issuer.

Article 7:96 BCCA contains a special procedure, which must be complied with if a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors.

Each member of the Board of Directors and member of the Executive Management Board should, in particular, be attentive to conflicts of interests that may arise between the Issuer, its directors and members of the Executive Management Board, its significant or controlling shareholder(s) and other shareholders. The directors and the members of the Executive Management Board who are proposed by significant or controlling shareholder(s) should ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the Board of Directors in a timely manner.

No such conflicts of interest have arisen and the procedure has not been applied in the financial year 2021.

***Representatives of the federal government***

In accordance with Article 9, §10bis of the Electricity Law and the Articles of Association, the Belgian Government may, by Royal Decree, appoint to the Board of Directors two representatives of the federal government taken from two different language lists.

These representatives have a consultative vote when attending meetings of the Board of Directors.

Additionally, within a period of four business days, they may lodge an appeal with the federal minister responsible for energy against any decision of the Board of Directors that they consider to be contrary to the guidelines of the government's general policy with regard to the national security of supply in relation to energy or against any decision by the Board of Directors with respect to the budget that the Board of Directors requires to prepare each financial year. This period runs from the day of the meeting at which the decision in question was taken provided that the representatives on the Board of Directors were duly given notice thereof and, otherwise, as from the day on which those representatives or one of them took cognizance of the decision. The appeal is of suspensive effect. If the federal

minister responsible for energy has not set aside the decision in question within a period of eight working days from the appeal, the decision becomes final.

Mrs. N. Roobrouck and Mr. M. Saliez, are currently the representatives of the federal government in the Board of Directors of the Issuer.

## 11.2 Committees of the board of directors

The Board of Directors of both the Issuer and Elia Asset have established: (i) a Corporate Governance Committee; (ii) an Audit Committee and (iii) a Remuneration Committee, as required by the Electricity Law and the Articles of Association.

### 11.2.1 Corporate Governance Committee

The Corporate Governance Committee is required to be composed of at least three and at most five non-executive directors, of which a majority shall be independent directors and at least one third shall be non-independent directors.

The current members of the Corporate Governance Committee are:

- Geert Versnick, Chairman;
- Luc De Temmerman;
- Roberte Kesteman;
- Pieter De Crem; and
- Laurence de l'Escaille.

Roberte Kesteman, Luc De Temmerman and Laurence de l'Escaille are independent directors in the meaning of the Electricity Law and the Articles of Association.

### 11.2.2 Audit Committee

The Board of Directors has set up an Audit Committee. The Audit Committee is required to be composed of at least three and at most five members, all of whom are required to be non-executive members of the Board of Directors. A majority of its members should be independent directors and at least one third of its members should be non-independent directors. The internal rules of procedure of the Audit Committee require that all members of the Audit Committee have the sufficient experience and expertise required to exercise the role of the Audit Committee, particularly in terms of accounting, auditing and finance.

Without prejudice to the legal responsibilities of the Board of Directors, the Audit Committee shall have at least the following responsibilities:

- examining the accounts and exercising control over the budget;
- monitoring the financial reporting process;
- monitoring the effective-ness of the company's internal control and risk management systems;
- monitoring the internal audit and its effectiveness;
- monitoring the statutory audit (*wettelijke controle/contrôle legal*) of annual and consolidated accounts, including the follow-up of any issues raised or recommendations made by external auditors;
- reviewing and monitoring the independence of external auditors,

- formulating a proposal to the Board of Directors for the (re )-appointment of the statutory auditors, as well as making recommendations to the Board of Directors regarding the conditions of their appointment;
- monitoring the nature and extent of the non-audit services provided by the statutory auditors;
- re-viewing the effectiveness of the external audit process

The Audit Committee reports regularly to the Board of Directors on the exercise of its duties, and at least when the Board of Directors prepares the annual accounts, and where applicable the condensed financial statements intended for publication.

The current members of the Audit Committee are:

- Michel Allé, Chairman;
- Els Neirynck;
- Roberte Kesteman;
- Dominique Offergeld; and
- Rudy Provoost.

Michel Allé, Els Neirynck and Robert Kesteman are independent directors in the meaning of the Electricity Law and the Articles of Association.

### 11.2.3 Remuneration Committee

The Remuneration Committee of the Issuer is required to be composed of at least three and at most five members, all of whom are required to be non-executive members of the Board of Directors. A majority of its members should be independent Directors and at least one third of its members should be non-independent Directors.

The current members of the Remuneration Committee are:

- Luc De Temmerman, Chairman;
- Pieter De Crem;
- Roberte Kesteman;
- Dominique Offergeld; and
- Saskia Van Uffelen.

Luc De Temmerman, Roberte Kesteman and Saskia Van Uffelen are independent directors in the meaning of the Electricity Law and the Articles of Association.

## 11.3 Executive Management Board

The current members of the Executive Management Board are listed in the table below.

| Name | Function |
|---|---|
| Chris Peeters | Chairman of the Executive Management Board and Chief Executive Officer |
| Frédéric Dunon | Deputy Chief Executive Officer |

| | |
|---|---|
| Markus Berger | Chief Infrastructure Officer |
| Patrick De Leener | Chief Assets Officer |
| James Matthys-Donnadieu | Chief Customer, Markets & Systems Officer |
| Pascale Fonck | Chief External Relations Officer |
| Peter Michiels | Chief Human Resources & Internal Communication Officer |
| Catherine Vandenborre | Chief Financial Officer |

The Issuer's business address serves as the business address of each member of the Executive Management Board.

### 11.4 Corporate governance

Corporate governance within the Issuer is based on the rules provided for by the Electricity Law and the BCCA.

### 11.5 Major shareholders

The major shareholders of the Issuer are the following:

| | Cat. shares | Shares | % Shares | % Voting rights |
|---|---|---|---|---|
| **Shareholders** | | | | |
| Elia Group SA/NV..... | B | 226,044,793 | 100.00% | 100.00% |
| Publi –T SC/CV..... | C | 1 | 0.00% | 0.00% |
| ..... | | | | |
| **Total Amount of the Shares** ..... | | 226,044,794 | 100.00% | 100.00% |

Publi-T is a Belgian cooperative company with limited liability, with its registered office at Galerie Ravenstein 4 (bte 2)/Ravensteingalerij 4 (bus 2), 1000 Brussels, Belgium (enterprise number 0475.048.986 (Brussels)). According to a transparency notification dated February 20, 2020, no person ultimately controls Publi-T.

Publi-T's shareholding currently gives it the right to appoint half of the board members of the Issuer.

### 11.6 Share capital

The issued share capital (including share premium) of the Issuer (at the date of this Information Memorandum) amounted to EUR 2,356,444,262.53 (fully paid up) and is divided into 226,544,791 shares without nominal value. All shares have identical voting, dividend and liquidation rights, but the class C shares carry certain special rights regarding the appointment of Board members.

# TAXATION

*The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.*

*The summary provided below is based on the information provided in this Information Memorandum and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Information Memorandum and with the exception of subsequent amendments with retroactive effect.*

*Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

## Belgium

For the purpose of the following general description, a Belgian resident for tax purposes is: (a) an individual subject to Belgian personal income tax (*personenbelasting*/*impôt des personnes physiques*) (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident); (b) a legal entity subject to Belgian corporate income tax (*vennootschapsbelasting*/*impôt des sociétés*) (i.e., a company that has its principal establishment, or effective place of management in Belgium. A company having its registered seat in Belgium shall be presumed, unless the contrary is proved, to have its principal establishment or effective place of management in Belgium); (c) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting*/*impôt des personnes morales*) (i.e., an entity other than a legal entity subject to corporate income tax having its principal establishment or its effective place of management in Belgium). A Belgian non-resident is any person or entity that is not a Belgian resident.

## Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by, or on behalf of, the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and (iii) if the Notes qualify as fixed income securities pursuant to Article 2, § 1, 8° of the Belgian code on income tax of 1992 (*wetboek van de inkomstenbelastingen 1992/code des impôts sur les revenus 1992*, the "**BITC 1992**"), in case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see hereinafter) in an exempt

securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the NBB-SSS. Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD are directly or indirectly Participants for this purpose.

Holding the Notes through the NBB-SSS enables Eligible Investors to receive gross interest income on their Notes and to transfer Notes on a gross basis.

Participants to the NBB-SSS must enter the Notes which they hold on behalf of Eligible Investors in an X Account and those they hold for the account of non-Eligible Investors in a non-exempt account (an "**N Account**"). Payments of interest made through X Accounts are free of withholding tax; payments of interest made through N Accounts are subject to a withholding tax of 30 per cent., which the NBB deducts from the payment and pays over to the tax authorities.

Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia*:

(i) Belgian companies subject to Belgian corporate income tax as referred to in Article 2, §1, 5°, b) of the BITC 1992;

(ii) institutions, associations or companies specified in Article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii) subject to the application of Article 262, 1° and 5° of the BITC 1992;

(iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2º of the royal decree implementing the BITC 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*, the "**RD/BITC 1992**");

(iv) non-resident investors whose holding of the Notes is not connected to a professional activity in Belgium provided for in Article 105, 5º of the RD/BITC 1992;

(v) Belgian qualifying investment funds, recognised in the framework of pension savings, provided for in Article 115 of the RD/BITC 1992;

(vi) taxpayers provided for in Article 227, 2º of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the BITC 1992;

(vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the BITC 1992;

(viii) collective investment funds (such as investment funds (*beleggingsfondsen*/*fonds de placement*)) governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium;

(ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans; and

(x) only for the income from debt securities issued by legal persons that are part of the sector of public authorities, in the sense of the European system of national and regional accounts (ESA), for the application of the European Community Rule N° 3605/93 of 22 November 1993 on the application of

the Protocol on the procedure in case of excessive deficits attached to the Treaty of the European Communities, the legal entities that are part of the aforementioned sector of public authorities.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Transfers of Notes between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or an N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of an amount equal to withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Notes between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Notes, an Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status.

Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Notes that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Belgian Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Notes held in central securities depositaries as defined in Article 2, first paragraph, (1) of the Regulation (EU) N° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ("**CSD**") acting as Participants to the NBB-SSS (each, a "**NBB-CSD**"), provided that the relevant NBB-CSD only holds X Accounts and that they are able to identify the Noteholders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSDs acting as Participants include the commitment that all their clients, holder of an account, are Eligible Investors.

Hence, these identification requirements do not apply to Notes held in Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD or any other NBB-CSD, provided that (i) they only hold X Accounts, (ii) they are able to identify the Noteholders for whom they hold

Notes in such account and (iii) the contractual rules agreed upon by them include the contractual undertaking that their clients and account owners are all Eligible Investors.

In accordance with the NBB-SSS, a Noteholder who is withdrawing Notes from an X Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the NBB-SSS.

## Belgian income tax

(a) **Belgian resident individuals**

For Belgian resident individuals, i.e. natural persons who are subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) and who hold the Notes as a private investment, payment of the 30 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments. This means that they do not have to declare interest in respect of the Notes in their personal income tax return, provided that withholding tax has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may elect to declare interest in respect of the Notes in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30 per cent. (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited.

Capital gains realised on the sale of the Notes are in principle tax exempt, except to the extent the tax authorities can prove that the capital gains are realised outside the scope of the normal management of one's private estate or except to the extent they qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses realised on the disposal of the Notes held as a non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

(b) **Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the disposal of Notes are taxable at the ordinary corporate income tax rate of in principle 25 per cent. (with a reduced rate of 20 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies as defined by article 1:24, §1 to §6 of the Belgian Companies and Associations Code).

Any Belgian withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions.

Capital losses realised upon the disposal of the Notes are in principle tax deductible.

Different tax rules apply to companies subject to a special tax regime, such as investment companies within the meaning of Article 185*bis* BITC 1992.

(c) **Belgian legal entities**

For Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*), the withholding tax on interest will constitute the final tax in respect of such income.

Belgian legal entities holding the Notes in an N Account will generally be subject to the Belgian withholding tax at a rate of 30 per cent. This tax constitutes the final levy for them and, in principle, fully discharges their income tax liability.

Belgian legal entities that qualify as Eligible Investors and that consequently have received gross interest income without deduction for or on account of Belgian withholding tax, due to the fact that they hold the Notes through an X Account with the NBB-SSS, are required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

(d) **Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions (*Organismen voor de Financiering van Pensioenen*/*Organismes de Financement de Pensions*) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision (*wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen*/*loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle*), are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

(e) **Belgian non-residents**

Non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are in principle subject to the same tax rules as the Belgian resident companies (see above).

Noteholders who are not residents of Belgium for Belgian tax purposes, who are not holding the Notes through a permanent establishment in Belgium and who do not invest in the Notes in the course of their Belgian professional activity will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Notes, provided that they qualify as Eligible Investors and that they hold their Notes in an X Account.

## Tax on securities accounts

The tax on securities accounts applies as of tax assessment year 2022 (income year 2021).

An annual tax of 0.15% is levied on securities accounts of which the average value of the taxable financial instruments (covering, amongst others, financial instruments such as the Notes but also cash and money market instruments) held thereon during a reference period of twelve consecutive months (in principle) starting on 1 October and ending on 30 September of the subsequent year, would exceed EUR 1 million. The tax due is capped at 10% of the part of the said average value exceeding the EUR 1 million threshold.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities

with a financial intermediary established or located in Belgium. Belgian establishments from Belgian non-residents are however treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the tax on securities accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

There are exemptions, such as securities accounts held by specific types of regulated entities for their own account. A new retroactive anti-abuse provision applies as from 30 October 2020, for certain transactions carried out in order to avoid the application of this tax. However, the Constitutional Court issued a judgment, dated 27 October 2022, on the several requests for annulment lodged against the Law of 27 February 2021 introducing the tax on securities accounts. In this judgment, the Court annulled (i) the two irrebuttable specific anti-abuse provisions and (ii) the retroactive effect of the rebuttable general anti-abuse provision, meaning that this latter provision can only apply as from 26 February 2021. The other provisions of the Law of 27 February 2021 have been confirmed by the Court.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies and (vi) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

In cases where a Belgian financial intermediary is responsible for the tax – i.e. either incorporated under Belgian law, established in Belgium or having appointed a Belgian representative – that intermediary has to submit a return on the twentieth day of the third month following the end of the reference period at the latest. The tax must be paid on this day. In any other case, the taxpayer itself has to submit a tax return within the same time limit as that provided for the filing of its personal income tax return. The tax will have to be paid on the 31st of August of the year following the end of the reference period at the latest.

Prospective investors are strongly advised to seek their own professional advice in relation to the tax on securities accounts.

### Tax on stock exchange transactions

No tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les operations de bourse*) will be due on the issuance of the Notes (primary market transaction).

A tax on stock exchange transactions will be levied on the acquisition and disposal of Notes on the secondary market if (i) carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence (*gewone verblijfplaats/residence habituelle*) in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "**Belgian Investor**").

The tax is due at a rate of 0.12 per cent on each acquisition and disposal separately, with a maximum amount of EUR 1,300 per transaction and per party, both collected by the professional intermediary.

However, if the intermediary is established outside of Belgium tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). In such case the Stock Exchange Tax Representative would then be jointly liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

However, the tax on stock exchange transactions will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1, 2° of the code of miscellaneous duties and taxes (*Wetboek diverse rechten en taksen/Code des droits et taxes divers*) the tax on stock exchange transactions and Article 139, second paragraph of the same code for the tax on repurchase transactions.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

## The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**Participating Member State**"). However, Estonia has ceased to participate.

The Commission's Proposal currently stipulates that once the FTT enters into force the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least

one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## Exchange of Information – Common Reporting Standard (CRS)

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard ("**CRS**").

On 28 July 2022, 117 jurisdictions had signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 50 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 ("**early adopters**"). More than 50 jurisdictions have committed to exchange information as from 2018, one jurisdiction as from 2019, 6 jurisdictions as from 2020, 2 jurisdictions as from 2021 and 3 as from 2022.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2"**), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented said Directive 2014/107/EU, respectively the CRS, by way of the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the "**Law of 16 December 2015**").

As a result of the Law of 16 December 2015, the mandatory exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States, (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by Royal Decree.

In a Royal Decree of 14 June 2017, as amended, it has been provided that the automatic exchange of information has to be provided (i) as from 2017 (for the 2016 financial year) for a first list of 18 foreign jurisdictions, (ii) as from 2018 (for the 2017 financial year) for a second list of 44 foreign jurisdictions and (iii) as from 2019 (for

the 2018 financial year) for a third list of 1 foreign jurisdiction, and (iv) as from 2020 (for the 2019 financial year) for a fourth list of 6 jurisdictions.

The Notes are subject to DAC2 and to the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Notes for tax residents in another CRS contracting state shall report financial information regarding the Notes (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

## Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as "**FATCA**", a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

# SUBSCRIPTION AND SALE

## Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated on or about 5 January 2023, as supplemented from time to time (the "**Dealer Agreement**") between the Issuer, the Arranger and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

As set out in the Dealer Agreement, the Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

## Selling Restrictions

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or in the case of a sale of an identifiable tranche of Notes to or through more than one Dealer, by such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer and its affiliates has further agreed, and each further Dealer appointed under the Programme will

be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, except in either case in accordance with Regulation S under the Securities Act."

Terms used above have the meanings given to them by Regulation S under the Securities Act.

**Prohibition of Sales to EEA Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of MIFiD II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

**Prohibition of Sales to UK Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA 2000 and any rules or regulations made under the FSMA 2000 to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

**Additional United Kingdom Selling Restrictions**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to

expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA 2000 by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

**Belgium**

The Notes are not intended to be advertised, offered, sold or otherwise made available to and should not be advertised, offered, sold or otherwise made available in Belgium to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended. The offering may not be advertised and each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not advertised, offered, sold or otherwise made available, and will not advertise, offer, sell, resell or otherwise make available, directly or indirectly, the Notes and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any consumer within the meaning of the Belgian Code of Economic Law, as amended, in Belgium, being any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

**Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**Eligible Investors only**

If the Pricing Supplement in respect of any Notes specifies "Eligible Investors only" as "Applicable", the Notes may only be held by, and can only be transferred to, Eligible Investors (as defined in Condition 7 (*Taxation*)).

**General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

## FORM OF PRICING SUPPLEMENT

**Pricing Supplement dated [·]**

**Elia Transmission Belgium SA/NV**
**Legal Entity Identifier ("LEI"): 549300A3EZXECDLW2V25**
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the €3,000,000,000 Euro Medium Term Note Programme**

**[EU MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]**

**[UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment. However, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][10]**

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[10] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA 2000") and any rules or regulations made under the FSMA 2000 to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation]**[11]

## Part A – Contractual Terms

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of [Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**")][the Prospectus Regulation] or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the information memorandum dated 5 January 2023 [and the supplement(s) to it dated [·] which [together] constitute[s] the information memorandum] (the "**Information Memorandum**").

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Information Memorandum and this Pricing Supplement.

| | | | |
|---|---|---|---|
| 1 | (a) | Series Number: | [·] |
| | (b) | Tranche Number: | [·] |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [·] on [[·]/the Issue Date]]<br>[Not Applicable] |
| 2 | Specified Currency or Currencies: | | [·] |
| 3 | Aggregate Nominal Amount of Notes: | | [·] |
| | (a) | Series: | [·] |
| | (b) | Tranche: | [·] |
| 4 | Issue Price: | | [·] per cent. of the Aggregate Nominal Amount [plus accrued interest from [·]] |
| 5 | (a) | Specified Denominations: | [·] |
| | (b) | Calculation Amount: | [·] |

[11] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

| | | | |
|---|---|---|---|
| 6 | (a) | Issue Date: | [·] |
| | (b) | Interest Commencement Date: | [·] [Issue Date] [Not Applicable] |
| | (c) | Amortisation: | [Applicable][Not Applicable] |
| 7 | Maturity Date: | | [·]<br>[Interest Payment Date falling in or nearest to [·]] |
| 8 | Interest Basis: | | [[·] per cent. Fixed Rate]<br>[[·]+/- [·] per cent. Floating Rate]<br>[Zero Coupon]<br>(see paragraph [13/14/15] below) |
| 9 | Redemption[/Payment] Basis: | | [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [·] per cent. of their nominal amount[, less any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)].] |
| 10 | Change of Interest Basis: | | [·] [Not Applicable] |
| 11 | Put/Call Options: | | [Investor Put]<br>[Issuer Call]<br>[Make Whole Call Option]<br>[Residual Maturity Call Option]<br>[(further particulars specified below)]<br>[Not Applicable] |
| 12 | (a) | Status of the Notes: | Senior |
| | (b) | Date of Board/Committee approval for issuance of Notes obtained: | The Issuer has authorised the issue of the Notes at a meeting of the Board of Directors held on [·] [and a meeting of a duly authorised Committee of the Board of Directors held on [·]] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| 13 | Fixed Rate Note Provisions | | [Applicable/Not Applicable] |
| | (a) | Rate(s) of Interest: | [·] per cent. *per annum* [payable in arrear on each Interest Payment Date] |
| | (b) | Interest Payment Date(s): | [·] in each year |
| | (c) | Fixed Coupon Amount(s): | [·] per Calculation Amount |
| | (d) | Broken Amount(s): | [[·] per Calculation Amount payable on the Interest Payment Date falling [in/on] [·]] [Not Applicable] |
| | (e) | Day Count Fraction: | [30/360] [Actual/Actual (ICMA)] [·] |
| | (f) | [Determination Dates: | [[·] in each year] [Not Applicable]] |
| 14 | Floating Rate Note Provisions | | [Applicable/Not Applicable] |
| | (a) | Interest Period Date(s): | [·] |
| | (b) | Specified Interest Payment Dates: | [·] |
| | (c) | First Interest Payment Date: | [·] |

| | | | |
|---|---|---|---|
| | (d) | Business Day Convention: | [Floating Rate Convention]<br>[Following Business Day Convention]<br>[Modified Following Business Day Convention]<br>[Preceding Business Day Convention] |
| | (e) | Business Centre(s): | [·] |
| | (f) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination]<br>[ISDA Determination] |
| | (g) | Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Agent): | [·] |
| | (h) | Screen Rate Determination: | |
| | | • Reference Rate and Relevant Financial Centre: | Reference Rate: [·] month [EURIBOR] Relevant Financial Centre: [London/Brussels/[·]] |
| | | • Interest Determination Date(s): | [·] |
| | | • Relevant Screen Page: | [·] |
| | (i) | ISDA Determination: | |
| | | • Floating Rate Option: | [·] |
| | | • Designated Maturity: | [·] |
| | | • Reset Date: | [·] |
| | (j) | Linear Interpolation: | [Not Applicable/Applicable]<br>[The Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)] |
| | (k) | Margin(s): | [+/-][·] per cent. *per annum* |
| | (l) | Minimum Rate of Interest: | [·] per cent. *per annum* |
| | (m) | Maximum Rate of Interest: | [·] per cent. *per annum* |
| | (n) | Day Count Fraction: | [Actual/Actual (ISDA)] [Actual/Actual]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360][360/360][Bond Basis]<br>[30E/360][Eurobond Basis]<br>[30E/360 (ISDA)] |
| 15 | Zero Coupon Note Provisions | | [Applicable/Not Applicable] |
| | (a) | Amortisation Yield: | [·] per cent. *per annum* |
| | (b) | Reference Price: | [·] |
| | (c) | Day Count Fraction in Amounts: | [[30/360][Actual/360][Actual/365]] [·] |
| **PROVISIONS RELATING TO REDEMPTION** | | | |
| 16 | Notice periods for Condition 5(c) | | Minimum period: [30][·] days<br>Maximum period: [60][·] days |

| | | |
|---|---|---|
| 17 | Call Option | [Applicable/Not Applicable] |
| | (a) Optional Redemption Date(s): | [·] |
| | (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): | [·] per Calculation Amount [, less any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)] |
| | (c) If redeemable in part: | |
| | (i) Minimum Redemption Amount | [·] |
| | (ii) Maximum Redemption | [·] |
| | (d) Notice Periods: | Minimum period: [15][·] days<br>Maximum period: [30][·] days |
| 18 | Make Whole Call Option | [Applicable/Not Applicable] |
| | (a) Notice periods: | Minimum period: [15] [·] days<br>Maximum period: [30] [·] days |
| | (b) Margin(s): | [+/-] [·] per cent. *per annum* |
| | (c) Reference Bond: | [·] |
| | (d) Reference Dealers: | [·] |
| | (e) Determination Date: | [·] |
| | (f) Determination Time: | [·] [a.m./p.m. [·] time] |
| 19 | Residual Maturity Call Option | [Applicable/Not Applicable] |
| | (a) Notice periods: | Minimum period: [15][·] days<br>Maximum period: [30][·] days |
| | (b) Residual Maturity Call Period: | From [·] prior to the Maturity Date until the Maturity Date. |
| 20 | Investor Put | [Applicable/Not Applicable] |
| | (a) Optional Redemption Date(s): | [·] |
| | (b) Optional Redemption Amount: | [·] per Calculation Amount [less any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)] |
| | (c) Notice periods: | Minimum period: [15][·] days<br>Maximum period: [30][·] days |
| 21 | Final Redemption Amount: | [·] per Calculation Amount |
| 22 | Amortisation Amounts: | [Specified in the Annex to this Pricing Supplement for each Amortisation Date] [Not Applicable] |
| 23 | Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [·] per Calculation Amount [, less any Amortisation Amount on which interest has ceased to accrue in accordance with Condition 4(d)] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 24 | Form of Notes: | Dematerialised form |
| 25 | Financial Centre(s) | [Not Applicable/[·]] |

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[·] has been extracted from [·]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [·], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Elia Transmission Belgium SA/NV:

By:.....
Duly authorised

## Part B – Other Information

1 **LISTING AND ADMISSION TO TRADING**

| | | |
|---|---|---|
| (i) | Listing and Admission to trading | [Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euro MTF market operated by the Luxembourg Stock Exchange] and to be listed on [the Official List of the Luxembourg Stock Exchange] with effect from, or around, [·].] |
| (ii) | Estimate of total expenses related to admission to trading: | [·] |

2 **RATINGS**

| | |
|---|---|
| Ratings: | [The Notes to be issued are not rated.]<br>[The Notes to be issued [have been/are expected to be] specifically rated [·] by [·].]<br>[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally: [·].]<br>[Name of rating agency]: [·]<br>[[·] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"). The rating [·] has given to the Notes is endorsed by [·], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]]<br>[A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.] |

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers][[·] (the "**Manager[s]**")] as discussed under "*Subscription and Sale*" in the Information Memorandum, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.][So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [·]]

4 **REASONS FOR THE OFFER**

| | |
|---|---|
| Reasons for the offer: | [See "*Use of Proceeds*" wording in Information Memorandum] (*In case Green Bonds are issued, the category of Green Projects must be specified*) [*Other*] |

| | | |
|---|---|---|
| 5 | **YIELD** (*Fixed Rate Notes only*) | [Not Applicable] |
| | [Indication of yield: | The yield in respect of this issue of Fixed Rate Notes is [·].<br><br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] |
| 6 | **HISTORIC INTEREST RATES** (*Floating Rate Notes only*) | [Not Applicable] |
| | [Details of historic [EURIBOR] rates can be obtained from [Reuters].] | |
| 7 | **OPERATIONAL INFORMATION** | |
| | (i) ISIN Code: | [·] |
| | (ii) Common Code: | [·] |
| | (iii) FISN Code: | [Not Applicable/[·]] |
| | (iv) CFI Code: | [Not Applicable/[·]] |
| | (v) Any securities settlement system(s) other than the NBB-SSS, Euroclear Bank SA/NV, Clearstream Banking AG, SIX SIS AG, Monte Titoli S.p.A., Euroclear France SA and Interbolsa S.A. and the relevant identification number(s): | [Not Applicable/[·]] |
| | (vi) Delivery: | Delivery [against/free of] payment |
| | (vii) Names and addresses of additional Agent(s) (if any): | [·] |
| | (viii) [Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes. Note that the designation "*yes*" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]<br><br>/<br><br>[No. Whilst the designation is specified as "*no*" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by |

| | | |
|---|---|---|
| | | the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]] |
| 8 | **DISTRIBUTION** | |
| | (i) Method of distribution: | [Syndicated/Non-syndicated] |
| | (ii) If syndicated: | |
| | (A) Names of [Joint Lead] Managers: | [Not applicable/*give names*] |
| | (B) Stabilisation Manager(s): | [Not applicable/*give names*] |
| | (iii) If non-syndicated, name of Dealer: | [Not applicable/*give names*] |
| | (iv) U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA not applicable |
| | (v) Additional selling restrictions: | [Not Applicable/give details][12] |
| | (vi) Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable] |
| | (vii) Prohibition of Sales to UK Retail Investors: | [Applicable/Not Applicable] |
| | (viii) Eligible Investors only: | [Applicable/Not Applicable] |

[12] Certain forms of Notes may only be offered and sold to Eligible Investors, including for example Notes with a maturity of more than one year which are issued in tranches when the real rate of return of one tranche exceeds the real rate of return from the initial issue until maturity by more than 0.75 points.

Also consider whether any further transfer restrictions result from the Notes being cleared through the NBB-SSS.

[**ANNEX**

**Amortisation Amounts**

| **Amortisation Dates** | **Amortisation Amounts** |
|---|---|
| [·] | [·] per Calculation Amount |
| [·] | [·] per Calculation Amount |

(*include the relevant Amortisation Dates and relevant Amortisation Amounts per Calculation Amount in case Amortisation is specified in the relevant Pricing Supplement*)]

## GENERAL INFORMATION

(1) Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed and to be admitted to trading on the Euro MTF market operated by the Luxembourg Stock Exchange.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment of the Programme. The 2022 update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 22 February 2022.

(3) There has been no significant change in the financial position or financial performance of the Issuer or of the Group since 30 June 2022 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2021.

(4) Except as disclosed in Section 11 "*Legal and arbitration proceedings*" in Section "*Description of the Issuer*", neither the Issuer nor any of its subsidiaries is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the twelve months preceding the date of this Information Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(5) Notes have been accepted for settlement through the facilities of the NBB-SSS, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euroclear France, Euronext Securities Porto and LuxCSD. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant securities settlement system for each Series of Notes will be set out in the relevant Pricing Supplement.

(6) There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to noteholders in respect of the Notes being issued.

(7) Where information in this Information Memorandum has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. Other than in relation to Green Bonds, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(9) For so long as Notes may be issued pursuant to this Information Memorandum, the following documents will be available free of charge on the website of the Issuer:

(i) the constitutional documents of the Issuer (available on https://www.elia.be/en/company/corporate-governance/document-library);

(ii) the consolidated financial statements of the Issuer as of and for the year ended 31 December 2021, together with the audit report thereon (available on https://www.elia.be/en/investor-relations/reports-and-results);

(iii) the consolidated financial statements of the Issuer as of and for the year ended 31 December 2020, together with the audit report thereon (available on https://www.elia.be/en/investor-relations/reports-and-results);

(iv) the consolidated interim financial statements of the Issuer as at and for the six month period ended 30 June 2022, together with the limited review report thereon (available on https://www.elia.be/en/investor-relations/reports-and-results); and

(v) a copy of this Information Memorandum, together with any Supplement to this Information Memorandum or further Information Memorandum (available on https://www.elia.be/en/investor-relations/financial-position).

(10) Copies of the Agency Agreement and of the relevant Pricing Supplement will be available free of charge for inspection at the specified offices of the Agent during normal business hours by the relevant Noteholders so long as any of the relevant Notes are outstanding.

(11) EY Bedrijfsrevisoren BV of De Kleetlaan 2, 1831 Diegem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Paul Eelen) and BDO Bedrijfsrevisoren BV of The Corporate Village, Da Vincilaan 9 – Box E.6, Elsinore Building, B-1930 Zaventem, Belgium and a member of the "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*" (with permanent representative Félix Fank) have jointly audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer as of and for the years ended 31 December 2021 and 31 December 2020.

(12) The Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates, this includes among others credit exposure, leasing activities, and daily banking activities. Therefore, one cannot exclude that the proceeds of any Notes issued under the Programme would be used to refinance credit exposure of the Dealers or their affiliates. Similarly, some of or even all the Dealers may have entered into loan arrangements with the Issuer. The Dealers and their affiliates have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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