

Green OLO
Allocation &
Impact report
2023

BELGIAN DEBT AGENCY

www.debtagency.be

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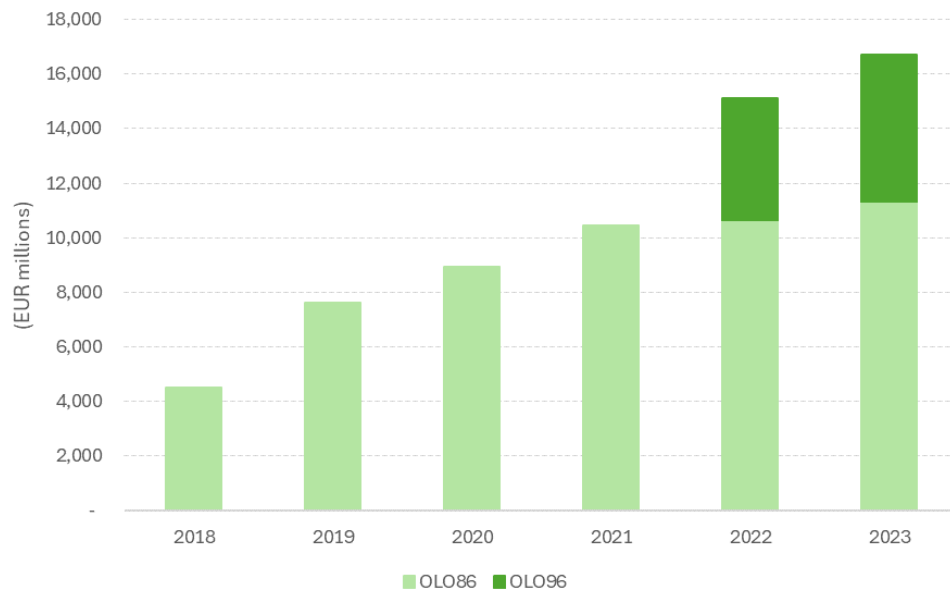
1
INTRODUCTION



This document provides the allocation and impact report for the amounts of the two Green OLOs issued in 2023, the sixth year of green bond issuance by the Kingdom of Belgium.

A total nominal amount of 1.563 Mio EUR was issued in auctions, 700 Mio EUR in OLO86 and 863 Mio EUR in OLO96. This represented 3.48% of the total 2023 OLO issuance and brought the total amount of green bonds issued by the sovereign to 16.781 Bn EUR, or 3.91% of the total outstanding amount in OLOs at the end of 2023.

Issued amounts Green OLOs



The amount issued in 2023 was quite substantially below the potential issuance amount that had been estimated at the end of 2022 to be in a 2.2 to 2.7 Bn EUR range. The BDA takes into consideration the market demand when selecting the bonds to be tapped in auctions. In 2023 the demand for the two Green OLOs was somewhat less outspoken than in the previous years.

Total available eligible expenditures in the end amounted to more than 3.4 Bn EUR, leaving almost 2 Bn EUR of eligible expenditures for the 2024 issuance. This explains the high range of 4.5 to 5 Bn of potential green issuance announced in the BDA's funding plan for 2024.

No new eligible green expenditures were identified in the federal budget or among fiscal expenditures. We therefore mostly refer to previous reports for the description of the nature of these expenditures. Among the investments by federal agencies some new projects were funded and are mentioned in the descriptions.

As far as the impact section of this report is concerned, the Ministry of the Environment was assisted by a new external expert that has updated a number of hypotheses underlying the impact calculations. Like in 2022, a Methodological Annex is published, providing the detailed assumptions and methodologies used to estimate the environmental impacts that can be linked to the eligible expenditures.

The 2023 allocation and impacts figures have been added to the excel spreadsheet on the BDA's website.

This allocation and impact report also provides an update on the broader ESG metrics that were included in this report last year.

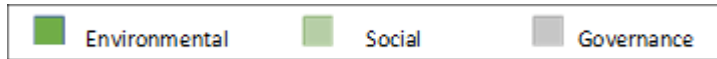
Finally, as in all previous allocation reports, a limited assurance attestation on the allocations, provided by an external audit firm, is included in this document.

2

ESG METRICS AND BELGIAN ENVIRONMENTAL POLICIES, GOALS AND ACHIEVEMENTS

2.1 BELGIUM IN ESG METRICS

The following outlook offers investors a comprehensive overview of Belgium's ESG Key Performance Indicators, derived from publicly available data from reliable sources. This allows investors to compare Belgium's performance with the European average. The table will be updated regularly and made available on the Belgian Debt Agency's website.



Indicator	Source	Unit	Reference year	Belgium	EU 27
GDP (current prices)	Eurostat	billion euro	2022	554.04	15 905.28
Population	Eurostat	million persons	2022	11.72	450.01
Net greenhouse gas emissions	Eurostat	tonnes per capita	2022	9.3	7.3
Share of renewable energy in gross final energy consumption	Eurostat	%	2022	13.8	23
Final energy consumption per capita	Eurostat	tonnes of oil equivalent per capita	2022	2.86	2.1
Share of buses and trains in passenger transport	Eurostat	% of inland passenger-km	2021	14.4	13.7
Recycling rate of municipal waste	Eurostat	% of total municipal waste generated	2022	52.7	48.6
Share of forest area	Eurostat	% of total land area	2018	24.3	43.5
Terrestrial protected areas	Eurostat	% of country area	2021	14.7	26
Marine protected areas	Eurostat	% of marine area	2021	37.8	12.1
Real GDP per capita	Eurostat	EUR per capita, chain-linked volumes (2010)	2023	37 300	28 940

Gini coefficient of equivalised disposable income	Eurostat	on a zero to one hundred scale	2022	24.9	29.6
Purchasing power adjusted GDP per capita	Eurostat	index EU = 100	2023	117	100
Income share of the bottom 40 % of the population	Eurostat	% of income	2022	24.1	21.7
Employment rate	Eurostat	% of population aged 20 to 64	2023	72.1	75.3
People at risk of poverty	Eurostat	% of population	2022	13	15.9
In-work at-risk-of-poverty rate	Eurostat	% of population aged 18 or over	2022	3.6	8.5
Self-reported unmet need for medical care	Eurostat	% of population aged 16 or over	2022	1.0	2.2
Life expectancy	Eurostat	years	2023	82.5	81.5
Tertiary educational attainment	Eurostat	% of population aged 25 to 34	2023	50	43.1
Gender employment gap	Eurostat	percentage points, persons aged 20 to 64	2023	7.6	10.2
Seats held by women in national parliaments and governments	Eurostat	% of seats	2023	42.9	33.2
Positions held by women in senior management	Eurostat	% of board members	2023	33.2	42.9
Freedom of press	Reporters Without Borders	Global Ranking (0-180)	2023	16	N/A
Worldwide Governance indicator : rule of law	World Bank	0 (lowest) to 100 (highest) score	2022	88.21	N/A
Government effectiveness	World Bank	0 (lowest) to 100 (highest) score	2022	84.91	N/A
Control of corruption	World Bank	0 (lowest) to 100 (highest) score	2022	89.62	N/A
Ease of doing business	World Bank	0 (lowest) to 100 (highest) score	2020	75	N/A
Labour freedom	The heritage foundation	0 (lowest) to 100 (highest) score	2024	65.6	N/A
Population with confidence in the EU Parliament	Eurostat	% of population	2023	53	49

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

Following the annual update of the table presenting Belgium's ESG Key Performance Indicators, a comparative analysis has been conducted to evaluate the country's trends over the years and correlate them with observable changes in the European average across various environmental, social, and governance indicators. Upon request, this detailed comparative table can be provided by the Belgian Debt Agency to precisely visualize the changes for each metric.

ENVIRONMENTAL INDICATORS

Since the last assessment¹, Belgium has demonstrated significant improvements in its environmental performance, particularly in reducing greenhouse gas emissions. Between 2021 and 2022, the country achieved a notable 4% reduction in per capita net greenhouse gas emissions, presenting a stark contrast to the European Union, where emissions increased by 4%. Additionally, Belgium's energy consumption per capita trends diverged significantly from those of the EU, with Belgium recording a 1% decrease compared to a 5% increase across the European Union.

These disparities can be partly attributed to various external factors that influenced energy consumption patterns and contributed to the overall decrease in emissions. In 2022, an unusually mild climate significantly reduced the demand for residential and commercial heating. Additionally, the sharp increase in energy prices following the conflict in Ukraine played an important role in changing energy consumption behaviors across the country. These combined factors led to substantial reductions in emissions from the previous year: residential and commercial heating emissions decreased by 16.6%, emissions from manufacturing industries and construction fell by 11.1%, and emissions from industrial processes and product use declined by 7.3%.²

However, the adoption of renewable energy sources in Belgium has been progressing more slowly, with 13.8% of its energy consumption coming from renewable sources, compared to the EU average of 23.0%. However, ambitious policies regarding the deployment of renewable energy, such as the quadrupling of offshore renewable energy capacity, have been introduced as part of the Belgian National Energy and Climate Plan to ramp up this percentage.

Belgium's recycling rate has maintained the high levels achieved in previous years, showcasing stability in waste management. This steady performance contrasts with

the rising average in the EU, which is gradually closing the gap. Moreover, Belgium continues to make substantial investments in the conservation of protected terrestrial areas, forests, and marine spaces. These initiatives are vital for preserving biodiversity and ecological balance, offering long-term benefits, and supporting global sustainability objectives.

SOCIAL INDICATORS

On the social front, Belgium has demonstrated notable strengths alongside areas requiring attention. A key achievement is the reduction in the in-work at-risk-of-poverty rate, which surpassed the EU-wide reduction. The latest estimates indicate that 3.6% of the Belgian population aged 18 or over are working and at risk of poverty, compared to the EU average of 8.5%.

In the healthcare sector, Belgium shows remarkable progress with a 33% reduction in self-reported unmet medical needs between 2020 and 2022, now standing at only 1% of the population aged 16 or over. This significantly outperforms the EU-wide increase of 22%, where the rate reached 2.2%. This suggests improved accessibility and quality of healthcare services, positively impacting public healthcare services in the country.

Moreover, Belgium's consistent growth in real GDP per capita, matching the 4% increase observed across the EU and reaching €37.300 per capita compared to the EU average of €28.940, underscores the country's stable economic environment. Although the purchasing power of the Belgian population decreased by 4% in 2022 due to global inflation, the salary indexation in 2023 surpassed inflation, resulting in a strong purchasing power increase of 4%.³ Consequently, the impact of inflation on Belgians has been less severe compared to the European average, largely due to the widespread wage indexation implemented by the government.

GOVERNANCE INDICATORS:

Regarding governance, Belgium has shown strong and stable performance since the last assessment in 2021. While the Worldwide Governance Indicator for the rule of law remained static, the control of corruption and government effectiveness scores

¹In the allocation and impact report of 2022, 2020 was used as a reference year for net GHG emission.

²<https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/emissions-par-secteur>

³ Bureau fédéral du Plan - Communiqué de presse - Perspectives économiques régionales 2023-2028

have shown slight improvements, with a 2% increase between 2021 and 2022, indicating a robust administrative framework.

Notably, Belgium has improved its position in the press freedom global ranking, moving from 23rd to 16th place between 2022 and 2023. This result can be attributed to a slight increase in Belgium's overall score and, more significantly, to the decline in rankings of other European and non-European countries, which experienced increased violence against journalists.

CONCLUSION

Overall, Belgium's ESG profile presents a mixed landscape with significant achievements in reducing poverty rates and greenhouse gas emissions but facing challenges, notably in renewable energy adoption. These trends offer crucial insights for investors, as they reflect both the opportunities and challenges within Belgium's investment environment. This analysis should serve as a foundation for understanding how Belgium's ESG performance aligns with broader European trends.

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 2020 coalition agreement. Recent challenges, such as the energy crisis, have highlighted the importance of scaling up renewable energy and energy efficiency and strengthening our independence while 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 2019.⁴ The federal contribution to the NECP was adopted on the 29th of November 2019, and updated on 17 May 2024.⁵ Due to the urgency of the climate crisis, increased climate ambitions at the European level, and the proposals in the European Commission's Fit for 55 legislative package published in July 2021⁶, the original 2019 NECP is currently under revision with a higher level of ambition.⁷

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.

⁴ <https://www.nationalenergyclimateplan.be/en>

⁵ The Council of Ministers of May 17, 2024, took note of the final update of the Federal Energy and Climate Plan, as a contribution to the National Energy and Climate Plan (cf. p.11).

⁶ Delivering European Green Deal: Publication of legislative proposals FF55 by the European Commission on 21 July 2021:

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 like rational use of energy, promoting 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 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 renewable energy in the North Sea (with a target of 8 GW after 2030), 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.

https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en

⁷ On November 22, 2023, the Federal and regional governments of Belgium reached an agreement at the consultation committee to submit the revised draft updated NECP to the European Commission. The federal and regional contributions are being compiled for the finalization of the update of the NECP.

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 2022, total greenhouse gas emissions (excluding the LULUCF sector⁸) in Belgium amounted to 103.6 MtCO₂e, which represents a decrease of 29% compared to 1990, and a decrease of 6.01% compared to 2021.

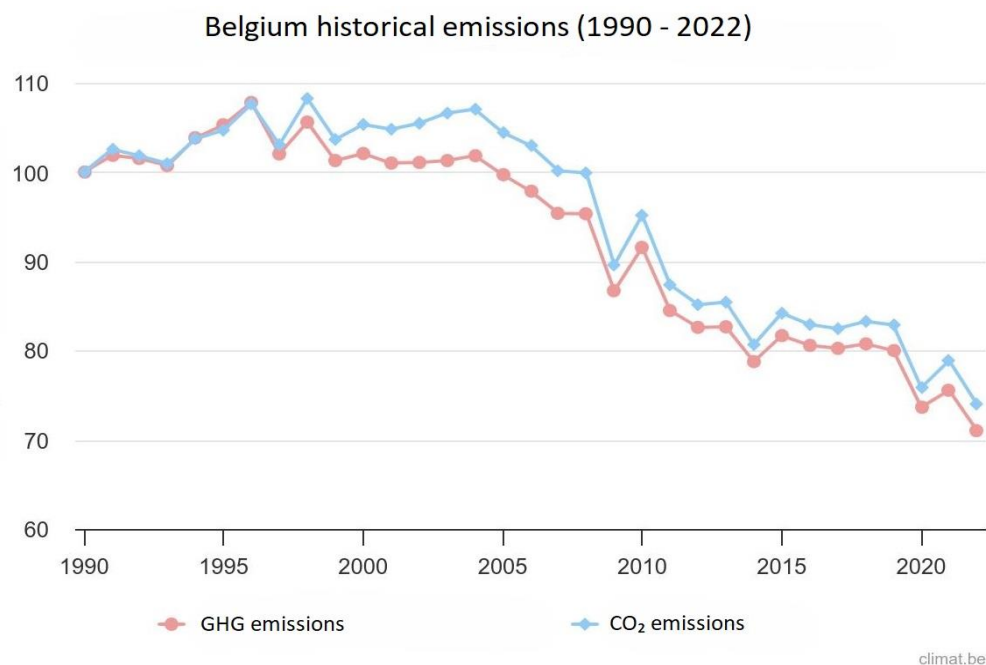


Figure 1 : Belgium GHG emissions 1990-2022 (excl. LULUCF). Unit: Index point (base year emissions = 100).⁹

⁸ LULUCF is the land use, land use change, and forestry sector

⁹ Belgium's greenhouse gas inventory: <https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/historique>

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 (compared to 1990), significant systemic changes are necessary at both the behavioral 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.¹⁰

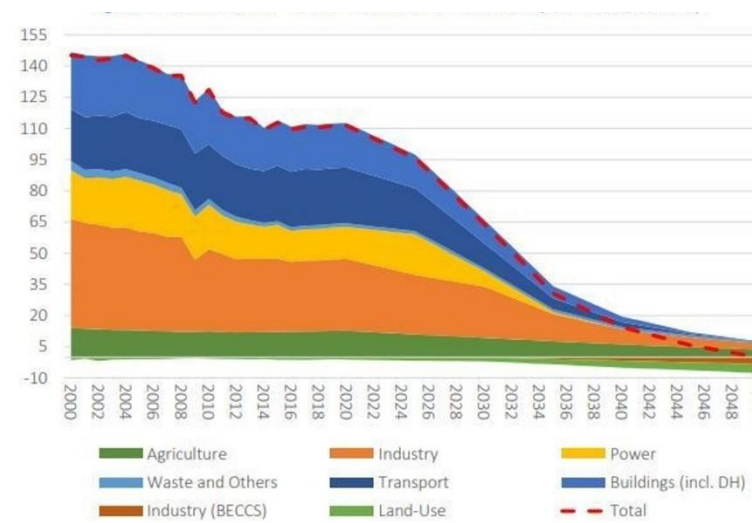


Figure 2 : GHG emissions – historical emissions and evolution according to the CORE-95 scenario (2000-2050, MtCO₂e)¹¹

¹⁰ <https://klimaat.be/doc/climate-neutral-belgium-by-2050-report.pdf>

¹¹ <https://climat.be/doc/climate-neutral-belgium-by-2050-report.pdf> p.12

2.1.2. BIODIVERSITY CONSERVATION AND SUSTAINABLE USE

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.

The update of national biodiversity strategies and action plans by COP16 (2024) to align them with the new global targets and support their timely implementation is a requirement for all Parties. For Belgium, this work has been launched in the aftermath of COP15 to have a strategy setting out how the country will halt and reverse biodiversity loss in its own territory and in its supply areas by 2030. The process includes a public consultation that will start in the beginning of the Summer and should conclude in time for COP16. 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.

¹² More information on the BiodiversiScape program can be found here: <https://www.health.belgium.be/nl/news/biodiversiteit-de-federale-overheid-onderneemt-actie>

¹³ More information on the Belgian Biodiversity Alliance can be found here: <https://biodiversity-alliance.be/>

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 program¹², 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 Alliance¹³ 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.

2.1.3. PRESERVATION OF NATURAL RESOURCES

The unsustainable and increasing use of resources has triggered critical scarcities and caused climate change and widespread environmental degradation. These problems are related to a linear economy which is based on a “throwaway” model. A transition to a circular economy is necessary, reducing the material input flows and aiming to reduce the material footprint by keeping 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.¹⁴

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.¹⁵ 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).

¹⁴ Federaal actieplan voor een circulaire economie (2021-2024) | News.belgium

¹⁵ <https://www.irceline.be/nl/documentatie/publicaties/jaarrapporten/jaarrapport-luchtkwaliteit-in-belgie-2021/view>



3
**ELIGIBLE GREEN
EXPENDITURES**

3.1 ELIGIBLE GREEN EXPENDITURES AND THE TAXONOMY

The process for selection of green expenditures has not changed compared to last year. We refer to the 2022 allocation & impact report for more details.¹⁶

In 2023, no new categories of expenditures were identified. Within the group of investments by government agencies, several new projects have been selected for which details can be found further in this report.

Eligible green expenditures are Federal State expenditures that can qualify under the Green OLO Framework.¹⁷ 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 reports¹⁸ for more details on these types of expenditures.

The two main economic activities funded by the Green OLO program remain the Passenger interurban Rail Transport and Infrastructure for Rail transport. As described in last year's report, the expenditures linked to those 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.

As published in 2022, the framework considers the EU taxonomy and commits to using best efforts to follow best practices as they evolve. It is important to note that the EU taxonomy is designed for the private sector rather than for public expenditures and investments. Due to its highly granular classification nature, the EU taxonomy cannot be universally applied to all public expenditures and investments.

Among the fiscal expenditures, three subcategories of tax exemptions and deductions to promote clean transportation are taken into account: commute by public transport, bicycle allowance and electrically powered vehicles.

1. Public transport includes bus, metro or train¹⁹ corresponding with 6.1. Passenger interurban rail transport and 6.3 urban and suburban transport, road passenger transport of the EU Taxonomy's Climate Delegated Act. However, as no centralized information exists on the fleet of Belgian bus operators²⁰ we cannot guarantee that this expenditure is taxonomy aligned, however, it is taxonomy eligible.
2. Bicycle allowance²¹ corresponds with the EU Climate Delegated Act's 6.4. Operation of personal mobility devices, cycle logistics. Even though the criteria for a substantial contribution to climate change mitigation are met, compliance with the DNSH-criterion with regard to the management of waste, both in the use phase (maintenance) and the end-of-life, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein) cannot be guaranteed as it is up to the individual responsibility of the user. Nevertheless, the tax exemption remains taxonomy eligible.
3. Electrically powered vehicles²², being electric motorbikes, tricycles or quadricycles, correspond with 6.5. Transport by motorbikes, passenger cars and light commercial vehicles of the EU Taxonomy's Climate Delegated Act, however the respect of all DNSH principles such as the reuse and recycling of batteries cannot be guaranteed. Therefore, this expenditure is taxonomy eligible.

For increased tax deduction for green investments²³, the available data is not granular enough to be assessed against the Taxonomy.

¹⁶https://www.debtagency.be/sites/default/files/content/download/files/green_olos_-_allocation_impact_report_2022.pdf

¹⁷https://www.debtagency.be/sites/default/files/content/download/files/green_olo_-_framework_2022.pdf

¹⁸<https://www.debtagency.be/en/green-olo>

¹⁹ Openbaar vervoer | FOD Financiën (belgium.be)

²⁰ Regions are competent for road transport such as public transport by bus.

²¹ Fiets | FOD Financiën (belgium.be)

²² MyMinfin (fgov.be)

²³ MyMinfin (fgov.be)

Reduced package charge²⁴ can be understood as corresponding with 2.3. Collection and transport of non-hazardous and hazardous waste of the EU Taxonomy's Environment Delegated Act.²⁵ Unfortunately, taxonomy alignment cannot be proven here, as i.e. information on the emission standards of waste collection vehicles is not available. Nevertheless, the expenditure can be considered taxonomy eligible.

Contributions to development cooperation involve a combination of both multilateral and bilateral international climate finance. The contributions to climate-specific multilateral funds cannot be understood under the taxonomy, neither can the bilateral project financing. However, all bilateral project financing taken into account under the Green OLO framework corresponds with Rio Marker 2²⁶, the predecessor of the taxonomy.

Taxonomy eligible green investments by the SFPIM cover capital participations in electric vehicles, clean freight transport and related infrastructure. The expenditure that could not be tested against the taxonomy include expenditure on sustainable land use and management, sustainable consumption and production modes, the clean energy transition, halting climate change, renewable energy, energy efficiency, and clean transportation applications.

For green Investments by BIO-Invest only expenditure on international funds and projects for renewable energy, being "energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas"²⁷, with the exclusion of hydropower projects with installed capacity above 25 Megawatts have been selected. For fund participations taxonomy eligibility and alignment could not be provided, loans, however, were found to be taxonomy eligible.

For the 2023 issuance the following applies regarding EU taxonomy eligibility²⁸ and alignment²⁹:

Green OLO Taxonomy Alignment and Eligibility for 2023

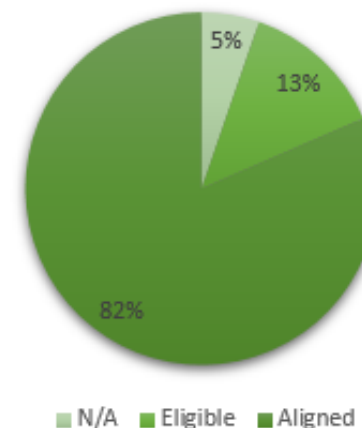


Figure 3: overview of total 2024 Green OLO alignment and eligibility with the taxonomy. own calculations, based on Moody's assessment

²⁴ MyMinfin (fgov.be)

²⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2486>

²⁶ Rio marker 2 indicates that the Rio Convention themes are a principal objective of the action. The Rio Conventions are: 1) the Convention on Biological Diversity; 2) UN Framework Convention on Climate Change (UNFCCC) and 3) UN Convention to Combat Desertification. https://capacity4dev.europa.eu/info/short-guide-use-rio-markers_en#:~:text=There%20are%20three%20possible%20values,principal%20objective%20of%20the%20action.

²⁷ Directive (EU) 2018/2001 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

²⁸ Taxonomy eligibility refers to the assessment of whether a company's activities are considered to be covered by the EU Taxonomy

²⁹ Taxonomy alignment refers to the extent to which a company's activities comply with the criteria set in the Taxonomy delegated acts.

3.2 THE ALLOCATION PROCESS

The allocation process has not changed compared to previous years, but for the first time since 2018, the BDA had to take into account the fact that in 3 subcategories of expenditures (SNCB investments in buildings, tax advantages for certain electrically powered vehicles, and tax deductions for green investments) the latest updated 2022 expenditures figures (or estimates) fell short of the allocation of 2022 proceeds to these three categories that was reported last year (see next section 3.3 for details)

Therefore, before applying the normal three steps in the allocation process we needed to reshuffle the allocation made in 2022 for a total amount of 24.6 Mio EUR, or 0.52% of the 2022 issuance amount. This was done by a pro-rata increase of the allocation to all other (sub)categories of expenditures, while assuring that the allocation to the three aforementioned subcategories did not top the maximum available amounts. As no impact reporting was made for these three subcategories, and given the very limited overall adjustment, no changes have been made to the allocation and impact figures as published last year. Of course, the figures of 2022 expenditures left to be allocated in 2023 (as shown in the allocation table in section 5.1) do take these adjustments into account.

The following three step process was applied after this adjustment:

- first, as provided in the Green OLO Framework, 2023 issuance proceeds are allocated to the remaining 2022 eligible expenditures that were not funded by the 2022 issuance proceeds. This allocation is done for a maximum of 95% of the confirmed expenditure amounts and of 75% of the estimated expenditure amounts, amounting to 358.2 Mio EUR in this report;
- next, the remaining 2023 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 indicated under 3.2, the eligible expenditures for 2022 under three categories needed to be reviewed downwards to an extent that implied a change to the 2022 allocations to these categories:

- An amount of 7.6 Mio EUR was allocated to 2022 expenditures SNCB investments in buildings (Fonsny Master Plan). After a number of accounting corrections, only 6.0 Mio EUR was withheld;
- In two other categories, the estimates provided by the Strategic Expertise and Support Service of the FPS Finance were reviewed downward due to methodological changes, also necessitating changes (even though for estimated expenditure amounts, only 75% of the figures are considered):
 - An amount of 0.9 Mio EUR was allocated to estimated 2022 expenditures of Tax deduction for the purchase of specific electric vehicles (not electric cars). The updated estimate only allows an allocation of 0.6 Mio EUR.
 - An amount of 49.9 Mio EUR was allocated to estimated 2022 expenditures of increased tax deduction for green investments. The updated estimate only allows an allocation of 27.3 Mio EUR.

Regarding the estimates of previous years that have been confirmed, no issues arose. For the two estimated fiscal expenditures for which final figures are now available, those final expenditures exceed the allocated amounts, even though, because of methodological changes, the negative impact on the amount of tax deductions for green investments was important for 2021 as well. It can nevertheless be validated that no overallocation of proceeds occurred for these categories:

Eligible fiscal expenditures		
	Estimates	Final
2021 allocation report		
• Tax deductions green investments	61.510.000	36.320.000
• Tax deduction and exemptions to promote clean transportation	185.830.000	367.910.000

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, Belgium 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.





4
**ALLOCATION AND
IMPACT REPORTING**

In this section, the allocation of the 2023 bond issuance funds to various expenditures is discussed, with impact analyses provided where available. Detailed information about all expenditures, categorized by the year of spending, is included in the allocation tables later in this report. Additionally, all amounts and their impacts have been clearly separated according to the two Green OLOs.

For further analysis and to provide easy access, these detailed allocation and impact tables will be added to the Excel spreadsheet on the Belgian Debt Agency's website.³⁰

The environmental impact assessments were conducted on five main expenditure categories, which together represent **40% of the EUR 1.56 billion issuance**. Expense calculations for the Green OLO project were based on those expenditures that could be quantified using available data and the input from stakeholders who provided essential information. The focus of the impact assessment was primarily on addressing the global issue of climate change by estimating reductions in greenhouse gas (GHG) emissions. It is important to highlight that these assessments were based on available data and utilized emission factors to estimate environmental impacts. The challenges of assessing qualitative aspects and biodiversity impacts were recognized, owing to limited data availability and reliance on various assumptions. Thanks to the reduced package charge, it has been possible to conduct a qualitative assessment to evaluate environmental impacts beyond GHG emission reductions.

Methodologies for estimating GHG emissions savings have been developed based on environmental evaluation principles and aligned with the approaches previously established by ICEDD in the last assessment. These methodologies, consistent with market practices and comparable to other impact reports on similar expenditures, can be found in Annex I of this report.

For clarity and accessibility, the complexity of the assessment has been reduced to what was strictly necessary to ensure accurate results and data availability. Clear documentation and the use of publicly available data have been employed, allowing for the replication of this analysis and enabling the testing and comparison of different scenarios.

4.1 CLEAN TRANSPORTATION

Clean transportation still accounts for the majority of the green expenditures funded by green OLOs. 89% of the 1.56 billion euros allocated in 2023 were allocated to clean transportation.

In 2022, emissions from the transport sector represented 23.4% of total emissions (Figure 4), compared with 14.4% in 1990 (Figure 5). This increase is mainly attributable to road transport, which accounted for 96.0% of this sector's emissions in 2022. By comparison, inland waterway transport stagnated at 1.7%, while rail emissions represented only 0.3%.³¹ Because of Belgium's geographical position as a transit country, the transport sector is expanding rapidly. Road transport (person and freight) is the biggest energy consumer of all modes of transport and is the number one GHG emitting sector in Belgium.³² The number of private cars continues to rise, with a high car ownership rate of one car for every two inhabitants.³³ In addition, road transport remains the main method of transporting goods by land, but its share has declined in recent years.³⁴

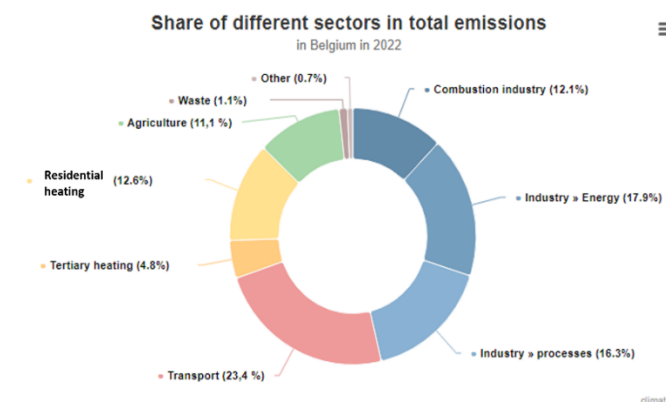


Figure 5: GHG emissions share per sector in Belgium in 2022³⁵

³⁰ https://www.debtagency.be/sites/default/files/content/download/files/green_olo_86_-_allocation_report_2021_en_0.pdf

³¹ <https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/emissions-par-secteur>

³² Belgium's greenhouse gas inventory (1990-2021) (klimaat.be)

³³ <https://statbel.fgov.be/fr/nouvelles/hausse-de-936-des-voitures-electriques-en-2023>

³⁴ <https://statbel.fgov.be/fr/themes/mobilite/transport/transport-routiers-de-marchandises#news>

³⁵ <https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/emissions-par-secteur>

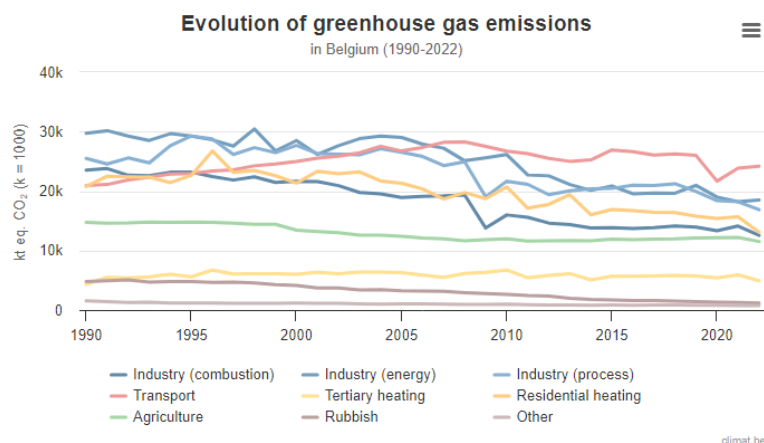


Figure 6: GHG emissions per sector in Belgium (1990-2022)³⁶

To reduce emissions from the transport sector, a twofold transformation is needed. On the one hand, polluting modes of transport must be decarbonised. On the other hand, it is crucial to make a significant transition towards less polluting modes of transport. For example, each person who chooses to drive a car emits between 126 and 160 grams of CO₂ per kilometre, while an equivalent journey by train produces an average of just 23.8 grams of CO₂ per kilometre, a figure that is even lower when trains are well filled. Thus, a train passenger generates at least six times less CO₂ than a car driver.³⁷

In this context, rail transport plays a crucial role as the most accessible and readily available mode of public transport. This was confirmed by "Rail Vision 2040", adopted by the Council of Ministers on the 6th of May 2022.³⁸ This plan sets ambitious targets for the modal shares to be achieved by 2040: a modal share of 15% for passenger transport (compared to 8% today) and a modal share of 20% for freight transport (compared to 12% today).

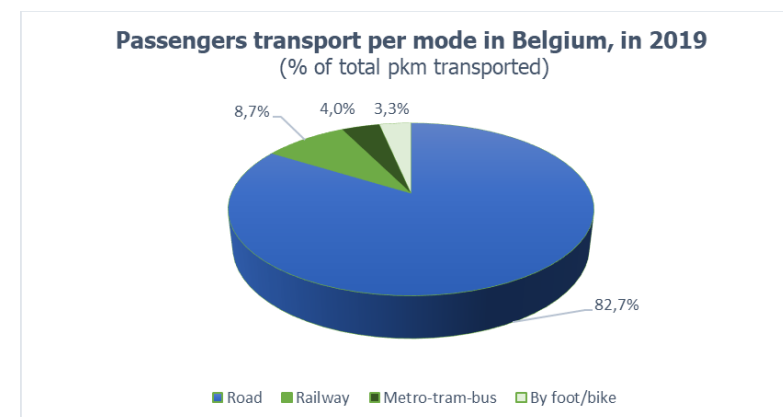


Figure 7: Passenger transport per mode in Belgium, in 2019³⁹

The SNCB Public Service Contract, the Infrabel Performance Contract as well as the Business Plans and the Multi-Annual Investment Plans of SNCB and Infrabel for the period 2023-2032, approved by the federal government on the 23rd of December 2022, will contribute to achieving 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 various operational costs. The Green OLO framework identifies three sub-categories as eligible green expenditure under this category:

³⁶ <https://climat.be/en-belgique/climat-et-emissions/emissions-des-gaz-a-effet-de-serre/emissions-par-secteur>

³⁷ <https://www.belgiantrain.be/-/media/corporate/pdfs/ondernemingsplan-2023-2032-nl.ashx?la=nl&hash=4FE266EA273E0EFCC361FD88BB5E5855319170B>, p.7.

³⁸ <https://mobilit.belgium.be/fr/publications/le-rail-la-colonne-vertebrale-de-la-mobilite-en-belgique>

³⁹ 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 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 and repair of the company's own rolling stock and sanitation works; and
- the costs for remediation of the company's own rolling stock and sanitation works.

The selection of eligible green expenditure amounts is based on SNCB's detailed accounting data.

As explained in last year's report, the payments made by SNCB to Infrabel for the infrastructure charge have been reduced since 2022 and were replaced by a direct subsidy paid by the federal state to Infrabel.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assess- ment (kt CO _{2e})
Clean transportation	6.1 Pas- senger in- terurban rail trans- port	Federal budget expendi- tures	Subsidies to SNCB (Belgian railways) - OpEx	245.4	X	
			TOTAL	245.4		

4.1.2. SUBSIDIES TO SNCB (BELGIAN RAILWAYS) – CAPEX

In parallel to this selection the operating expenses, the federal government also finances SNCB's major investment programmes through subsidies.

These investments play a crucial role in achieving the government's objective of promoting a modal shift towards environmental-friendly means of transport in Belgium. By strengthening rail services, they help to reduce car use and encourage a change in behaviour among commuters and leisure travellers. Increasing train frequency and modernising rolling stock are all measures that encourage people to choose the train over the car, thereby helping to reduce greenhouse gas emissions and protect the environment.

A subset of the budget programmes mentioned above has been retained as eligible green expenditure for the amounts actually disbursed by the SNCB during the budget

years concerned. More specifically, investments in several categories have been selected on the basis of SNCB's detailed accounting data. The selection either takes into account the direct link of the investments to zero-emission rail transport or, for certain broader categories, applies a ratio to the actual amounts to reflect the number of passenger kilometres on electrified tracks compared to the total number of passenger kilometres (electric and diesel). The actual ratio, confirmed by SNCB, is greater than 95.5%, but for reasons of prudence, a ratio of 95.5% has been applied.

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: new workshop in Oostende (civil engineering, installations, track works); renovation of roofs and refurbishment of a hall in Mechelen; train-wash, toilet emptying installation and inspection pit in Châtelet; service buildings and toilet emptying installation in Kinkempois; renewal of the inspection pits in Kortrijk; quad-voltage test stand in Salzinnes; replacement of machinery and various renovations; maintenance works;
- reception of clients: continuation of major projects in stations (Gent-Sint-Pieters, Mons, Mechelen, Kortrijk) and for the regional-express network around Brussels, various station redevelopment projects (Ans, Blankenberge, Charleroi-Central, Ciney, Diest, Groenendael, Hasselt, Luttre, Liège-Saint-Lambert, Rixensart, Visé, ...), raised platforms in 9 stations, creation of parking spots (bicycles + 2,660 / cars + 570), 6 additional stations accessible for people with reduced mobility...];
- digitalisation & process improvement: development of ticket & travel cards sales systems (e.g. flex abo on mobile app); product, pricing and sales engine; information security; passenger information; security applications; planning solutions for train drivers, train controllers and rolling stock;
- buildings and others: 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 BREEAM 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 2023, investments related to the continued management of the contract, studies and internal services prior to the execution of the work.

One of the main investment programmes continues to be the acquisition of M7 double-decker coaches, aimed at increasing capacity on the busiest lines. Within this budgetary framework, only the purchase of the M7s has been subject to an impact analysis, due to the availability of data.

SNCB/NMBS's new M7 rolling stock is a modern, high-performance piece of equipment that stands out for its superior speed, capacity and comfort. These trains are not designed to establish new rail links or increase the frequency of services, but to improve energy efficiency and reduce the carbon footprint of existing rolling stock. In fact, the M7s can reduce energy consumption by 20-30%⁴⁰ thanks to their superior efficiency compared with older trains at the end of their operational life.

In addition, the use of M7 trains on the busiest lines, particularly in Brussels, can considerably increase the capacity of these lines, responding to growing demand and improving service for passengers.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Clean transportation	6.1 Passenger interurban rail transport	Federal budget expenditures	Subsidies to SNCB (Belgian railways) – CapEx rolling stock purchase	214.9	✓	45.32
			Subsidies to SNCB (Belgian railways) – CapEx Reception of clients	73.0	✗	
			Subsidies to SNCB (Belgian)	53.2	✗	

⁴⁰ SNCB, internal calculations

			railways) – CapEx Workshop, Digitalisation, Railway buildings e.a.			
			TOTAL	341.2		45.32

IMPACT ASSESSMENT OF M7 RAIL CARS

The total avoided CO₂e emissions financed by the Green OLO 2023 over the lifetime of the M7 (45 years) amounts to 45.87 kt CO₂e.

PURCHASE OF M7 DOUBLE-DECK TRAINS		2023
Allocated amounts of Green OLO to M7 2023 [Mio EUR]		173.8
Improvement in energy efficiency of M7 trains (per seat)		25%
Avoided CO ₂ e emissions related to Green OLO over the lifetime of M7 trains [kt]		45.32

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

Infrabel, the Belgian rail network operator, plays a crucial role in managing the country's rail infrastructure. Previously, its operating costs were covered by the infrastructure fee paid by SNCB to Infrabel. This fee has now been partially replaced by a direct subsidy from the federal government. This subsidy is only taken into account if, in Infrabel's annual results, other income is sufficient to cover the company's staff costs, thus allowing the subsidy to finance other types of operating costs.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Clean transportation	6.14 Infrastructure for rail transport	Federal budget expenditures	Subsidies to Infrabel (rail network operator) - OpEx	187.8	X	
			TOTAL	187.8		

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

The federal government provides annual support for Infrabel's investment programme. As in previous years, contributions for investments in rail infrastructure, the ETCS (European Train Control System) safety system, the regional express rail network, as well as in feeder and high-speed trains, have been withheld in full. However, expenditure on production facilities is no longer considered eligible as 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	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Clean transportation	6.14 Infrastructure for rail transport	Federal budget expenditures	Subsidies to Infrabel (rail network operator) - CapEx - Capacity Maintenance	214.0	✓	172.53
			Subsidies to Infrabel (rail network operator) – CapEx ETCS	120.7	X	

			Subsidies to Infrabel (rail network operator) – CapEx Capacity extension & service improvement (capacity extension, reception, HST, GEN)	104.7	X	
			TOTAL	439.4		172.53

Examples of investments remain the same as in 2022:

- 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

Every year, Infrabel carries out maintenance work on the rail network, including track, overhead lines and signalling. These maintenance operations are crucial to guaranteeing the safety, reliability and comfort of the rail system. Without regular maintenance, the reliability and safety of the network would gradually deteriorate, leading to longer journey times on different sections of the system. Such a situation would lead passengers and freight operators to turn to other modes of transport, which are often more polluting than the train. Regular maintenance of the rail network is therefore essential to promote sustainable transport and reduce the negative environmental impacts associated with other means of transport.

When a section of the rail network is inadequately maintained, the average speed of trains on that section decreases, reducing the attractiveness of rail transport on that section. As a result, passengers and freight operators may switch to other, often more polluting modes of transport, such as cars, buses or lorries. Ideally, each section of the rail network should be fully renovated according to an annual programme. If a specific section does not receive the necessary investment for its renovation in a given year, it will not be compensated for in subsequent years. On the contrary, it will only be dealt with once all the other sections of the network have been renovated. In other

words, the non-renovated section will miss its 'maintenance round', thus affecting its reliability until the next 'maintenance round', which takes place after a period equivalent to the technical life of the equipment (tracks, catenaries, signalling), set at 40 years.⁴¹

The total avoided CO₂e emissions financed by the Green OLO 2023 over the lifetime of maintenance investment amounts to 172.53 kt CO₂e.

MAINTENANCE OF RAILWAY INFRASTRUCTURE	
Allocated amounts of green OLO 2023 [Mio EUR]	214.0
Avoided CO ₂ e emissions related to Green OLO 86 2023 over the lifetime of maintenance investments [kt]	57.92
Avoided CO ₂ e emissions related to Green OLO 96 2023 over the lifetime of maintenance investments [kt]	71.41
Avoided CO ₂ e emissions related to Green OLO 2022 over the lifetime of maintenance investments [kt]	43.20
Total avoided CO₂e emissions related to Green OLO 2023 over the lifetime of maintenance investments [kt]	172.53

4.1.5. TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION

The Belgian personal income tax code incorporates several incentives to promote the adoption of cleaner means of transportation. These fiscal benefits include the following three elements:

- Complete exemption of employer reimbursements for commuting expenses (for taxpayers who declare their professional costs on a lump sum basis) provided that the transfer is made by public transportation;
- Full exemption of bicycle allowances provided by employers for employees who commute by bicycle, subject to a maximum per kilometer limit;

- the tax deduction for the purchase of fully electric vehicles other than electric cars.

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 2023 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.

Impact assessments were performed on two out of three types of expenditures, supported by adequate data availability, and validated scientific assumptions, which were endorsed by experts in the transportation sector.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Clean transportation	6.3 Urban and suburban transport, road passenger transport	Federal budget expenditures	Tax exemption for employer reimbursement of costs for commute by public communal transport	130.3	✓	91.8
	6.4 Operation of personal mobility devices, cycle logistics		Tax exemption for employer payments for commute by bicycle	45.8	✓	20.9
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles		Tax deduction for the purchase of specific electric vehicles (not electric cars)	0.2	✗	
TOTAL				176.4		112.7

⁴¹ Infrabel, internal calculations

IMPACT ASSESSMENT – TAX EXEMPTION TO PROMOTE PUBLIC TRANSPORTATION

According to FPS Mobility figures⁴², in 2021 the large majority (64.6%) of commuting between home and work was done by car.

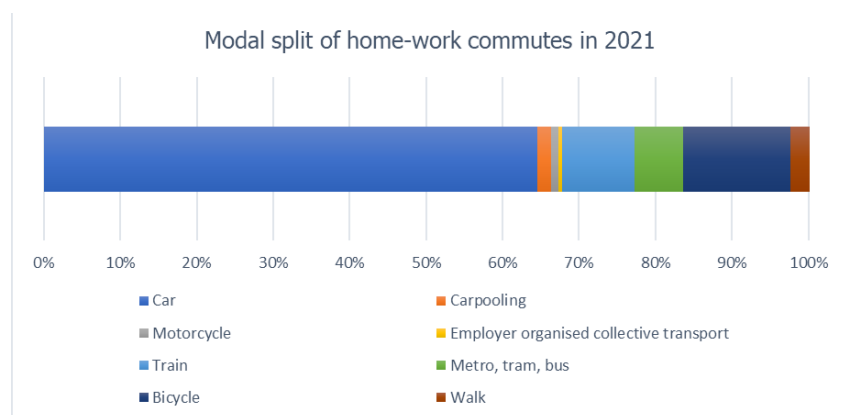


Figure 6 : Passenger transport per mode in Belgium, in 2019⁴³

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%⁴⁴ increase in the use of public transportation (including train, metro, bus, and tram) compared to situations where employers do not subsidize commuting expenses. The environmental impact of this policy is evaluated by comparing the current scenario, which includes a tax exemption for public transport, with a hypothetical scenario devoid of such tax benefits.

In the latter scenario, it is projected that a significant portion of the travel currently undertaken by public transport would be shifted to often more polluting alternative transportation modes. This analysis leverages the concepts of public transport

⁴² 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_corrigeandum.pdf, p.9.

⁴³ 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_corrigeandum.pdf, p. 9

demand elasticity in relation to cost, incorporating diversion factors used by the Federal Planning Bureau in their PLANET modelling tool.⁴⁵ These elements are crucial for assessing how changes in transportation preferences affect environmental outcomes.

The total avoided CO₂e emissions financed by the Green OLO 2023 amounts to 91.82 kt of CO₂e.

EXEMPTION FOR REIMBURSEMENT OF COMMUTING BY PUBLIC TRANSPORT	2023
Mpkm ⁴⁶ travelled by train due to policy	1864.93
Mpkm travelled by bus, tram and metro due to policy	661.04
Pkm travelled by bus, tram, metro due to policy from ex-car users [%]	50%
Pkm travelled by train due to policy from ex-car users [%]	82%
Avoided CO ₂ e emissions related to Green OLO 86 – 2023 [kt]	26.9
Avoided CO ₂ e emissions related to Green OLO 96 20223[kt]	33.17
Avoided CO ₂ e emissions related to Green OLO 2022 eligible expenses allocated in 2023 [kt]	31.75
Avoided CO₂e emissions related to Green OLO [kt]	91.82

IMPACT ASSESSMENT – BICYCLE ALLOWANCE

The scheme provides a full exemption for bicycle allowances given by employers to employees who commute by bicycle. The 2023 impact assessment has been performed as following. Firstly, the total amount of allowances received in 2023 was divided by the allowance rate of 0.27 euros per kilometer received by commuters. This calculation allowed for the estimation of the total kilometers commuted by bicycle under this policy.

Using these data, the emissions that would have been produced without the policy were assessed. This calculation employed elasticities, diversion factors, and emission

⁴⁴ SPF Mobilité et Transports. 2019. « Diagnostic fédéral sur les déplacements domicile-travail 2017-2018 »

⁴⁵ https://www.plan.be/uploaded/documents/201901111505430.WP-6-DC2019_PLANET_11848_F.pdf, p.8.

⁴⁶ Million Passenger Kilometer: Refers to the total distance traveled by passengers, aggregated to millions of kilometers.

factors for other modes of transportation that could have been used instead of the bicycle, including cars, motorcycles, trains, buses, trams, and the metro.

The total avoided CO₂e emissions financed by the Green OLO 2023 amounts to 20.93 kt of CO₂e.

BICYCLE ALLOWANCE		2023
Mpkm travelled by bicycle due to policy		402.9
Pkm travelled by bicycle due to policy from ex-car users [%]		40%
Avoided CO ₂ e emissions related to Green OLO 86 2023 [kt]		3.61
Avoided CO ₂ e emissions related to Green OLO 96 2023 [kt]		4.45
Avoided CO ₂ e emissions related to Green OLO 2022 eligible expenses allocated in 2023 [kt]		12.88
Total avoided CO₂e emissions related to Green OLO in 2023 [kt]		20.93

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 allows for an investment deduction, equating to a certain percentage of the purchase price of green investments. This amount can be immediately subtracted from the tax owed. Initially, two of the deductible investment categories were retained for the green bond scheme, i.e.:

- Energy-savings investment allowances:
 - o This refers to investments aiming at a more rational use of energy, improvement of industrial processes from an energy point of view and, more particularly, the recovery of energy in industrial sector.
 - o The deduction rate is currently 13.5%.
- Investment allowance for investments aiming at reuse of recipients:
 - o This applies to tangible capital assets intended exclusively to ensure the production process of reusable containers and the take-over in points of sale, temporary storage, routing to the bottling line or to a distribution center for sorting and cleaning, and sorting and cleaning for the transfer of the above-mentioned reusable containers to the respective bottling facilities.
 - o The deduction rate is currently 3%.

As of tax year 2022, a third and new category has been added to the investment deduction scheme, i.e.:

- Zero-carbon trucks and recharge infrastructure
 - o It concerns trucks with no carbon emissions and recharge infrastructure for hydrogen (blue, turquoise or green hydrogen), and electric recharge infrastructure relating to zero-carbon trucks.

- The deduction rate is 35% for investments made in 2022 or 2023. This investment deduction is limited to 60 million euro.

For further information, investment allowances (among which green investments allowances) are detailed in the Income Tax Code 1992, articles 68 to 77, 201, 207, 240, 528 and 530.

As presented in section 3.2 and 3.3, a methodological change in calculating the amounts communicated for the eligible tax deduction for green investments has been introduced since fiscal year 2021. The new calculation is more in line with the calculation of other tax expenditures, where it is examined to what extent this deduction has an impact on income from the corporate income tax for that specific year.

As explained, the methodological change led to a reduction of last year's allocation to the maximum available amount, meaning that only 2023 expenditures are now considered for allocation in 2023. These two elements explain the relatively small amount compared to previous years.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Energy efficiency / Circular economy	X	Federal fiscal expenditures	Increased tax deduction for green investments	10.5	X	
			TOTAL	10.5		

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).⁴⁷ It was designed to encourage consumer behaviour change to promote re-use through deposit refund systems and recycling by changing

⁴⁷ 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.

the relative prices of products. In practice, the reduced package charge affects glass packaging.

Reusable packaging is eligible for a reduced packaging tax if the beverage distributor using such packaging has applied for and received the necessary approval. To qualify as reusable, packaging must be refillable at least seven times, collected through a deposit system, and effectively reused.

The reduced tax revenue's impact is considered as eligible green expenditure, as it prevents pollution and contributes to the circular economy. This expenditure is detailed annually in the "Inventory of exemptions, deductions, and reductions that affect state revenue", which is an annex to the Federal Budget of Resources.⁴⁸ These allocations are estimated, as outlined in section 3.2.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Circular economy	X	Federal fiscal expenditures	Reduced package charge for using individual reusable drink packages	26.3	✓	95.0
			TOTAL	26.3		95.0

IMPACT ASSESSMENT

The reduced packaging charge aids in preventing waste generation, pollution, and greenhouse gas (GHG) emissions, while also contributing to the circular economy. By encouraging packaging reuse, it lessens pollution in comparison to manufacturing new

⁴⁸ <https://bosa.belgium.be/fr/themes/budget-et-comptabilite/le-budget-federal/chiffres-et-analyse>

packaging and conserves extracted materials, leading to multiple environmental advantages.

The evaluation of the reduced packaging charge was conducted in terms of avoided CO₂ equivalent emissions and avoided extracted raw materials. An estimation of reused containers (1000 Liters) was performed based on the applicable charges for reusable containers compared to non-reused containers.

The reduced packaging charge, related to the Green OLO, is estimated to have avoided in 2023:

- **95 kt of CO₂e;**
- **68 kt of sand;**
- **27 kt of lime;**
- **22 kt of caustic soda; and**
- **4 kt of glass released in the environment, which translates to approximately 17 million bottles being spared from ending up in the environment.**

REDUCED PACKAGING CHARGE FOR USING INDIVIDUAL REUSABLE BEVERAGE CONTAINERS		2023
Allocated amounts of Green OLO [M€]		26.3
Avoided CO₂e emissions related to Green OLO in 2023 [kt]		95.07
Avoided use of materials related to Green OLO in 2023[kt]:		
• Sand		67.7
• Lime		27.1
• Caustic soda		22.2
Avoided glass in the environment in 2023[kt]		4.3
Avoided glass in the environment related to Green OLO [M number of items]		17.2

4.2.3. CONTRIBUTIONS TO DEVELOPMENT COOPERATION

The Federal Public Service (FPS) Foreign Affairs, Foreign trade and Development Cooperation oversees the contributions to Development Cooperation. It bases its vision on current global environmental issues on the Development Cooperation Act.⁴⁹ 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.

Belgium's international climate action promotes and supports low-carbon, green, resilient, and equitable social-ecological-economic development. This includes integrated management, equitable access to, and restoration, protection, and conservation of natural resources, biodiversity, landscapes, and ecosystems. Belgium contributes to boosting the green transition in its partner countries. As a priority, its international action mobilizes resources for adaptation to the impacts of climate change, responding to the needs of its partner countries and their inhabitants. This includes (i) sustainable food systems, (ii) sustainable land use, (iii) biodiversity and ecosystems, and (iv) sustainable urban development.

Additionally, Belgium supports NDC (Nationally Determined Contribution) development and implementation, backing ambitious climate policies. Support is mainly provided in the form of grants, directed towards Africa and Least Developed Countries. Climate finance is provided through bilateral development cooperation and climate-specific multilateral funds such as the Green Climate Fund, Adaptation Fund, Least Developed Countries Fund, or specialized UN agencies.

Belgium has significantly upscaled its international climate finance in 2021. The federal government⁵⁰ raised its contribution from 70 million EUR to 100 million EUR, mainly by providing additional finance through multilateral funds, institutions, and partnerships. In line with longstanding strategies and priorities, the additional funds from 2021 to 2024 are allocated to programs and projects that strengthen climate policies in partner countries and support climate change adaptation in Africa. Within this broader scope, the following priorities, aligned with the expertise of Belgian Development Cooperation actors, guide the allocation of funds: aligning climate action with the protection, conservation, and sustainable management of biodiversity and ecosystems, promoting sustainable agriculture, and fostering sustainable urban development.

⁴⁹ https://etaamb.openjustice.be/fr/loi-du-19-mars-2013_n2013015084.html

⁵⁰ Belgium's international climate finance is shared between the federal Government and the 3 regions. Each has its own contribution to international climate finance.

Eligible expenditures under the category “Development Cooperation” include two main types of spendings:

- Multilateral funds (major part of expenses):
 - o Green Climate Fund (GCF)
 - o The Global Environment Facility
 - o Least Developed Countries Fund
 - o Specific funding for NDC Partnership, UNEP, UNDP Climate Promise, CGIAR, Central African Forestry Initiative
 - o Climate action with UNDP, FAO, UNHCR, UNESCO, UNCDF in several partner countries
- Bilateral development projects: several climate action projects in partner countries that all qualify under the Rio Marker 2, ensuring that biodiversity, desertification or climate change mitigation or adaptation are a principal objective of the project. Those projects are developed and managed in partnership with multilateral organisations (UNDP, UNCDF, UNESCO, UNHCR, FAO, etc.) or NGOs (Red Cross, ULB Cooperation, Trias, etc.).

A few examples among the many bilateral projects supported in 2023 illustrate the diversity of Belgian development cooperation:

- Strengthening the resilience of agricultural communities in border areas exposed to the adverse effects of climate change in Benin;
- Increased community resilience to health hazards especially for women and children in Tanzania;
- Towards social justice in the Philippines, driven by inclusive and sustainable family entrepreneurship;
- Protect and spare water for a better socio-ecological resilience in Northwest Haiti.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Renewable Energy / Living Resources and Land Use	X	Federal budget expenditures	Contributions to development co-operation	92.7	X	
			TOTAL	92.7		

4.2.4. GREEN INVESTMENTS BY SFPIIM

The Federal Holding and Investment Company (SFPIIM) centrally manages the federal government’s shareholdings, collaborates on specific government projects, and follows its own investment strategy to benefit the Belgian economy. When evaluating potential investments, SFPIIM considers compliance with environmental standards, such as active environmental protection, applying the precautionary principle to environmental challenges, and energy efficiency management.

As it can be seen on the image below, investments are oriented towards six sectors (Finance, aeronautics, health, impact, energy & utilities, and transport) with three major enablers; (i) sustainability, (ii) technology & infrastructure and (iii) innovation and new economy. Investments that directly support green and sustainable projects are selected and recognized as eligible for the Green OLO’s framework in the year the funds are disbursed.

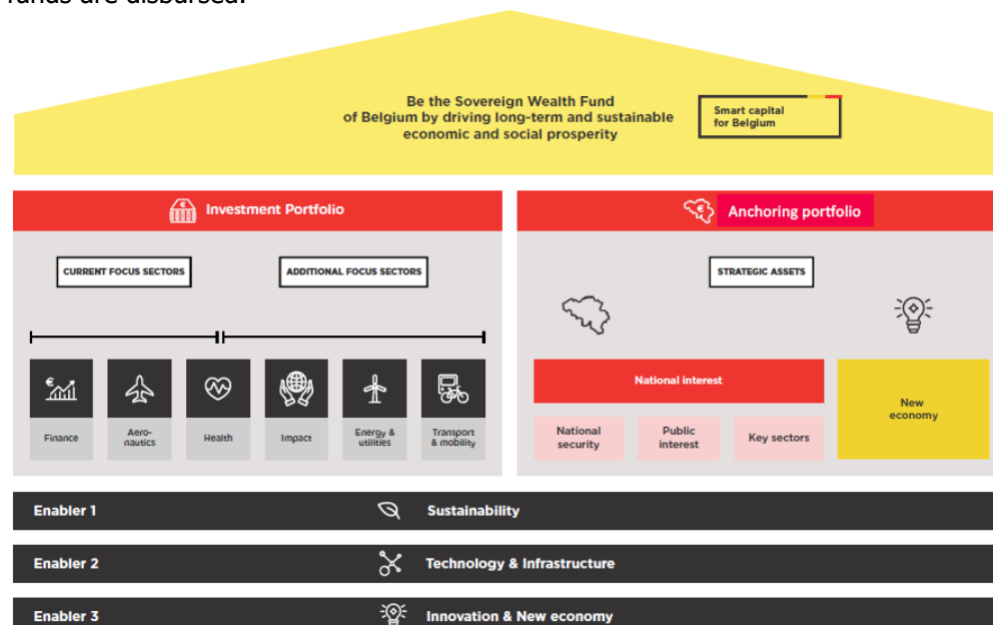


Figure7: One pager presentation of SFPIIM

These investments focus on enhancing energy efficiency in building construction, rehabilitating contaminated sites, developing clean transportation, providing water leak detection services, and supporting agri-foods and impact funds.

Examples of 2023 investments are:

- Lineas, largest private rail freight operator in Europe;
- Sparki, a super-fast charging solution;
- T2 Energy Transition development capital fund;
- Apeha Bio, sustainable agricultural products based on natural microorganisms;
- Solithor, new solid-state battery technology that are non-inflammable.

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Renewable energy / Living resources and Land use	X	Investments by federal government agencies	Green investments by SFPIM	38.2	X	
			TOTAL	38.2		

4.2.5. GREEN INVESTMENTS BY BIO

The Belgian Investment Company for Developing Countries (BIO) is a private company with capital owned by the Belgian State through the FPS Development Cooperation. It aims to bolster a robust private sector in developing and/or emerging countries. This support is intended to help these countries access growth and sustainable development within the framework of the Sustainable Development Goals.

BIO directly invests in private sector projects, making a structural contribution to the socio-economic advancement of these host countries. Its mandate includes strict criteria regarding geographical targets, financing tools, and, above all, impact on development. A significant challenge for Development Finance Institutions (DFIs) like BIO is to ensure financed companies recognize and understand that good governance, along with strong environmental and social performance, are crucial for their success, and must be integrated into their strategic planning on a permanent base. BIO considers environmental and social impacts throughout the project's lifecycle and

integrates principles of good practice at every level, from business strategies to daily decision-making.

Under the Green OLO Framework, disbursements in the form of loans for renewable energy projects, including solar and hydro projects under 25 MW, or participations in renewable energy funds, are recognized as eligible green expenditures.

Projects financed in 2023 include:

- a company installing, owning and operating solar production plants and selling electricity to clients in India and South Africa;
- SUSI Asia Energy Transition Fund, a private equity infrastructure fund focused on Southeast Asia.
- Frontier Energy II, a private equity investment fund with a focus on developing, constructing and operating renewable energy assets across East Africa;
- MSEF II, a green infrastructure private equity fund targeting renewable energy opportunities and energy efficiency in Latin America and the Caribbean;

ICMA GBP Category	EU taxonomy activity	Type	Detail	Allocated amount (Mio EUR)	Impact	Assessment (kt CO ₂ e)
Renewable energy	X	Investments by federal government agencies	Green investments by BIO	5.2	X	
			TOTAL	5.2		



5
TABLES

5.1 ALLOCATION TABLE

Green OLO: allocation reporting 2023					Expenditure amounts 2023 (Mio EUR)		Allocated amounts 2023 (Mio EUR)		Allocated amounts 2023 (Mio EUR)			
Expenditures	FPS / Entity	Green Bond Principle	Green Sector	Type of Expenditures	2023	F ^(inal) /E ^(stimate)	2022	2023	Expenditures 2022		Expenditures 2023	
							Previous		OLO 86	OLO 96	OLO 86	OLO 96
SUBSIDIES TO THE SNCB (BELGIAN RAILWAY EXPLOITATION)	FPS Mobility and Transport	Climate change	Clean Transportation	Operating expenditure	531.3	F	46.3	199.2	20.7	25.5	89.2	110.0
SUBSIDIES TO THE SNCB (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Investment expenditure	738.3	F	64.4	276.7	28.9	35.6	123.9	152.8
SUBSIDIES TO INFRABEL (EXPLOITATION PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Operating expenditure	409.7	F	34.2	153.6	15.3	18.9	68.8	84.8
SUBSIDIES TO INFRABEL (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Climate change	Clean Transportation	Investment expenditure	941.2	F	86.6	352.8	38.8	47.8	158.0	194.8
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	FPS Finance	Climate change	Clean Transportation	Tax expenditure	397.0	E	58.9	117.5	26.4	32.5	52.6	64.9
INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS	FPS Finance	Climate change	Energy Efficiency/ Circular Economy	Tax expenditure	35.3	E	0.0	10.5	0.0	0.0	4.7	5.8
REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	FPS Finance	Natural Ressources	Circular Economy	Tax expenditure	54.8	F	5.7	20.5	2.6	3.2	9.2	11.3
CONTRIBUTIONS TO DEVELOPMENT COOPERATION	FPS Foreign Affairs, Foreign Trade and Development Cooperation	Biodiversity Climate Change	Renewable Energy/ Living Resources and Land Use	Investment expenditure	104.0	F	53.7	39.0	24.1	29.7	17.5	21.5
GREEN INVESTMENTS BY THE SFPI-FPIM	SFPI-FPIM	Natural Ressources Climate Change	Renewable Energy/ Living Resources and Land Use / Clean Transportation / Circular Economy / Energy Efficiency	Investment expenditure	82.3	F	7.3	30.9	3.3	4.1	13.8	17.0
GREEN INVESTMENTS BY BIO INVEST	Bio-Invest	Climate change	Renewable Energy	Investment expenditure	11.3	F	1.0	4.2	0.4	0.5	1.9	2.3
TOTAL					3,305.1		358.2	1,204.8	160.4	197.8	539.6	665.2

	Item	Expenditures	FPS / Entity	Type of Expenditures	Climate Change	Natural Resources	Biodiversity	Clean Transportation	Living Resources and Land Use	Renewable Energy	Circular Economy	Energy Efficiency
Clean transportation Expenditure	4.1.1	SUBSIDIES TO THE SNCB (BELGIAN RAILWAY EXPLOITATION)	FPS Mobility and Transport	Operating expenditure	245.4			245.4				
	4.1.2	SUBSIDIES TO THE SNCB (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Investment expenditure	341.2			341.2				
	4.1.3	SUBSIDIES TO INFRABEL (EXPLOITATION PROGRAMME)	FPS Mobility and Transport	Operating expenditure	187.8			187.8				
	4.1.4	SUBSIDIES TO INFRABEL (INVESTMENT PROGRAMME)	FPS Mobility and Transport	Investment expenditure	439.4			439.4				
	4.1.5	TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	FPS Finance	Tax expenditure	176.4			176.4				
Other Expenditures	4.2.1	INCREASED TAX DEDUCTIONS FOR GREEN INVESTMENTS	FPS Finance	Tax expenditure	10.5							10.5
	4.2.2	REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	FPS Finance	Tax expenditure		26.3					26.3	
	4.2.3	CONTRIBUTIONS TO DEVELOPMENT COOPERATION	FPS Foreign Affairs, Foreign Trade and Development Cooperation	Investment expenditure	91.5		1.2		92.7			
	4.2.4	GREEN INVESTMENTS BY THE SFPI-FPIM	SFPI-FPIM	Investment expenditure	30.0	8.2		5.9	2.4	3.0	25.7	1.2
	4.2.5	GREEN INVESTMENTS BY BIO INVEST	Bio-Invest	Investment expenditure	5.2					5.2		
TOTAL					1,527.4	34.4	1.2	1,396.0	95.1	8.2	51.9	11.7

5.2 IMPACT TABLE

Expenditures	Allocated amounts 2023 (Mio EUR)	Period covered by the assessment	Assessed Impact	Assessment (kt CO ₂ e)
SUBSIDIES TO THE SNCB – CAPEX (M7 PURCHASE)	173.8	Impact all over the lifetime of M7 trains (45 years)	Avoided GHG emissions	45.32
SUBSIDIES TO INFRABEL – CAPEX (MAINTENANCE OF RAILWAY INFRASTRUCTURE)	214.0	Impact over the lifetime of maintenance investments (40 years)	Avoided GHG emissions	172.5
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION – PUBLIC TRANSPORT	130.3	2023	Avoided GHG emissions	91.8
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION – BICYCLE	45.8	2023	Avoided GHG emissions	20.9
REDUCED PACKAGE CHARGE FOR USING INDIVIDUAL REUSABLE DRINK PACKAGES	26.3	2023	Avoided GHG emissions	95
			Avoided extracted materials (caustic soda, sand, limestone)	117
			Avoided glass in the environment	4
TOTAL	590.2			Avoided GHG emission equivalent: 425.7

5.3 SDG'S MAPPING OF THE EXPENDITURES

Expenditures	Assessed impact	Contribution to the SDG's												
		1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS
SUBSIDIES TO SNCB (OPEX)	-		X			X	X		X		X			
SUBSIDIES TO SNCB (CAPEX)	Partially		X			X	X	X	X		X			
SUBSIDIES TO INFRABEL (OPEX)	-		X			X	X		X		X			
SUBSIDIES TO INFRABEL (CAPEX)	Partially		X			X	X		X		X			
TAX EXEMPTIONS AND DEDUCTIONS TO PROMOTE CLEAN TRANSPORTATION	Partially		X		X	X	X	X	X		X			
INCREASE TAX DEDUCTIONS FOR GREEN INVESTMENTS	-		X		X	X	X			X	X			
REDUCED PACKAGE CHARGE	Fully								X	X	X		X	
GREEN INVESTMENTS BY THE SFPI-FPIM	-				X	X	X		X		X		X	
GREEN INVESTMENTS BY BIO INVEST	-	X	X	X	X	X		X			X		X	X
CONTRIBUTIONS TO DEVELOPMENT COOPERATION	-	X	X	X	X	X		X			X	X	X	X



6
**ATTESTATION BY
EXTERNAL
AUDIT FIRM**



Independent Auditor's Limited Assurance Report to the Strategic Committee of the Belgian Debt Agency on the Allocation Table included in the Green OLO Allocation & Impact Report 2023

To the Strategic Committee of the Belgian Debt Agency

Conclusion

We have performed a limited assurance engagement on the Belgian Debt Agency's (hereafter "BDA" or "the Agency") allocated Green OLO proceeds to eligible expenditures (together "the Selected Information"):

- 2022 allocated Green OLO proceeds amounting to 358,2 million EUR (page 31)
- 2023 allocated Green OLO proceeds amounting to 1.204,8 million EUR (page 31)

as included in the Green OLO Allocation & Impact Report 2023 ("The Report"), has been prepared 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"):

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 Criteria.

We do not express a conclusion or any form of assurance on other information in BDA's Green OLO Allocation & Impact Report 2023 that is not subject to our limited assurance engagement.

In addition, our assurance conclusion excludes the following areas:

- 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>; and
- The accuracy of the allocation of the Green OLO proceeds by type of expenditure, entity, sector or climate related challenge or goal.

Basis for conclusion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the 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 believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities for the Selected Information

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

- designing, implementing, and maintaining internal control relevant to the preparation of the Report and the Selected Information contained therein that is free from material misstatement, whether due to fraud or error;

- selecting and developing suitable Criteria for preparing the Selected Information and appropriately referring to or describing the Criteria used;
- selecting and applying policies, making judgements that are reasonable in the circumstances and maintaining adequate records in relation to the Report and the Selected Information contained herein; and
- preparing and properly calculating, the Selected Information in accordance with the Criteria.

Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Strategic Committee of the BDA.

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Information that is sufficient and appropriate to provide as a basis for our conclusion. Our 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 carrying out our engagement,

- we have considered the process used to prepare the Report and the Selected information contained therein;
- We evaluated the appropriateness of the applicable Criteria used and other relevant procedures, including the reasonableness of 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 for consolidating the Selected Information;
- Inspecting relevant internal and external documentation, on a limited test basis, in order to evaluate 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.

Antwerp, 8 July 2024

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

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7
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