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This document marks the first reporting on the Green OLO issuance under the Kingdom of Belgium's new Green OLO Framework that was published in 2022. It is the result of the work of the Inter-Ministerial Working Group, coordinated by the Belgian Debt Agency and the Ministry of the Environment.

Readers will notice some changes compared to earlier reports. First and foremost, as was announced with the update of the framework³ in 2022, the annual report will be a combined report in several ways.

Indeed, the annual allocation report is now combined with the impact estimates. Where possible, the environmental impact of the eligible expenditures has been estimated and added to the expenditure information. The methodology underlying such estimates is briefly explained in this document, and in more detail in a Methodological Annex. In their work on the assessment of the impact of the expenditures, the Ministry of the Environment was assisted by an external expert.⁴

Since last year, the report also needs to combine data for two separate OLOs: the initial OLO86, maturing on the 22nd April 2033, and the new green OLO96, maturing on the 22nd April 2039. Both bonds have been issued in 2022. OLO86 was tapped in an ORI-auction in August for 201 million EUR, reaching an outstanding amount of 10.631 million EUR. OLO96 was issued through syndication on the 14th September 2022 for an amounts of 4,5 bn EUR.⁵ Both bonds can be tapped in the future. All data relating to the expenditures (allocated amounts, impact estimates), has therefore also been split along the lines of the issuance in each of the bonds.

The classification of the expenditures has been enrichened with the dimension of the EU Taxonomy.

Precisely because of all these different dimensions, and in line with requests from investors, the Belgian Debt Agency will henceforth also make the data relating to the allocation and impact available in Excel format via its website.⁶

Some of the other changes that will be apparent when consulting this report are:

- the inclusion of some broader ESG metrics on Belgium; here too, investors have indicated the usefulness of including general country-wide ESG KPIs in the report as a way to track trends and the performance of Belgium compared to other countries. These indicators will complement the chapter on Belgian environmental policies, goals and achievements at the beginning of the report; and
- somewhat less detail in some of the descriptions of expenditures that have been recurring every year; indeed, as many of the eligible expenditures have been included in all previous allocations⁷, the reports of previous years (still available on the website) describe all the available details of these expenditures, and little value was seen in repeating them in every new report.

In terms of expenditures to which the proceeds of the Green OLOs have been allocated, the only significant change, already announced in last year's allocation report, has been the cancelation of the funding of the offshore electricity production. The reason for this is a change in legislation that altered the financing mechanism of this production from 2022 onward. In order to avoid the risk of double financing of eligible expenditures, the Inter-Ministerial Working Group therefore decided to exclude this expenditure.

Finally, an element that has not changed compared to previous exercises is the limited assurance attestation on the allocations that is provided by an external audit firm and included in this document. Under the 2022 Green OLO Framework, the Kingdom of Belgium has committed to make such an annual external review part of the combined allocation and impact report.

¹ https://www.debtagency.be/sites/default/files/content/download/files/green_olo_-_framework_2022.pdf

² FPS Health, Food Chain Safety and Environment - DG Environment

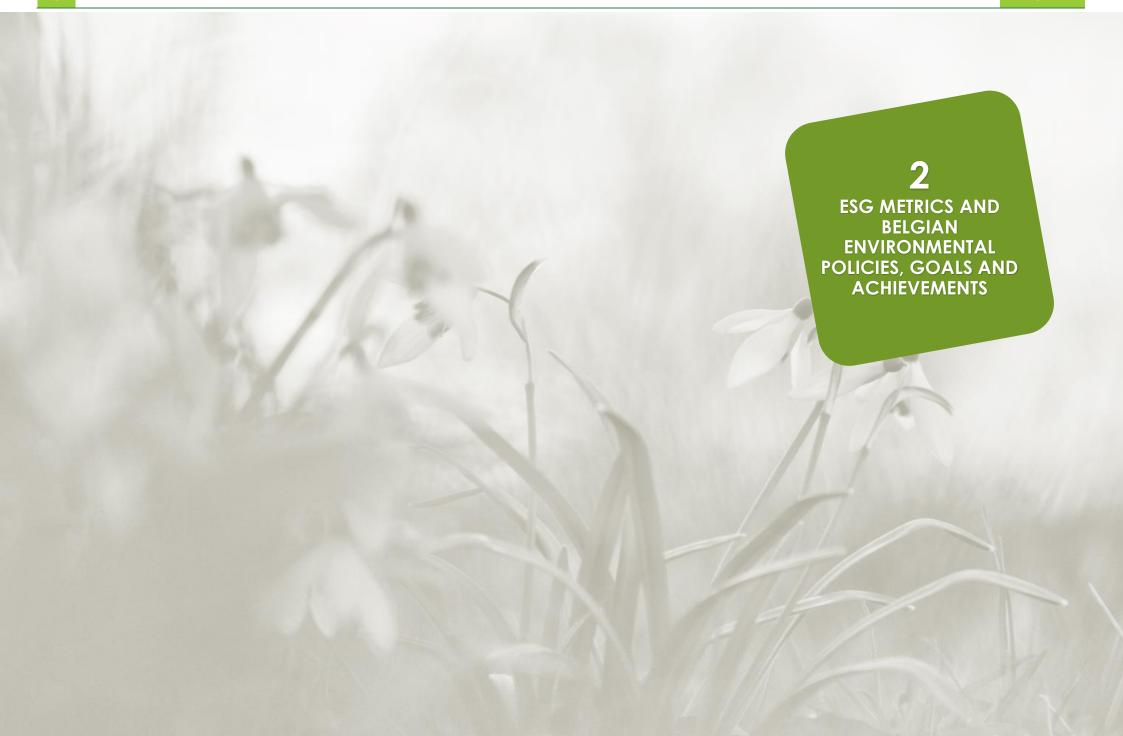
³ https://www.debtagency.be/sites/default/files/content/download/files/green_olo_-_framework_2022.pdf

⁴ L'Institut de Conseil et d'Etudes en Développement Durable, https://www.icedd.be/en/ (ICEDD)

https://www.debtagency.be/sites/default/files/content/download/files/olo_96_deal_summary.pdf

⁶ https://www.debtagency.be/en

⁷ https://www.debtagency.be/sites/default/files/content/download/files/green_olo_86_-_allocation_report 2021 en 0.pdf



2.1 BELGIUM IN ESG METRICS

The outlook hereunder aims to provide investors with an overview of some of Belgium's ESG Key Performance Indicators. These are based on publicly available data from reliable sources published on a regular basis and allow investors to compare with the European average. This table will be regularly updated and made available on the website of the Belgian Debt Agency.



Indicator	Source	Unit	Unit Reference year		EU 27
GDP (current prices)	Eurostat	billion euro	2021	502,52	14 532,19
Population	Eurostat	million persons	2021	11,59	447,87
Net greenhouse gas emissions	Eurostat	tonnes per ca- pita	2020	9,7	7,0
Share of renewable en- ergy in gross final energy consumption	Eurostat	%	2020	13,0	22,1
Final energy consumption per capita	Eurostat	tonnes of oil equivalent per capita	2020	2,9	2,0
Share of buses and trains in passenger transport	Eurostat	% of inland passenger-km	2019	18,7	17,2
Recycling rate of municipal waste	Eurostat	% of total mu- nicipal waste generated	2020	54,2	47,8
Share of forest area	Eurostat	% of total land area	2018	24,3	43,5
Terrestrial protected areas	Eurostat	% of country area	2021	15	26
Marine protected areas	Eurostat	% of marine area	2019	37	11
Real GDP per capita	Eurostat	EUR per capita, chain-linked vo- lumes (2010)	2021	35 850	27 810

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Gini coefficient of equivalised disposable in- come	Eurostat	on a zero to one hundred scale	2021	24,1	30,1
Purchasing power ad- justed GDP per capita	Eurostat	index EU = 100	index EU = 100 2021		100
Income share of the bottom 40 % of the population	Eurostat	% of income	2020	23,8	20,9
Employment rate	Eurostat	% of population aged 20 to 64	2021	70,6	73,1
People at risk of poverty	Eurostat	% of population	2021	12,7	16,8
In-work at-risk-of-pov- erty rate	Eurostat	% of population aged 18 or over	2020	4,2	9,4
Self-reported unmet need for medical care	Eurostat	% of population aged 16 or over	2020	1,5	1,8
Life expectency	Eurostat	years	2021	81,9	80,1
Tertiary educational attainment	Eurostat	% of population aged 25 to 34	2021	50,9	41,2
Gender employment gap	Eurostat	percentage points, persons aged 20 to 64	2021	7,7	10,8
Seats held by women in national parliaments and governments	Eurostat	% of seats	2021	43,8	33,1
Positions held by women in senior management	Eurostat	% of board members	2021	37,9	30,6
Freedom of press	Reporters Without Borders	Global Ranking (0-180)	2022	23	N/A
Worldwide Governance indicator : rule of law	World Bank	0 (lowest) to 100 (highest) score	2021	88,46	N/A
Government effectiveness	World Bank	0 (lowest) to 100 (highest) score	2021	83,17	N/A
Control of corruption	World Bank	0 (lowest) to 100 (highest) score	2021	89,42	N/A
Ease of doing buisness	World Bank	0 (lowest) to 100 (highest) score	2019	75	N/A
Labour freedom	The heri- tage foun- dation	0 (lowest) to 100 (highest) score	2022	57,4	N/A
Population with confidence in the EU Parliament	Eurostat	% of population	2021	61	50

Table 1 : presentation of Belgium with a selection of ESG metrics (Sources : Eurostat, World Bank, Reporters Without Borders, The Heritage Foundation)

2.2 BELGIAN ENVIRONMENTAL POLICIES, GOALS AND ACHIEVEMENTS

Belgian environmental policy is geared towards achieving international, European and national objectives, within the framework of the three Rio Conventions, the Kunming-Montreal Global Biodiversity Framework, the Sustainable Development Goals, the Paris Agreement, the European Green Deal with its Climate Law and its Fit for 55 package, and the current/specific year coalition agreement. Recent challenges, such as the energy crisis, have highlighted the importance of scaling up renewable energy and energy efficiency as well as strengthening our independence, while simultaneously tackling the climate and environmental crises. The main environmental challenges are and remain:

- climate change;
- biodiversity conservation; and
- preservation of natural resources.

2.1.1. CLIMATE CHANGE

Belgium's current climate policy is set out in the National Energy-Climate Plan 2021-2030 (NECP), adopted in 2019.⁸ The federal contribution to the NECP was adopted on the 29th of November 2019.

Within Belgium's state structure, responsibilities and policy-making powers are shared between the Federal State and the three Regions (the Walloon, Flemish and Brussels-Capital Region). Climate change policies are therefore designed and implemented by the federal and regional governments, which have set up their own priorities and objectives within the scope of their powers.

The Federal State is responsible for large parts of taxation policy, railways, product policies (standards, fuel quality, labelling and performance standards for household

or industrial electrical goods, ...), the security of the country's energy supply and for nuclear energy. It also supervises Belgium's territorial waters, which implies that it is also responsible for the development of offshore wind farms.

Regions have responsibilities in areas such as the rational use of energy, the promotion of renewable energy sources, regional public transport, transport infrastructure, urban and rural planning, agriculture and waste management. In the context of the 6th Belgian state reform, they have also obtained new fiscal responsibilities.

To ensure the operationalization of the federal contribution to the NECP, and the development of its successive updates, the federal government has adopted the establishment of a robust system for monitoring the implementation of federal climate policies and measures. It consists of a system of governance based on the accountability of ministers and competent administrations for the implementation and monitoring of the various aspects of federal climate policy.

As part of its contribution to the NECP, the federal government has taken key climate policy measures in recent years, such as:

- investment in railway infrastructure;
- greening mobility: phasing out the current company car tax and social regime for cars and, from 2026, limiting it to zero-emission cars;
- investments related to electricity transmission grids, including interconnections;
- support schemes for wind, solar, and biomass energy production;
- expenditures related to the Federal State's intervention in annual public transport pass for private sector employees;
- eco-design and F-gas norms;
- development of Belgian climate adaptation scenarios;
- promotion of offshore wind electricity production; and
- fiscal expenditure to support energy efficiency.

Moreover, the Belgian Recovery and Resilience Plan⁹, endorsed by the European Commission in June 2021, will be supported with €5.9 billion under the Recovery and Resilience Facility - the centerpiece of NextGenerationEU.

⁸ https://www.nationalenergyclimateplan.be/en

https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/belgiums-recovery-and-resilience-plan_en

The plan includes a total of 140 reforms or investment projects. 50% of the plan's total envelope for reforms and investments contributes to the green transition. In particular, the plan provides investments in:

- sustainable mobility, particularly in many rail infrastructure projects, the deployment of 356 green buses, the deployment of more than 78,000 electric charging stations or the construction of more than 1,500 km of cycling infrastructure (1.3 billion euros);
- energy renovation of residential and public buildings (1 billion euros);
- the energy transition with hydrogen production and transport projects, and the construction of an energy platform in the North Sea allowing interconnection with wind energy production capacity; and
- the preservation of biodiversity and the sustainable management of water.

At EU level, in order to achieve carbon neutrality by 2050, a legally binding intermediate target of at least 55% reduction in EU greenhouse gas emissions by 2030 compared to 1990 levels was included in the European Climate Law.

To achieve this new target, the European Commission adopted a package of 12 legislative proposals called "Fit for 55"¹⁰, which covers all sectors of the economy. This package includes in particular:

- an extension of the Emissions Trading System (ETS), covering industrial and power sector emissions, to the maritime sector, and a further tightened emission cap to reach -62% by 2030 with respect to 2005. The free emission allowances for aviation will be gradually phased out and full auctioning from 2026 will be implemented;
- a new separate ETS for the buildings, road transport and additional sectors (mainly small industry) applying to distributors that supply fuels to the buildings, road transport and additional sectors from 2027. The potential social impact on vulnerable households, SME's and transport users will be compensated for by a Social Climate Fund, fed by a part of revenues from the ETS for buildings and road transport. Belgium will receive 1,6 billion euros from the Social Climate Fund;
- the revision of the Effort Sharing Regulation (ESR), which assigns strengthened emissions reduction targets to each Member State with regard to the

non-ETS-sector (mainly buildings transport, agriculture, waste and non-ETS-industry). In the revised ESR, Belgium is assigned a target of 47% by 2030 (compared to 2005), instead of 35% (in the 2018 version);

- a revision of the directives on renewable energy sources, energy efficiency: the target of at least 32% of renewable energy sources in the overall energy mix is increased to at least 40% by 2030, coupled with a higher target for reducing primary (40,6%) and final (38%) energy consumption by 2030, up from the current target of 32.5% (for both primary and final consumption);
- the public sector will be required to renovate 3% of its buildings each year;
- the development of a Carbon Border Adjustment Mechanism (CBAM) mirroring the EU ETS effects for non-EU-industries;
- a regulation setting stricter CO₂ emission performance standards setting the following targets:
 - 55% CO₂ emission reductions for new cars and 50% for new vans from 2030 to 2034 compared to 2021 levels; and
 - 100% CO₂ emission reductions for both new cars and vans from 2035;
- the Alternative Fuels Infrastructure Regulation which sets concrete targets for deploying such infrastructure in the EU in the upcoming years; and
- the revision of the Energy Taxation Directive which aims to align taxation of energy products with EU energy and climate policies.

The new enhanced European objective and the "Fit for 55" package have concrete consequences for the Member States which must implement them. They are required to strengthen the level of ambition and the measures contained in their 2021-2030 national energy and climate plans (NECPs), which were calibrated on the previous European target of 40% GHG reduction in 2030 compared to 1990.

In light of these developments, and for Belgium to meet its scaled-up 2030 obligations, significant additional measures will need to be implemented, on top of what has currently been laid out in Belgium's NECP, adopted in 2019. Belgium's 2050 Long-term Strategy (LTS, adopted in 2020)¹¹ will also likely need to be revised following the abovementioned developments. EU legislation requires the regular update of both the NECP and the LTS. The next deadline for submitting an updated draft version of the NECP is June 2023.

¹⁰ More details on " fit for 55" and the current state of play of negotiations are available here.

¹¹ https://unfccc.int/process/the-paris-agreement/long-term-strategies

On the 21st of April 2023, the federal government took note¹² of the federal contribution to the revised Belgian NECP.¹³ The federal contribution outlines a series of objectives and measures to contribute to a 55% reduction in emissions by 2030. The most important points in the energy sector, aimed at accelerating the energy transition, are additional ambitions for offshore wind energy in the North Sea (with a target of 8 GW by 2040), a commitment to hydrogen, both in terms of production and imports (infrastructure) and increased attention to energy security (e.g. diversification policy, winter plan). In the domestic market, the focus is on interconnections and affordable energy bills. Regarding climate, the goal is to reduce emissions by 118 million tons of CO₂ equivalent in sectors not covered by the ETS system (transport, buildings, etc.) and to achieve an additional 25 million tons of emission reductions.

Just transition is also recognized as a guiding principle of the federal energy-climate plan project, which aims to guarantee a just transition with all political actors and stakeholders, supported by an analysis of the fair distribution of benefits and drawbacks of the transition to a climate-neutral society and aiming to identify political pathways.

The plan includes many other measures, such as:

- a greener tax system as part of the overall tax reform;
- the gradual elimination of oil boilers;
- the gradual elimination of cars and trucks using fossil fuels;
- a substantial reduction in the use of first-generation biofuels; and
- a multitude of measures to support mobility and building renovation.

As shown in figure 1, Belgium's greenhouse gas emissions have been on a downward trend since 2005. In 2021, total greenhouse gas emissions (excluding the LULUCF sector, land use and forest sector) in Belgium amounted to 110.9 Mt CO_2 eq., which is a decrease of 23.9% compared to 1990.

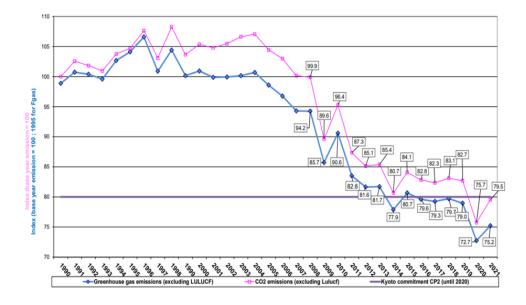


Figure 1 : Belgium GHG emissions 1990-2021 (excl. LULUCF). Unit: Index point (base year emissions = 100). For the fluorinated gases, the base year is 1995. 14

To achieve climate neutrality in Belgium by 2050 and to fulfill the federal government's target of a 55% reduction in greenhouse gas emissions by 2030, significant systemic changes are necessary at both the behavioural and technological levels. The task at hand is technically feasible but poses a major challenge. The figure provided illustrates the projected evolution of GHG emissions in key sectors under the central scenario analyzed. It highlights the need for a transition towards net-zero emissions by 2050, which would require a combination of adopting new technologies and embracing new consumption and production patterns.¹⁵

¹² The project of federal energy and climate plan will be completed and approved by June 2023.

¹³ See: https://klimaat.be/news/2023/ministerraad-neemt-akte-van-de-federale-bijdrage-aan-het-nekp-2021-2030

¹⁴ Belgium's greenhouse gas inventory: https://klimaat.be/doc/nir-2023-15042023-final.pdf p.48

¹⁵ https://klimaat.be/doc/climate-neutral-belgium-by-2050-report.pdf

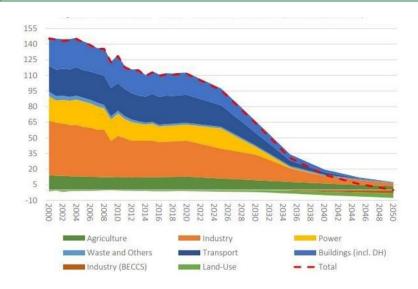


Figure 2 : GHG emissions – historical emissions and evolution according to the CORE-95 scenario (2000–2050, Mt CO₂)¹⁶

2.1.2. BIODIVERSITY CONSERVATION AND SUSTAINABLE USE

To support the monitoring of the Aichi Targets beyond 2020, a global assessment of the state of biodiversity and its ecosystem services has been published in May 2019 by the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES).

This IPBES global assessment report on biodiversity and ecosystem services is the first intergovernmental scientific report of its kind, and its conclusions are nothing short of damning.

The report has irrefutably confirmed that there is a dangerous and unprecedented decline in nature, with 1,000,000 species threatened with extinction and extinction rates accelerating. Ecosystems, species, wild populations, local varieties and breeds

of domesticated plants and animals are declining or disappearing due to direct and indirect causes, largely due to unsustainable production and consumption.

In December 2022, a package of decisions was adopted by CBD COP15, in particular the Kunming-Montreal Global Biodiversity Framework (GBF) and its implementation package around the monitoring framework, planning and reporting, resource mobilization, capacity building and benefit sharing for digital sequence information.

Belgium, like all other Parties, should update its national biodiversity strategies and action plans by COP16 (2024) to align them with the new global targets and support their timely implementation. For Belgium, this means immediately starting to develop a National Biodiversity Strategy (NBS) for the period up to 2030 to set out how Belgium will halt and reverse biodiversity loss in its own country and in its supply areas by 2030. The process for updating the National Biodiversity Strategy has only recently started and is ongoing at the expert/administrative level. There is currently no link available with more information about this process. Federal, regional and local authorities, municipalities, advisory bodies, non-governmental organizations, research institutes, the private sector, information centers, citizens, etc. are all involved in drawing up and implementing the plan.

At EU level, a number of initiatives under the Green Deal are directly or indirectly linked to the biodiversity agenda, the most prominent being the EU biodiversity strategy and the EU Farm to Fork strategy.

In addition to the NBS, a number of efforts are already underway at federal and regional level to implement the 2030 objectives, such as the federal BiodiversiScape program¹⁷, actions to support the agro-ecological transition in Wallonia and the Flemish Green Deals.

In addition to government efforts, efforts are also being made to support the actions of society as a whole. To this end, the Belgian Biodiversity Alliance¹⁸ was launched at the end of 2022 with public and private partners. The four environmental administrations support the Alliance along with societal partners from all walks of life.

¹⁶ https://climat.be/doc/climate-neutral-belgium-by-2050-report.pdf p.12

¹⁷ More information on the BiodiversiScape program can be found here: https://www.health.belgium.be/nl/news/biodiversiteit-de-federale-overheid-onderneemt-actie

¹⁸ More information on the Belgian Biodiversity Alliance can be found here: https://biodiversity-alliance.be/

2.1.3. PRESERVATION OF NATURAL RESOURCES

The unsustainable use of resources has triggered critical scarcities, and caused climate change and wide-spread environmental degradation. These problems are related to a linear economy which is based on a "throwaway" model. A circular economy is aimed to keep products, components and natural resources in the economy as long as possible, increasing the utility value and limiting the production of waste products while creating opportunities to boost the economy, contribute to innovation, new business models, growth and jobs creation.

To this end, the Kingdom of Belgium has approved an ambitious plan of action with 31 measures related to product norms, consumer protection, public procurement, employment and taxation. These measures will stimulate circularity in services and products and change consumption patterns through reuse, repair and recycling.¹⁹

The emissions of key air pollutants have decreased in recent years in the Kingdom of Belgium but the air quality is still a cause of concern. The majority of the Belgian population is still exposed to high concentrations of pollutants (especially nitrous oxides and particulate matter), which have a negative effect on public health and ecosystems. The objective of Belgium's Air Quality policies is to reduce the negative health impacts of air pollution by 50%, while complying with the EU directive on air pollution (NEC Directive (2016/2284) and the Directive on the limitation of emissions from medium combustion plants (2016/2284).



3.1 ELIGIBLE GREEN EXPENDITURES AND THE TAXONOMY

The selection of eligible green expenditures is managed annually by an Inter-Ministerial Working Group, coordinated by the Belgian Debt Agency and DG Environment.²¹ The composition of the inter-ministerial working group will be adapted over time if needed, in response to the identification of potential new expenditures. Other Ministries (FPS, "Federal Public Service"), departments, Agencies or external experts will be invited and consulted to participate in order to assess the eligibility of such potential expenditures. In the event that the Inter-Ministerial Working Group needs additional information or specific expertise, particularly in the identification of environmental and social risks associated with specific eligible green expenditures, the inter-ministerial working group could also require an external expert view.

Eligible green expenditures are Federal State expenditures that can qualify under the Green OLO Framework. They include federal expenditures, fiscal expenditures, as well as investment by government agencies, as any of such expenditure can be deployed to meet the Kingdom of Belgium's climate and environmental policies. We refer to previous allocation reports²² for more details on of these types of expenditures.

When expenditures are selected, attention is also paid to the avoidance of double financing. Thus, expenditures funded by a dedicated tax or excise duty will be excluded, as well as investments funded by external programs (such as potentially EIB or EU programs).

In addition to the verification of the compliance of the expenditures to the Green OLO Framework, the Kingdom of Belgium applies procedures to identify, monitor and mitigate adverse impacts, in line with the EU Taxonomy's Do No Significant Harm criteria.

Moody's, the second party opinion provider, has evaluated the Kingdom of Belgium's 2022 Green OLO Framework. Specifically, Moody's has assessed whether two economic activities, Passenger interurban Rail Transport and Infrastructure for Rail transport, adhere to the technical screening criteria (TSC) and Do Not Significant harm criteria ("DNSH") outlined in Annex I of the Commission Delegated Regulation (EU) 2021/2139 ("the EU climate Delegated Act") and the Minimum Safeguards set out in Regulation EU 2020/852 (the "Taxonomy Regulation").

Based on Moody's assessment, both economic activities fall within the eligible category of Clean Transportation and align with the applicable Technical Screening Criteria ("TSC") and the Do No Significant Harm criteria in the EU Taxonomy for the climate change mitigation objective. The Kingdom of Belgium satisfies the Taxonomy's minimum social safeguards criteria through its legislation and Constitution. Moreover, Belgium is a signatory to the OECD Guidelines for Multinational Enterprises, the United Nations Principles on Business and Human Rights, and the International Labour Organization's core labour conventions.

For expenditure that Moody's did not assess, the verification of their eligibility according to the Taxonomy was conducted where feasible. This involved determining whether the economic activities in question aligned with the corresponding criteria outlined in the Taxonomy. Based on this evaluation, it has been determined that the three activities categorized as "tax exemptions and deductions to promote clean transportation" (namely, bicycle allowance, tax exemption to promote public transportation, and tax incentives for the purchase of specific electric vehicles) are eligible under the Taxonomy.

For the 2022 issuance the following applies with regard to EU taxonomy eligibility²³ and alignment²⁴.

²¹ Federal Public Service Health, Food Chain Safety and Environment - DG Environment ²²https://www.debtagency.be/sites/default/files/content/download/files/green_olo_86_-_allocation_report_2021_en_0.pdf

²³ Taxonomy eligibility refers to the assessment of whether a company's activities are considered to be covered by the EU Taxonomy

²⁴ Taxonomy alignment refers to the extent to which a company's activities comply with the criteria set in the Taxonomy delegated acts.

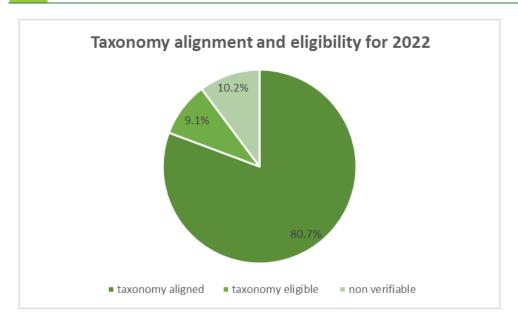


Figure 3 : overview of total 2022 Green OLO alignment and eligibility with the taxonomy, own calculations, based on Moody's assessment

3.2 THE ALLOCATION PROCESS

The actual allocation of proceeds of the issuance of Green OLOs to the selected eligible green expenditures is done in three steps:

 first, as provided in the Green OLO Framework, 2022 issuance proceeds are allocated to 2021 eligible expenditures not funded by the 2021 issuance proceeds²⁵ (amounting to 2 148,4 Mio EUR in this report). This allocation is done for a maximum of 95% of the confirmed expenditure amounts and of 75% of the estimated expenditure amounts;

- next, the remaining 2022 issuance proceeds are allocated to the 2022 expenditures (again considering 95% of all confirmed amounts and 75% of the estimates) in a proportionate manner; and
- the expenditure amounts are attributed proportionally to the different Green OLOs in function of the nominal amounts issued in each of the green bonds.

This sequential process provides sufficient certainty that the Green OLO proceeds are allocated to selected and disbursed eligible green expenditures. Any corrections to estimated data reported the preceding year, will be published in the following allocation report.

3.3 FINALIZATION OF PREVIOUS ALLOCATIONS

As in our previous allocation reports, we validate that realizations of fiscal expenditures that require the use of estimates, have been higher than the estimates used in previous allocation reports, so that there couldn't have been overallocation of proceeds. As the following table shows, this was the case for all estimates but one (tax deduction for green investments). Even there however, actual allocations were in turn lower than the available expenditures. The allocations published in the 2021 allocation report therefore do not need to be adapted.

Eligible fiscal expenditures		
	Estimates ²⁶	Final
2020 allocation report		
Tax deduction green investments	73,500,000	63,090,000
Tax deduction and exemptions to pro- mote clean transportation	186,200,000	353,770,000
 Reduced package charge for individual reusable drink packages 	31,100,000	55,490,000

²⁶ Estimates where extra conservative in 2020 and 2021 because of uncertainty in the light of the Covid pandemic. Modelled estimates by the FPS Finance of the fiscal expenditures aimed at clean transportation where halved during these years.

²⁵ 'Refinancing' expenditures from 2020 is foreseen for some expenditures by the FPS Development Cooperation, in order to be aligned with the frequency of their reporting cycle.

2021 allocation report		
 Reduced package charge for individua reusable drink packages 	27,900,000	55,822,000

3.4 ELIGIBLE GREEN EXPENDITURES AND THE SUSTAINABLE DEVELOPMENT GOALS

On the 25th of September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, also known as the "2030 Agenda" . As part of Belgium's international commitments, the country as a whole has pledged to contribute to and achieve the 17 Sustainable Development Goals (SDGs) by 2030.

The initiatives funded under the Green OLO Framework directly contribute to Belgium's progress towards these goals. As a result, it has been decided to incorporate an assessment of funded projects from the perspective of the 17 Sustainable Development Goals (SDGs) into the methodology. This alignment with the national and international objectives allows for a comprehensive evaluation of projects, ensuring that they are in line with the SDGs. By considering the SDGs in the funding process, Belgium aims to actively contribute to the achievement of these goals at both the national and global levels.

In accordance with the "High-Level Mapping to the Sustainable Development Goals" published by the International Capital Market Association (ICMA) in June 2020, a correspondence has been established between the eligible categories of the Green OLO and the SDGs. This table can be found in section 5.3 of the report.









































In previous allocation reports, the focus was on the amounts of the expenditures in the year of issuance. Thus, in the 2021 allocation report published last year, the expenditures of 2021 in each of the categories were reported as well as the allocation of 2021 issuance proceeds to these expenditures and those of the year before. In this section, the report will focus directly on the amounts of the 2022 bond issuance allocated to each of the expenditures and where analysis was available on the impact of those allocated amounts.

Of course the full detail of all expenditures, by year of spending, remains available in the allocation tables further in this report. All amounts and impacts are also split along the dimension of the two separate Green OLOs that now exist.

These detailed allocation and impact tables will also be available in Excel format on the Belgian Debt Agency's website²⁷.

On the impact assessment, the environmental impact has been assessed for five key expenditure categories or parts thereof, amounting to 40% of the EUR 4.7 bn issuance. The calculation of expenses related to the Green OLO project focused only on the expenditures that could be determined using the available data and the involvement of stakeholders who provided the necessary information. The assessment of the project's impact primarily concentrated on addressing the global issue of climate change by estimating the reduction in greenhouse gas (GHG) emissions. It is important to mention that this assessment relied on available data and is based on emission factors to calculate the environmental impact. However, it should be acknowledged that assessing qualitative aspects and biodiversity impacts proved challenging due to limited data availability and the reliance on various assumptions. However, through international cooperation and the reduced package charge, it has been possible to evaluate environmental impacts other than GHG emissions savings.

To estimate GHG emissions savings, specific methodologies were developed. These were based on the principles of environmental evaluation and are aligned with the work of the EU Commission's Technical Expert Group on Sustainable Finance. Where applicable, the methodologies were based on market practices and are in line with

other impact reports already published covering similar expenditures, such as the SNCF Réseau impact reporting. The calculation methodologies used can be found in Annex I.

For the sake of clarity and accessibility, the complexity of the assessment was reduced to what was strictly necessary to ensure rigorous results and data availability. Clear documentation and the use of publicly available data allow for the replication of the exercise, and the testing and comparison of different hypotheses.

4.1 CLEAN TRANSPORTATION

Clean transportation still represents the bulk of the green expenditures that is funded by the Green OLOs. Although there has been a shift in some of the reported amounts from the SNCB to Infrabel, the funded activities have remained unchanged.

In Belgium, the transportation sector accounted for 21.5% of the total greenhouse gas emissions in 2021, compared to 14.4% in 1990. This rise is primarily driven by road transport, which contributes to 96.0% of the total emissions within the sector in 2020.²⁸ Given Belgium's geographical location as a transit country, transport is a growing sector. Road transport, in particular, consumes the highest amount of energy among all modes of transportation in Belgium. The number of passenger cars continues to increase, with a high motorization rate of one car for every two inhabitants. Additionally, road transport remains the primary method for moving goods over land.

 $^{^{27}}$ https://www.debtagency.be/sites/default/files/content/download/files/green_olo_86_-_allocation_report_2021_en_0.pdf

²⁸ https://klimaat.be/doc/nc8-br5.pdf p.38

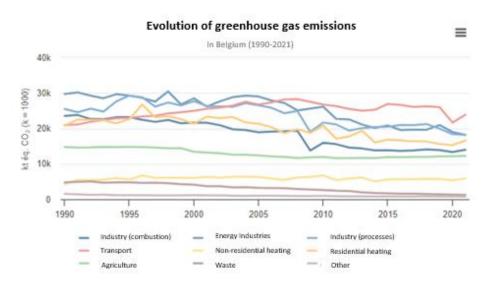


Figure 4: GHG emissions per sector in Belgium (1990-2021)²⁹

To reduce emissions from the transportation sector, a dual transformation is necessary. Firstly, it is essential to decarbonize polluting modes of transportation. Secondly, there needs to be a significant shift from polluting modes of transportation to less polluting ones. For instance, each person who chooses to drive a car generates 126 to 160 grams of CO_2 per kilometer, whereas the same kilometer traveled by train only produces an average of 23.8 grams of CO_2 per kilometer. This rate is even lower when trains are well-occupied. Thus, a train passenger has a CO_2 impact at least 6 times lower than that of a car driver.³⁰

In this context, rail transport has an important role to play as it is the most sustainable and readily available mode of public transportation. This was confirmed by the Rail Vision 2040, adopted by the Council of Ministers on the 6th of May 2022.³¹ It contains ambitious objectives in terms of modal shares to be achieved by 2040, namely a 15% modal share for passenger transport (vs 8% today) and a 20% modal share for freight transport (vs 12% today).

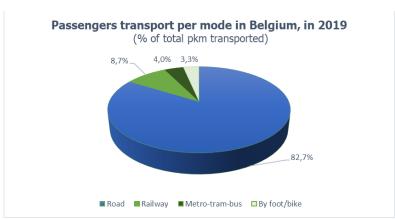


Figure 5 : Passenger transport per mode in Belgium, in 2019³²

The SNCB Public Service Contract, the Infrabel Performance Contract as well as the Business Plans and the Multi-Annual Investment Plans of the two companies for the period 2023-2032, approved by the federal government on the 23rd of December 2022, will contribute to achieve the objectives contained in the Rail Vision. These plans aim in particular to:

- extend the train offer by 10% by 2032;
- increase the number of travellers by 30% and improve the customer experience significantly;
- invest in passenger reception by doubling the current number of fully accessible stations; and
- invest in modern and comfortable rolling stock with a 50% renewal of the fleet by 2032.

4.1.1. SUBSIDIES TO SNCB (BELGIAN RAILWAYS) – OPEX

As part of its annual budget, the federal government contributes to SNCB's mission of operating the Belgian railway. These subsidies cover a wide array of operating costs.

²⁹https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/emissions-par-secteur ³⁰https://www.belgiantrain.be/-/media/corporate/pdfs/ondernemingsplan-2023-2032nl.ashx?la=nl&hash=4FE266EA273E0EFCC361FD88BB5E58555319170B , p.7.

³¹ https://mobilit.belgium.be/fr/publications/le-rail-la-colonne-vertebrale-de-la-mobilite-en-belgique

³² Chart computed by ICEDD, based on Table 1 of "Vooruitzichten van de transportvraag in België tegen 2040" https://www.plan.be/uploaded/documents/202204280911120.FOR_TRANSPORT2040_12634_N.pdf p.5

The Green OLO Framework considers two subcategories as eligible green expenditures under this categoy:

- the infrastructure fee annually paid by SNCB to Infrabel for the use of the rail network when offering its transport services; and
- the costs for maintenance, repair and remediation of the company's own rolling stock and sanitation works.

The selection of the amounts of eligible green expenditures is based on granular SNCB accounting data.

In recent years, the amounts paid by the SNCB to Infrabel as an infrastructure fee have been reduced and replaced by a direct subsidy paid to Infrabel; this subsidy will henceforth also be taken into account as an eligible expenditure.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Clean transpor- tation	6.1 Pas- senger in- terurban rail trans- port	Federal budget expendi- tures	Subsidies to SNCB (Belgian railways) - OpEx	780.5	X	
			TOTAL	780.5		

4.1.2. SUBSIDIES TO SNCB (BELGIAN RAILWAYS) – CAPEX

In addition to this selection of operating expenses, major SNCB investment programs are also financed with federal government subsidies.

These investments all contribute to the government's aim of promoting the modal shift to clean transportation in Belgium. Strengthening rail services leads to a reduction in the use of cars and to a change in the behaviour of commuters and leisure travellers.

A subset of the above mentioned budget programs was withheld as eligible green expenditures for the amounts that were actually disbursed by SNCB during the respective budget years. More specifically, investments in a number of categories were selected, based upon granular SNCB accounting data. The selection either takes into account the direct link of investments to zero tailpipe emissions rail transport only, or, for some broader categories, applies a ratio to the actual amounts to take into account the number of passenger km on electrified tracks vs. total number of passenger km (electric and diesel). The actual ratio is higher than 95.5% as confirmed by the SNCB but 95.5% has been applied by prudence.

Examples of the aforementioned investments are:

- rolling stock: continuation of the purchase program of M7 double deck coaches to increase the capacity on the busiest lines, acquisition of electric locomotives, modernisation of Electric Multiple Units, overhaul of coaches and Multiple Units, deployment of ETCS, ...;
- workshops: renewal of tracks and catenaries (Schaerbeek, Mechelen, Kinkempois, Châtelet) and workshop roofs (Salzinnes), new service buildings in Charleroi, refurbishment of Hall 03 and renovation of runways in Salzinnes, trainwash revision in Oostende, replacement of machinery and various renovations, maintenance works, ...;
- reception of clients: continuation of major projects in stations (Gent, Mons, Kortrijk) and for the regional-express network around Brussels, various station redevelopment projects (Mechelen, Vilvoorde, Bruxelles-Midi, Halle, Hasselt, Charleroi-Central, Tubize, Florival, Coo, ...), creation of parking spots (bicycles + 11,408 / cars + 195), 9 additional stations accessible for people with reduced mobility...];
- digitalisation & process improvement: development of ticket & travel cards sales systems (e.g. flex abo), security applications (e.g. CCTV & Intrusion), planning solutions for train drivers and rolling stock, ...; and
- <u>buildings and others</u>: Fonsny Master Plan. It concerns the construction of SNCB's new headquarters. It will be a building that rationalises office space for the company's management and meets strict environmental requirements

with excellent BREEAM³³ certification (83%). The project also includes the use of a digital twin for optimised energy and maintenance management, as well as quality for users (well-being and health). In 2022, investments related to the continued management of the contract, studies and internal services prior to the execution of the work.

One of the major investment programs remains the continuing purchase program of M7 double deck coaches to increase the capacity on the busiest lines. Under these budget lines only the M7 purchasing was subject to an impact assessment because of data availability reasons.

SNCB/NMBS's new M7 rolling stock is modern, high-performance equipment with superior speed, capacity and comfort. M7 trains are not intended to be used to establish new rail links or to increase the frequency of trains. The commissioning of the M7s will contribute to increasing the energy efficiency of rolling stock and thus to reducing its carbon footprint. In fact, a 20 to 30% energy consumption reduction can be achieved thanks to the higher efficiency of the M7s compared to old trains that reached the end of their operational life. On the other hand, the use of M7 trains on the network's busiest lines, and especially in Brussels, could increase the capacity on these lines.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Clean transpor- tation	6.1 Passenger interurban rail transport	Federal budget expendi- tures	Subsidies to SNCB (Belgian railways) - CapEx rolling stock pur- chase	657.2	✓	153.6
			Subsidies to SNCB (Belgian railways)	231.4	X	

IMPACT ASSESSMENT OF M7 RAIL CARS

Overall 153.6 kt CO₂ eq will be avoided during the whole lifetime of the M7 trains (45 years) financed by the Green OLO in 2022.

PURCHASE OF M7 DOUBLE-DECK TRAINS	2022
Allocated amounts of Green OLO to M7 2022 [Meuros)	525.6
Improvement in energy efficiency of M7 trains (per seat)	25%
Avoided CO ₂eq emissions related to Green OLO over the lifetime of M7 trains [kt]	153.6

4.1.3. SUBSIDIES TO INFRABEL (RAIL NETWORK OPERATOR) – OPEX

Infrabel is the network operator for the Belgian railways. In the past, its operating costs were taken into account through the infrastructure fee, paid by SNCB to Infrabel.

CapEx Reception of clients Subsidies 166 X to SNCB (Belgian railways) CapEx Workshop, Digitalisation, Railway buildings e.a. **TOTAL** 1054.7 153.6

³³ Building Research Establishment Environmental Assessment Method

This infrastructure fee is now in part replaced by a direct subsidy from the federal government. The amount of this subsidy is only taken into account insofar as in Infrabel's annual results, sufficient other revenues cover the personnel costs of the firm, leaving this subsidy to cover other types of operational costs.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Clean transpor- tation	6.14 In- frastruc- ture for rail transport	Federal budget expendi- tures	Subsidies to Infrabel (rail net- work op- erator) - OpEx	626.6	X	
			TOTAL	626.6		

4.1.4. SUBSIDIES TO INFRABEL (RAIL NETWORK OPERATOR) – CAPEX

The federal government contributes annually to the investment program of Infrabel. As in previous years, the contributions to investments in the railway infrastructure and in the ETCS safety system (European Train Control System) were withheld in their entirety, as were investments in the Regional Express Rail network and in reception and high speed rail. In the investments expenditures, there is also a category related to the production means which is not considered eligible contrary to last year since the electrification criteria cannot be verified.

Only the capacity maintenance has been subject to an impact analysis because there were sufficient data available to conduct the calculations.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
		Federal budget	Subsidies to Infrabel	774.7	✓	635.79

OI						
Clean transpor- tation	6.14 In- frastruc- ture for rail transport	expendi- tures	(rail net- work op- erator) - CapEx - Capacity Mainte- nance			
			Subsidies to Infrabel (rail net- work op- erator) – CapEx ETCS	297.8	X	
			Subsidies to Infrabel (rail net- work op- erator) — CapEx Ca- pacity ex- tension & service improve- ment (ca- pacity ex- tension, reception, HST, GEN)	460.4	X	
			TOTAL	1532.9		635.79

Examples of investments are :

- Renewal and safety of the railway axis Brussels-Luxemburg;
- Improved safety and robustness of the Brussels North-South link;
- Addition of a third and fourth track between Ghent and Bruges; and
- Investments in the ports for an increased freight traffic by rail.

IMPACT ASSESSMENT - MAINTENANCE OF RAILWAY INFRASTRUCTURE

Infrabel conducts annual maintenance activities on the railway network, which encompass tracks, overhead lines, and signage. These maintenance efforts are vital to

ensure the safety, reliability, and comfort of the railway system. Without regular maintenance, the network's reliability and safety would progressively decline, resulting in longer travel times on various sections of the railway system. This undesirable situation would likely prompt passengers and freight operators to choose alternative modes of transportation, which often have a higher environmental impact compared to trains. Therefore, regular maintenance is crucial for the railway network promoting sustainable transportation, and minimizing the negative environmental effects associated with alternative transport options.

When a section of the railway network lacks investment in maintenance, it directly affects the average speed of trains on that specific section. Consequently, the reduced speed diminished the appeal of rail transport along that particular part of the network. As a result, passengers and freight operators may shift to other, often more polluting transportation means such as cars, buses or trucks.

Ideally, each section of the railway network should undergo complete renovation according to an annual programme. Therefore, if a specific section does not receive sufficient investment for renovation in a given year, it will not be compensated in subsequent years. Instead, it will only be addressed once all other sections of the network have been renovated. In other words, the unrenovated section will miss its 'maintenance turn', affecting its reliability until the next 'maintenance turn', which occurs after a period equivalent to the technical lifetime of the equipment (tracks, catenaries, signage), set at 40 years.

The total avoided CO₂ eq emissions related to the Green OLO 2022 over the lifetime of maintenance investment amounts to 635.79 kt CO₂ eq.

MAINTENANCE OF RAILWAY INFRASTRUCTURE						
Allocated amounts of green OLO 2022 [Mio EUR]	774.74					
Avoided CO_2 eq emissions related to Green OLO 86 over the lifetime of maintenance investments [kt]	14.21					
Avoided CO_2 eq emissions related to Green OLO 96 over the lifetime of maintenance investments [kt]	319.73					

Avoided CO ₂ eq emissions related to Green OLO 2021 over the life- time of maintenance investments [kt]	301.85
Total avoided CO_2 eq emissions related to Green OLO 2022 over the lifetime of maintenance investments [kt]	635.79

4.1.5. TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION

The Belgian personal income tax code provides for a series of exemptions and tax deductions that promote the use of cleaner means of transportation. These fiscal expenditures include the following three elements:

- the total exemption (for taxpayers who declare their professional costs on a lump sum basis) of a reimbursement paid by the employer for the costs of commuting, to the extent that this transfer is made by public communal transport;
- the total exemption (up to a maximum amount per kilometer) of a bicycle allowance paid by the employer for an employee's commuting by bicycle; and
- the tax deduction for the purchase of a purely electrically powered vehicle.

The amounts corresponding to such exemptions and tax deductions are calculated on basis of personal income tax returns by the Strategic Expertise and Support Service of the FPS Finance. As explained earlier, amounts for 2022 are currently expert estimates, based on final data for previous years and preliminary tax declaration data. The allocation process takes into account that these amounts are still estimates. The 2020 figures detailed in the 2020 allocation report have in the meantime been finalized, as described under 3.3.

Two out of three types of expenditures have been assessed because there were sufficient data available to conduct the calculations and the necessary scientific assumptions could be made and validated by experts from ICEDD.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Clean transpor- tation	6.3 Urban and subur- ban transport, road pas- senger transport	Federal budget expendi- tures	Tax exemption for employer reimbursement of costs for commute by public communal transport	266.9	✓	241.33
	6.4 Operation of personal mobility devices, cycle logistics		Tax ex- emption for em- ployer payments for com- mute by bicycle	68.2	√	42.00
	6.5 Transport by motor- bikes, pas- senger cars and light commercial vehicles		Tax deduction for the purchase of specific electric vehicles (not electric cars)	1.2	X	
			TOTAL	336.2		283.33

IMPACT ASSESSMENT – TAX EXEMPTION TO PROMOTE PUBLIC TRANSPORTATION

According to FPS Mobility figures³⁴, in 2021 the large majority (64,6%) of commuting between home and work was done by car.

This expenditure covers the total exemption (for taxpayers who declare their professional costs on a lump sum basis) of a reimbursement paid by the employer for the costs of commuting, provided that this transfer is made by public transport. According to FPS Mobility and Transport, this expenditure results in a 14% increase in public transportation (train, metro, bus, tram) users compared to when the employer does not support the costs of commuting.

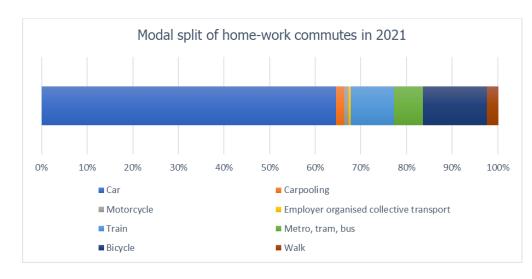


Figure 6 : Passenger transport per mode in Belgium, in 2019³⁵

Overall, the measure is found to have avoided 241.33 kt of CO₂ eq in 2022.

EXEMPTION FOR REIMBURSEMENT OF COMMUTING BY PUBLIC TRANSPORT	2022
Mpkm travelled by train due to policy	1642.70
Mpkm travelled by bus, tram and metro due to policy	617.98
Pkm travelled by train, bus, tram, metro due to policy from ex-car users [%]	83%

³⁴ SPF Mobilité et transports, Enquête fédérale sur les déplacements domicile-travail 2021-2022, (online) https://mobilit.belgium.be/sites/default/files/documents/publications/2023/Rapport_WWV_2021-2022_FR_corrigendum.pdf, p.9.

³⁵ SPF Mobilité et transports, Enquête fédérale sur les déplacements domicile-travail 2021-2022,(online) https://mobilit.bel-gium.be/sites/default/files/documents/publications/2023/Rapport_WWV_2021-2022_FR_corrigendum.pdf, p. 9

Avoided CO₂ eq emissions related to Green OLO 86 – 2022 [kt]	6.24
Avoided CO ₂ eq emissions related to Green OLO 96 2022 [kt]	140.35
Avoided CO ₂ eq emissions related to Green OLO 2021 [kt]	94.74
Avoided CO ₂ eq emissions related to Green OLO [kt]	241.33

IMPACT ASSESSMENT – BICYCLE ALLOWANCE

Overall, the total CO_2 eq emissions avoided in 2022, related to the Green OLO, were estimated at 42 kt of CO_2 eq.

BICYCLE ALLOWANCE	2022
Mpkm travelled by bicycle due to policy	430.27
Pkm travelled by bicycle due to policy from ex-car users [%]	67%
Avoided CO ₂ eq emissions related to Green OLO 86 – 2022 [kt]	1.36
Avoided CO₂ eq emissions related to Green OLO 96 2022 [kt]	30.55
Avoided CO ₂ eq. emissions related to Green OLO 2021 eligible expenses allocated in 2022 [kt]	10.09
Total avoided CO2 eq. emissions related to Green OLO in 2022 [kt]	42.00

4.2 OTHER GREEN CATEGORIES

Aside from the expenditures aimed at clean transportation, a series of other expenses and investments are funded by the amounts issued in Green OLO format.

Only disbursed amounts were withheld as eligible green expenditures. The following amounts were identified as eligible green expenditures.

4.2.1. INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS

The Belgian income tax code provides for the possibility of an increased investment deduction that corresponds to a certain percentage of the acquisition value of those investments. This amount may be deducted at once from the amount of tax due. The impact on tax revenues of two categories of this investment deduction is considered as eligible green expenditure:

- the investment deduction for energy-saving investments in specific investments in fixed assets that serve for more rational energy consumption, for improving industrial processes for energy reasons and, for the recovery of energy in industry; and
- the investment allowance for investments encouraging the reuse of packaging. To be eligible for these investment deductions, taxpayers must present a certificate from the Region where the investment was made.

The impact on tax revenues is calculated by the Strategic Expertise and Support Service of the FPS Finance and published in the annex to the Federal Budget of Resources³⁶, based on personal income tax returns. As explained under 1.5.2., amounts for 2022 are currently expert estimates, based on final data for previous years and preliminary tax declaration data. The allocation takes into account that these amounts are still estimates as described under 1.5.3. The 2019 figures detailed in the 2019 allocation report have in the meantime been finalized, as described under 1.5.4.

As measure of prudence, a standard 25% haircut is applied to estimates in the regular allocation process in order to cope with the uncertainty about the amounts of this category.

³⁶ https://bosa.belgium.be/fr/themes/budget-et-comptabilite/le-budget-federal/chiffres-et-analyse

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Energy ef- ficiency / Circular economy	X	Federal fiscal ex- penditures	Increased tax deduc- tion for green in- vest- ments	49.9	X	
			TOTAL	49.9		

4.2.2. REDUCED PACKAGE CHARGE FOR INDIVIDUAL REUSABLE DRINK PACKAGES

Belgium introduced a Packaging Charge on beverage containers in 1993 alongside other environmental taxes. The packaging charge is a tax equivalent to excise duty that is levied on individual packaging containing beverages (except for milk and flavoured milk-based drinks)³⁷. It was designed to encourage consumer behaviour change to promote re-use through deposit refund systems and recycling by changing the relative prices of products. In practice, the reduced package charge affects glass packaging.

Reusable packaging is subject to a reduced packaging tax, provided that the natural or legal person who distributes beverages in such packaging has applied for and received the necessary approval.

For packaging to be considered reusable, it must be refillable at least seven times, collected via a deposit system, and actually reused.

The impact of reduced tax revenues is recognized as eligible green expenditure, as this measure prevents pollution and contributes to the circular economy. It is published every year in the "Inventory of exemptions, deductions and reductions that

affect state revenue", an annex to the Federal Budget of Resources³⁸. The allocation takes into account that these amounts are still estimates as described under 3.3.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Circular economy	X	Federal fiscal ex- penditures	Reduced package charge for using individual reusable drink packages	50.5	✓	134.7
			TOTAL	50.5		134.7

IMPACT ASSESSMENT

The reduced package charge helps prevent waste generation, pollution, and GHG emissions, while contributing to the circular economy. By promoting the reuse of packaging, it reduces pollution compared to producing new packaging and helps conserve extracted materials, resulting in various environmental benefits.

The assessment of the reduced package charge was done in terms of avoided CO_2 eq emissions and avoided extracted materials. Based on the charges for re-usable containers and non-reused containers an estimation of the reused containers (1000l) was carried out.

The reduced packaging charge, related to the Green OLO, is estimated to have avoided in 2022:

- 135 kt of CO2 eq;
- 104kt of sand;
- 41 kt of lime;
- 34kt of caustic soda; and

³⁷ Established in Art. 371 of the Law of 16th July 1993 aimed at completing the state structure, as modified last by law of 28th March 2007.

³⁸ https://bosa.belgium.be/fr/themes/budget-et-comptabilite/le-budget-federal/chiffres-et-analyse

7 kt of glass released in the environment, which translates to approximately 28 million items being spared from ending up in the environment.

REDUCED PACKAGING CHARGE FOR USING INDIVIDUAL REUSABLE BEVERAGE CONTAINERS	2022
Allocated amounts of Green OLO [% of total tax expenditure]	50.51
Avoided CO ₂ eq emissions related to Green OLO in 2022 [kt]	134.68
Avoided use of materials related to Green OLO in 2022[kt]:	
Sand	103.63
• Lime	41.45
Caustic soda	34.054
Avoided glass in the environment in 2022[kt]	7.38
Avoided glass in the environment related to Green OLO [M number of items]	28.38

4.2.3. CONTRIBUTIONS TO DEVELOPMENT COOPERATION

The Belgian Development Cooperation (DC) bases its vision on current global environmental issues on the Development Cooperation Act³⁹. This Act stipulates that protection of environment and natural resources, the fight against climate change, desertification and global deforestation should be integrated into all its activities.

Its environmental strategy emphasizes that sustainable development promoting economic growth and human welfare must provide new development paths in order to offer an adequate response to the consequences of climate change, increasing environmental degradation and exhaustion of natural resources.

Selected expenditures under the category "Development cooperation" include:

- the Belgian government supports various multilateral climate and environment initiatives, such as the Global Environment Facility, the Least Developed Countries Fund (LDCF), the Green Climate Fund (GCF) and the UN Environment Program (UNEP). DC also finances the Capacities for Biodiversity and Sustainable Development (CEBioS) program from the Royal Belgian Institute of Natural Sciences; and
- the selected bilateral development projects for the Green OLO all qualify under Rio Marker 2, entailing that biodiversity, desertification or climate change mitigation or adaptation are a principal objective of the project.

A few examples among the many bilateral projects supported illustrate the diversity of Belgian development cooperation:

- the development of expertise in technical cooperation in support of sectoral dialogue for the environment sector in Mali;
- a State-to-State loan to Madagascar for a project to install three solar power plants with a total capacity of 5MW;
- the improvement of public service and governance of drinking water and sanitation in Mono-Couffo, Benin; and
- the strengthening of the Malian and Nigerien Red Cross in disaster preparedness and their ability to respond.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Renewa- ble Energy / Living Resources and Land Use	X	Federal budget expendi- tures	Contributions to development cooperation	196.4	X	,
			TOTAL	196.4		

³⁹ https://etaamb.openjustice.be/fr/loi-du-19-mars-2013_n2013015084.html

4.2.4. GREEN INVESTMENTS BY SFPIM

The Federal Holding and Investment Company (SFPIM) centrally manages the federal government's shareholdings, cooperates with the government on specific projects and pursues its own investment policy in the interests of the Belgian economy. When evaluating potential investments, compliance with the certain environmental aspects (such as the engagement in the protection of the environment and the application of the principle of precaution when facing the environmental problems or also rational management of energy) is taken into consideration. In the case of the transformation funds, actual compliance with the EU taxonomy DNSH criteria is verified.

The SFPIM (and its 100% subsidiary SFPIM Real Estate) participates in several priority sectors with a focus on sustainability. Participations and investments which directly benefit green projects have been selected and are included as eligible green expenditures in the year of the cash disbursement.

Selected investments are directed towards energy efficiency in real estate construction, restoring polluted sites, clean transportation, water leak detection services, agrifoods funds and impact funds.

Examples of those are Addax Motors, a manufacturer of light electric vans, Cityforward, the real estate greening fund and Junction Growth Fund, an article 9 SFDR fund dedicated to energy transition.

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Renewa- ble energy / Living resources and Land use	X	Invest- ments by federal govern- ment agencies	Green investments by SFPIM	64.7	X	
			TOTAL	64.7		

4.2.5. GREEN INVESTMENTS BY BIO

BIO is a private company whose capital is held by the Belgian State (FPS Development Cooperation). The mission of the Belgian Investment Company for Developing countries (BIO) is to support a strong private sector in developing and/or emerging countries, to enable them to gain access to growth and sustainable development within the framework of the Sustainable Development Goals.

To this end BIO invests directly in private sector projects and as such makes a structural contribution to the socio-economic growth of those host countries. Its mandate requires strict criteria in terms of geographical targets, financing tools and, above all, impact on development. One of the major challenges for Development Finance Institutions (DFIs) is to help financed companies to become aware that good governance and environmental and social performance are essential components for their success and sustainability and that they must be permanently integrated into their strategy. BIO takes the environmental and social implications into account throughout the lifecycle of the project and incorporates the good practices principles at all levels, from the commercial strategy model through to daily decision making.

The core of BIO's mission is to invest in private sector projects in order to contribute in a structural and positive way to the socio-economic growth of the host countries and their population, aligned with the UN's Social Development Goals.

In line with the Green OLO Framework, disbursements under the form of loans to projects in renewable energy, solar and hydro projects (< 25 MW) or under the form of participations in renewable energy funds were considered as eligible green expenditures.

Examples of those include investments in:

- the Africa Renewable Energy Fund (AREF), which invests into small hydro, wind, geothermal, solar, stranded gas and biomass projects across Sub-Saharan Africa;
- Candi solar, a company installing, owning and operating solar production plants and selling electricity to clients in India and South Africa; and
- Frontier Energy II, a private equity investment fund with a focus on developing, constructing and operating renewable energy assets across East Africa,

South Asia Growth Fund II, a fund principally targeting portfolio companies located within India, but which may also pursue opportunities in Bangladesh. Its emphasis will be investments in 4 key sectors: energy efficiency, the clean energy value chain, water, and environmental products and services (waste, food & agriculture, logistics and materials).

ICMA GBP Category	EU taxonomy activity	Туре	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO ₂ eq)
Renewa- ble energy	X	Invest- ments by federal govern- ment agencies	Green investments by BIO	8.5	X	
			TOTAL	8.5		



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5.1 ALLOCATION TABLE

		Green OLO: allocation reporting 2020 - 2022						ire amounts Mio EUR)	Allocated amounts 2022 (Mio EUR)		
		Expenditures	FDC / Fatition	Green Bond	Green Sector	Type of Expenditures	2022		2020	2021	2022
			FPS / Entity	Principle				E(stimate)	Previous	Previous	
ıres	4.1.1	SUBSIDIES TO THE SNCB (BELGIAN RAILWAY EXPLOITATION)	FPS Mobility and Transport	Climate change	Clean Transportation	Operating expenditure	481.4	F		372.6	407.9
Clean transportation Expenditures	4.1.2	SUBSIDIES TO THE SNCB (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Investment expenditure	679.8	F		478.7	576.0
ortation	4.1.3	SUBSIDIES TO INFRABEL (EXPLOITATION PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Operating expenditure	356.4	F		324.5	302.0
an transp	4.1.4	SUBSIDIES TO INFRABEL (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Investment expenditure	901.2	F		769.3	763.6
Cle	4.1.5	TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	FPS Finance	Climate change	Clean Transportation	Tax expenditure	345.5	E		105.2	231.1
	4.2.1	INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS	FPS Finance	Climate change	Energy Efficiency/ Circular Economy	Tax expenditure	74.6	E		0.0	49.9
	4.2.2	REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	FPS Finance	Natural Ressources	Circular Economy	Tax expenditure	59.6	F		0.0	50.5
Other Expenditures	4.2.3	CONTRIBUTIONS TO	FPS Foreign Affairs, Foreign Trade and Development Cooperation	Biodiversity Climate Change	Renewable Energy/ Living Resources and Land Use	Investment expenditure	101.2	F	12.6	98.1	85.7
Other Exp		GREEN INVESTMENTS BY THE SFPI-FPIM	SFPI-FPIM	Natural Ressources Climate Change	Renewable Energy/ Living Resources and Land Use	Investment expenditure	76.4	F		0.0	64.7
	4.2.5	GREEN INVESTMENTS BY BIO INVEST	Bio-Invest	Climate change	Renewable Energy	Investment expenditure	10.0	F		0.0	8.5
	TOTA	L					3,086.1		12.6	2,148.4	2,540.0

Allocated amounts 2022 (Mio EUR)									
20	20		21	2022					
OLO 86	OLO 96	OLO 86	OLO 96	OLO 86	OLO 96				
		15.9	356.6	17.4	390.5				
		20.5	458.2	24.6	551.4				
			310.7	12.9	289.1				
			736.4	32.6	730.9				
		4.5	100.7	9.9	221.2				
		0.0	0.0	2.1	47.8				
		0.0	0.0	2.2	48.4				
0.5	12.0	4.2	93.9	3.7	82.0				
		0.0	0.0	2.8	62.0				
		0.0	0.0	0.4	8.1				
0.5	12.0	91.9	2,056.6	108.6	2,431.4				

	Green OLO Allocated Amounts (Mio EUR)					Global Challenge			Green Sector				
	Item	Expenditures		Type of Expenditures	Climate Change	Natural Ressources	Biodiversity	Clean Transportation	Living Resources and Land Use	Renewable Energy	Circular Economy	Energy Efficiency	
SS	2.1.1	SUBSIDIES TO THE SNCB (BELGIAN RAILWAY EXPLOITATION) FPS Mobility and Transport		Operating expenditure	780.5			780.5					
Clean transportation Expenditures	2.1.2	SUBSIDIES TO THE SNCB (INVESTMENT PROGRAMME) FPS Mobility and Transport		Investment expenditure	1,054.7			1,054.7					
ortation E	2.1.3	SUBSIDIES TO INFRABEL (EXPLOITATION PROGRAMME)	FPS Mobility and Transport	Operating expenditure	626.6			626.6					
ın transpo	2.1.4	SUBSIDIES TO INFRABEL (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Investment expenditure	1,532.9			1,532.9					
Clea	2.1.5	TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	FPS Finance	Tax expenditure	336.3			336.3					
	2.2.1	INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS	FPS Finance	Tax expenditure	49.9							49.9	
tures	2.2.2	REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	FPS Finance	Tax expenditure		50.5					50.5		
Other Expenditures	2.2.3	CONTRIBUTIONS TO DEVELOPMENT COOPERATION	FPS Foreign Affairs, Foreign Trade and Development Cooperation	Investment expenditure	193.7		2.7		196.4				
Othe	2.2.4	GREEN INVESTMENTS BY THE SFPI-FPIM	SFPI-FPIM	Investment expenditure	62.8	1.9		1.5	0.4	43.2	17.4	2.1	
	2.2.5	GREEN INVESTMENTS BY BIO INVEST	Bio-Invest	Investment expenditure	8.5					8.5			
	TOT	AL			4,645.8	52.5	2.7	4,332.5	196.8	51.7	68.0	52.0	

5.2 IMPACT TABLE

Expenditures	Allocated amounts 2022 (Mio EUR)	Period covered by the assessment	Assessed Impact	Assessment (kt)	
SUBSIDIES TO THE SNCB – CAPEX (M7 PURCHASE)	526	Impact all over the lifetime of M7 trains (45 years)	Avoided GHG emissions	154	
SUBSIDIES TO INFRABEL – CAPEX (MAINTENANCE OF RAILWAY INFRASTRUCTURE)	775	Impact over the lifetime of mainte- nance investments (40 years)	Avoided GHG emissions	636	
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION – PUBLIC TRANSPORT	267	2022	Avoided GHG emissions	242	
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION – BICYCLE	68	2022	Avoided GHG emissions	42	
			Avoided GHG emissions	135	
REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	51	2022	Avoided extracted materials (caustic soda, sand, limestone)	179	
			Avoided glass in the envi- ronment	7	
CONTRIBUTIONS TO DEVELOPMENT COOPERATION	196	2022	Qualitative assessment	-	
TOTAL AVOIDED GHG EMISSIONS	1687			1209	

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5.3 SDG'S MAPPING OF THE EXPENDITURES

Expenditures	Assessed	Contribution to the SDG's									
	impact	3 GOOD HEALTH	7 ATTORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AMEL COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 DELOW WATER	15 DN LAND	17 PARTMERSHIPS FOR THE GOALS
		<i>-</i> ₩•	- W	î			co		×	<u> </u>	&
SUBSIDIES TO SNCB (OPEX)	-	х		X	Х	X		X			
SUBSIDIES TO SNCB (CAPEX)	Partially	Х		Х	Х	X		X			
SUBSIDIES TO INFRABEL (OPEX)	-										
SUBSIDIES TO INFRABEL (CAPEX)	Partially	Х			Х	Х		X			
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	Partially	Х	Х	Х		Х		Х			
INCREASE TAX DEDUCTIONS FOR GREEN INVESTMENTS	-		Х		X		Х	Х			
REDUCED PACKAGE CHARGE	Fully					Х	х	х	Х	Х	х
GREEN INVESTMENTS BY THE SFPI-FPIM	-		Х		Х	Х		Х			
GREEN INVESTMENTS BY BIO INVEST	-			Х	Х						х
CONTRIBUTIONS TO DEVELOPMENT COOPERATION	Partially						Х	х		X	Х





Limited Assurance report of the Independent Auditor

Independent Limited Assurance Report to the Strategic Committee of the Belgian Debt Agency on the Allocation Table included in the Green OLO Allocation & Impact Report 2022

We were engaged by the Strategic Committee of the Belgian Debt Agency (hereafter "BDA" or "the Agency") to report on the following information (together "the Selected Information"):

- 2021 allocated Green OLO proceeds amounting to 2.148,4 million EUR (page 30)
- 2022 allocated Green OLO proceeds amounting to 2.540,0 million EUR (page 30)

as included in the Green OLO Allocation & Impact Report 2022 ("The Report"), in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the applicable criteria of proceeds allocation to Green Eligible Expenditures as outlined in section 4.1. of the Green OLO Framework published in June 2022 at https://www.debtagency.be/en/green-olo ("The Criteria").

Our conclusion excludes the following:

- The suitability of the Criteria in relation to the Green Bond Principles of the international Capital Markets Association which was assessed by the 'Second-Party Opinion' published in June 2022 at https://www.debtagency.be/en/green-olo;
- The environmental impact of the allocated proceeds following the Criteria which will be assessed by the Belgian Minister of Environment on the basis of the Green OLO Framework published in June 2022 at https://www.debtagency.be/en/green-olo;
- The accuracy of the allocation of the Green OLO Proceeds by type of expenditure, entity, sector or climate related challenge or goal;
- The management of the proceeds from the Green OLO prior to their allocation or the use of these proceeds after their allocation.

The Agency's Responsibilities

The management of the BDA is responsible for the preparation of the Report and the Selected Information contained therein that is free from material misstatement in accordance with the Criteria.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation the Report and the Selected Information contained therein that is free from material misstatement, whether due to fraud or error.

It also includes developing the Criteria, selecting and applying policies, making judgements and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the Report and the Selected Information contained herein.

Our Responsibilities

Our responsibility is to examine the Selected Information prepared by the Agency and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about

whether the Selected Information is prepared, in all material respects, in accordance with the applied Criteria, as the basis for our limited assurance conclusion.

Our firm applies the International Standard on Quality Management 1, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the_International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In obtaining an understanding of the Selected Information and other engagement circumstances, we have considered the process used to prepare the Report and the Selected information contained therein, to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Agency's process or internal control over the preparation of the Report and the Selected information contained therein.

Our engagement also included evaluating the appropriateness of the reporting Criteria used and their consistent application, including the reasonableness of estimates made by management and related disclosures to the Selected information

Our limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- Interviewing relevant persons responsible for providing the Selected Information, for carrying out internal control procedures on and consolidating the Selected Information;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Selected Information; and
- Analytical review procedures to confirm our understanding of trends in the Selected Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities, and limited assurance conclusion, relate solely to the Selected Information and not to The Report taken as a whole.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information included in the Report is not prepared, in all material respects, in accordance with the applicable criteria of proceeds allocation to Green Eligible Expenditures as outlined in the Criteria.

Antwerp, June 21, 2023

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises

Steven Mulkens

Executive Director



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7 CONTACT

CONTACT

Belgian Debt Agency Avenue des Arts, 30 – B-1040 Bruxelles

Tel: + 32 257 470 80

Email: public.debt@minfin.fed.be Website: https://www.debtagency.be/en

RESPONSIBLE EDITOR

Jean DEBOUTTE
Director Strategy, Risk Management & Investors Relations
Chairman of the Executive Committee