

The energy to connect



Integrated
Annual Report
2013

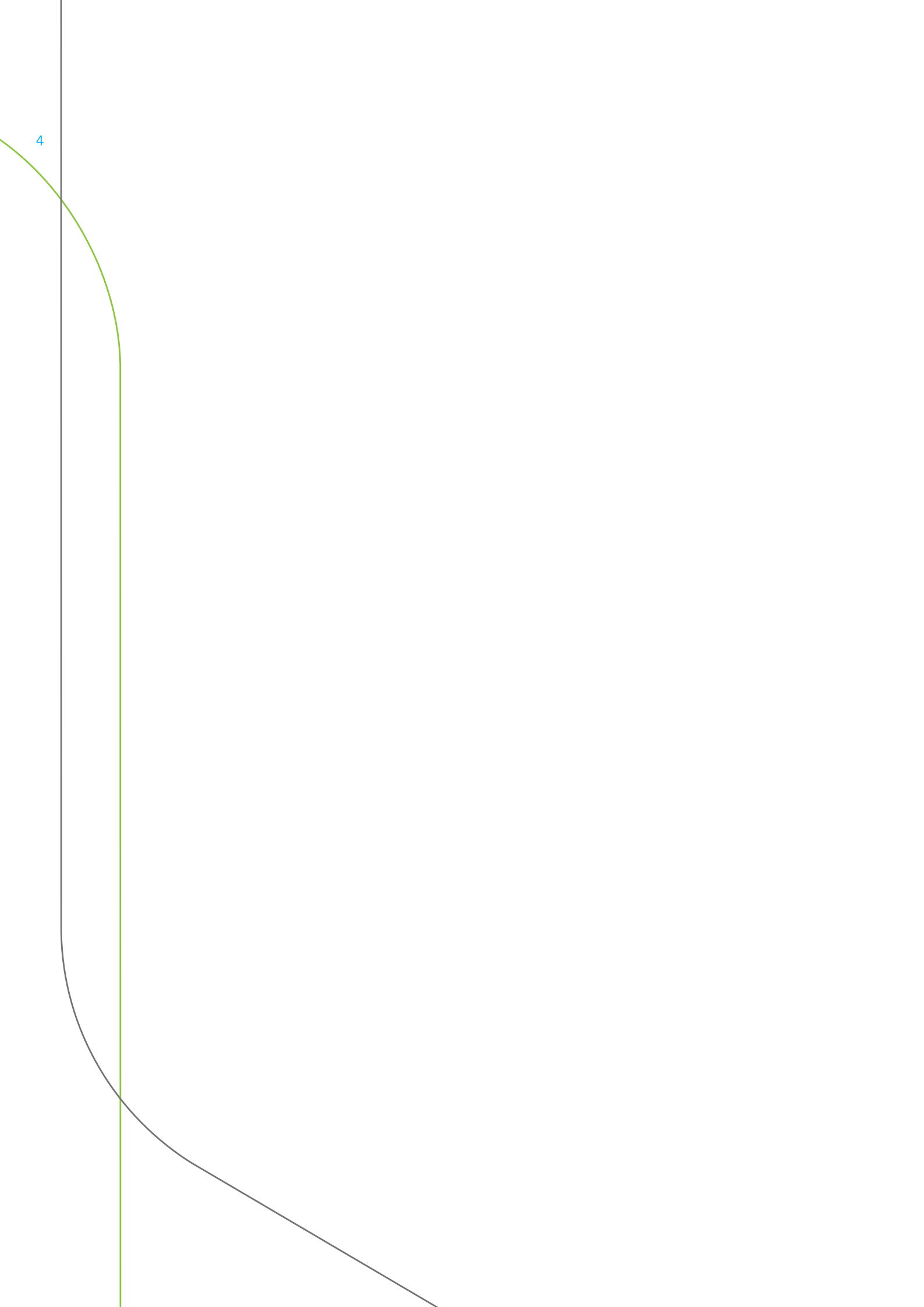
Integrated Annual Report 2013



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Foreword by the Executive Board

In 2013, the energy world again saw a number of significant changes. In the Netherlands, a widely supported energy agreement was reached last year, and the earthquakes in the north of the country as a result of gas production received a good deal of attention. Meanwhile, in Germany, the Energy Transition (“*Energiewende*”) resulted in a new record in 2013 in terms of sustainable energy generated in that country so far. In addition, in many European countries, the production of shale gas was hotly debated. The pace of change is rapid, but what remains is the demand for a reliable, sustainable and affordable supply of energy. We are convinced that gas and gas infrastructure can continue to play an important and connecting role in the provision of energy of the future.

Gasunie’s position in Europe

The gas market is an international one. Thanks to our extensive network in the Netherlands and Germany, as well as our connection to the market for liquefied natural gas (LNG) through the Gate terminal, gas can find its way from all parts of the world to north-west Europe. Building on our strong position in cross-border gas infrastructure, we play an important part in the current European energy supply. And we aim to continue to play this role in enabling the transition towards a sustainable, reliable and affordable energy future for the Netherlands and for Europe as a whole.

New sustainable applications of gas

In 2013, a number of important steps were taken in using gas to achieve a cleaner and more sustainable supply of energy. Gas in the form of LNG is ideally suited, for instance, as a cleaner alternative to diesel fuel for heavy goods vehicles and ships. Next to Gate terminal on the Maasvlakte, we recently opened (with our partner, Vopak) a facility for filling LNG road tankers, and loading and unloading small LNG vessels. There are plans to expand the facilities for small-scale LNG distribution in the form of a break-bulk installation.

We also continued to see growth in the large- and small-scale generation of sustainable energy. The development of ‘power-to-gas’ could create an important new link between the electricity and gas networks. Thanks to the unique storage possibilities offered by gas infrastructure, any excess of sustainably generated energy can be collected and stored in the form of hydrogen gas.

The importance of our infrastructure for society

In its Policy on Government Participations published in October 2013, the Dutch government indicated that it attached great value to securing the public interests represented by the State’s participation. Gasunie manages essential infrastructure, and the public must be able to count on the transport of gas being safe, reliable and affordable. Our transport rates are among the lowest in Europe, and the high liquidity of our gas trading platform TTF has a favourable effect on price developments and on the security of supply.

Trustworthy international hub

The importance of having a well-functioning gas infrastructure for a reliable energy supply was again underscored in early 2013. The long winter in north-west Europe led to a great demand for natural gas. Our network functioned as an international hub, and in this way was able to continue to supply the Netherlands' surrounding countries with gas. The volume of gas transported through the Netherlands to other countries was 13% more than the previous year – an all-time record for us.

Our results

Our net result for 2013 was € 464 million (2012: € 359 million), and with a dividend payment of € 325 million (2012: € 215 million), we were able to make a substantial financial contribution to the Dutch treasury. The dividend payment for this year has been increased to 70% of the result after taxes, due to the one-off release of part of a pension provision in 2013. Our revenues increased, partly due to a number of new network facilities becoming operational, such as the nitrogen buffer at Heiligerlee. In addition, the results also benefited from our continued focus on lowering operating costs and increasing efficiency.

In 2013, we met and, in fact, exceeded our targets relating to security of supply. However, we failed to meet certain targets relating to safety. We deeply regret that, in November 2013, a fatal accident occurred involving one of our contractors during the laying of a pipeline. We have taken measures to improve our safety performance and restore it to the desired level. Safety – both for employees and for the communities in which we work – remains our highest priority.

Earthquakes

There is currently considerable commotion in the Dutch energy world. Earthquakes resulting from gas production in the north of the country have led to a clash between economic and social interests. We believe that the government needs to pay serious attention to the safety and rights of the inhabitants affected and to compensate them for damage caused. In particular, the government should reduce the chances of any recurrence, minimise the consequences of any recurrence, and strengthen the economic power of the region. The Minister of Economic Affairs has already taken a number of steps. Key aspects are security of supply and public confidence in gas production.

A national energy agreement in the Netherlands

In 2013, the national energy agreement for sustainable growth came into being under the auspices of the Social Economic Council. In reaching this agreement, the government, employers and trade unions, environmental organisations and other social groups jointly took an important step. The agreement, which enjoys wide support, focuses on renewable energy sources, such as wind and solar power, mapping out a steady course towards a sustainable energy future. Gasunie is convinced that gas will continue to play a part in the energy mix of the future. With gas as the cleanest fossil fuel, combining flexibly with energy from sustainable sources, we can make the transition to a renewable supply of energy reliable and affordable. This will require close cooperation between the operators of gas and electricity networks and supply chain partners, at both EU and regional level. We will be doing our best to bring this about in the coming years.

Connecting through cooperation

As a member of Netbeheer Nederland, we have helped to draw up the Dutch Renewable Energy Action Plan 2030. The main objectives for the energy network of the future are added value, better usage and smart expansion. In this way, the energy system can be adjusted to meet future requirements relating to flexibility and large quantities of renewable energy, while reliability and safety remain guaranteed.

We are also participating in international efforts to establish a sustainable energy supply. Working together with network operators in France, Belgium, Denmark and Sweden, for example, we have launched an initiative to make the provision of gas CO₂-neutral by 2050. In this, we focus on reducing emissions and further developing power-to-gas, break-bulk LNG and green gas.

We will also be increasing our efforts within the company to facilitate the energy transition. In early 2014, we set up a special department to coordinate and encourage projects in this field. Where possible, we shall undertake such projects jointly with others.

Society relies on gas and counts on it to be always available. Over the past 50 years, we have worked hard to build up this trust, and we will continue to do so. Gas plays an important role in a reliable, sustainable and affordable energy supply.

Han Fennema, CEO Gasunie

Our organisation

In 2013, there were a number of changes in the membership of the Executive Board and the Supervisory Board. On 23 April 2013, we took leave of three members of the Supervisory Board, and are very grateful to them for all the work they have done for Gasunie over the years. On 1 October 2013, we welcomed Martika Jonk and Willem Schoeber as members of the Supervisory Board.

On 1 September, Paul van Gelder left Gasunie, and he was succeeded by Geert Graaf as interim CEO. On 1 March 2014, Geert handed over to the new CEO, Han Fennema, and left the company. We are very grateful to both Paul and Geert for the sizeable contributions they have made to Gasunie's success.

Stakeholders

If we are to achieve our goals, it is vital that we maintain a harmonious relationship with those with whom we live and work. We therefore maintain close links with many of our stakeholders, and continuously seek to balance the interests of all. As part of that endeavour, we aim to communicate transparently and coherently about what we do. This is why, for the first time, we are issuing our account of Gasunie's activities over the past year in a single, integrated report.

We wish to express our appreciation and gratitude to our employees for their commitment over the past year. Our plans for 2014 and the years thereafter are ambitious. But thanks to the tireless efforts and professional qualities of our employees, we are in an excellent position to realise them.

Han Fennema (CEO)

René Oudejans (CFO)

'We believe that we serve our customers best with innovative gas infrastructure solutions'



About Gasunie

Profile

Gasunie is one of the largest gas infrastructure companies in Europe. Our network annually conveys approximately 125 billion cubic metres of natural gas (1,221 billion kWh) – almost a quarter of the total gas consumption in the European Union. We are the first European gas transport company with a cross-border network. This network consists of more than 15,500 kilometres of pipeline in the Netherlands and Germany, connections to national and international pipeline systems, hundreds of installations and approximately 1,300 gas receiving stations.

We are aware of the important role we play in society with respect to ensuring safe and reliable gas transport, thereby guaranteeing part of the energy supply.

We manage and develop gas infrastructure and gas trading points: gas transport networks, international transit pipelines, gas storage, an LNG terminal and the virtual gas trading points TTF (the Netherlands) and GASPOOL (Germany). All this forms the basis for the services we provide to our customers, enabling us to contribute to a liquid, competitive and reliable European energy market. Through our infrastructure and services, we connect our domestic market with the rest of the European gas market. By making optimal use of gas and LNG in the supply chain, we contribute to the development of a sustainable supply of energy. Our network functions increasingly as an international hub in the throughput of gas.

We occupy an independent position in relation to production companies and/or suppliers and apply an open-access model: our infrastructure is available to all our customers on equal conditions, and our services are transparent and non-discriminatory. Our customers are gas producers, shippers, traders, distribution companies and sizeable end-users, such as power stations and large industries.

At year-end 2013, we had 1,731 employees, distributed over more than 30 locations in the Netherlands and North Germany, and with agencies in The Hague, Berlin, Brussels and Moscow. Our headquarters are in Groningen, and our main office in Germany is located in Hanover. We make an important contribution to employment opportunities through the contractors and subcontractors in the Netherlands and Germany whom we hire to work on our projects.

The Dutch State is our only shareholder.

Mission

Gasunie is a leading European gas infrastructure company. We serve the public interest, offer integrated transport and infrastructure services to our customers and adhere to the highest safety and business standards. We focus on short- and long-term value creation for our shareholder(s), other stakeholders and the environment.

Vision

We believe in a sustainable future with a balanced energy mix and a lasting role for diversified gas. We believe that we serve our customers best with innovative gas infrastructure solutions.

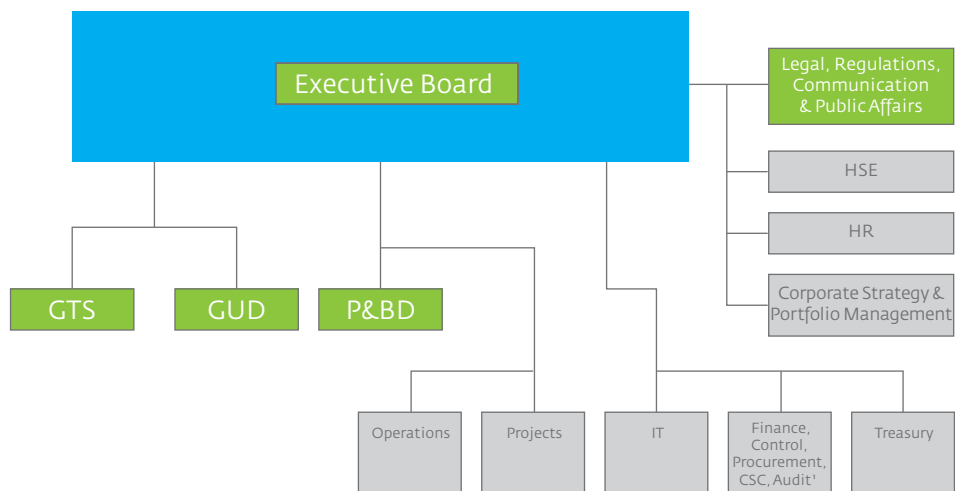
Organisational structure

We have two subsidiaries that manage the gas transport grid: Gasunie Transport Services (GTS) in the Netherlands and Gasunie Deutschland in Germany. These subsidiaries are managed as business units of the holding company.

Our third business unit, Participations & Business Development, develops and manages non-regulated or partially regulated activities. These activities support the liquidity and operation of the gas market in the areas where we are active, and also contribute to the exploitation of the networks of GTS and Gasunie Deutschland. The core activities of Participations & Business Development are gas storage, an LNG peak installation, transport through international sea pipelines, a terminal for the import of liquefied natural gas (LNG), and our share in the gas exchange ICE Endex. In providing these activities, we compete with other providers.

Our subsidiary Vertogas acts as a certification agency for green gas. It issues certificates which guarantee the sustainable origin of green gas and make sustainable production methods transparent and demonstrable.

Organogram



¹⁾Audit has direct access to CEO

■ Executive Board ■ Executive Committee ■ Management Team

Business model

The three business units have different business models. The business models of GTS and Gasunie Deutschland are largely similar. The activities of GTS and Gasunie Deutschland are both regulated, in contrast to those of Participations & Business Development, which are not or only partially regulated.

The core activity of GTS and Gasunie Deutschland is the transport of gas in the Netherlands and North Germany respectively. Both companies are fully independent Transmission System Operators (TSOs). Their income and returns are regulated by national regulatory authorities, the Dutch Authority for Consumers and Markets (ACM) in the Netherlands and the *Bundesnetzagentur* (BNetzA) in Germany.

A major focal point for our future is facilitating, stimulating and developing the transition towards a sustainable energy system. In this, we focus on innovations (e.g., in the field of green gas and power-to-gas) and new product/market combinations for natural gas (e.g., utilising LNG in the maritime and transport sector). These new activities should generate extra income and contribute to making optimal use of our existing gas infrastructure activities. These activities are being developed by the business unit Participations & Business Development.

Our revenues are almost entirely generated from activities relating to the gas infrastructure.

GTS's business model

In its service provision, GTS focuses on selling the available capacity in a reliable network with competitive conditions. Customers enter into contracts which allow them to book capacity at certain entry or exit points in the network, for a certain period (year, month or day). Customers can feed gas into the network at entry points, and they can retrieve gas from the network at exit points. For all services, customers pay an all-in tariff for the capacity booked. This capacity tariff entitles customers to feed gas into and retrieve gas from the relevant network point for the period that has been agreed. There is no tariff for actual usage of the network point. Customers can trade gas amongst themselves at a virtual market place called Title Transfer Facility (TTF). A liquid and competitive capacity market is important to GTS, because it makes the GTS infrastructure more attractive to its customers.

The GTS network forms part of the European gas network. It competes with other networks with regard to transport of international gas flows.

Costs

The variable costs that GTS makes for using the capacity booked by its customers consist mainly of energy costs, i.e., gas and electricity for compressors to transport the gas, and electricity for producing nitrogen to blend the gas to the right quality. These variable costs, also referred to as uncontrollable costs, form part of the all-in capacity tariff.

Retroactive settlement

In a year with an unusually cold winter, it can happen that GTS's revenues do not actually increase significantly, because customers have already booked their winter capacity. However, the actual energy costs of transporting larger volumes of gas in a cold winter do increase, leading to a lower operating result. Conversely, an unusually mild winter leads to lower energy costs.

These energy costs are subject to a system of retroactive settlement, with a limited risk for GTS, allowing these uncontrollable fluctuations in the operating result to be corrected in a later year. In compliance with current IFRS rules, in the annual accounts of GTS, no accounts payable or receivable have been included for these settlements with regard to energy costs (which may be either positive or negative depending on whether the winter is unusually mild or extremely cold).

Tariffs

The tariffs that GTS charges its customers are regulated. They are determined according to the ACM calculation rules. As of 2014, a system of income regulation will be applicable: the tariffs are calculated by dividing the permitted revenues by the estimated capacity bookings. If the actual revenues deviate from this, the difference will be settled in later years. The permitted revenues are based on 'cost-plus regulation': GTS is allowed to earn back the efficiently incurred capital costs and operational costs, including a return that is in line with the market. The permitted capital costs are derived from the 'regulated asset value', which is also referred to as 'regulated asset base' (RAB), while the permitted operational costs consist mainly of costs for planning, metering and billing, management and maintenance, and the uncontrollable energy costs mentioned above.

Investments and return

The design and use of the network determine the total available capacity. GTS is legally bound to invest efficiently in sufficient transport capacity in order to be able to satisfy the total market needs. To this end, the legal point of departure is that the gas supply for small-scale users in the Netherlands is guaranteed for a day with an average effective temperature over 24 hours as measured at the Royal Netherlands Meteorological Institute in De Bilt of minus 17°C.

New investments – if they are deemed to be efficient by ACM – are added to the RAB, and contribute to the revenues as of the year after becoming operational.

In 2013, ACM laid down for a period of three years (2014–2016) the method by which GTS is to be regulated. The main parameters defining this method of regulation are:

- ▶ CPI: the tariffs may be indexed annually on the basis of inflation, in line with the Consumer Price Index.
- ▶ The WACC: (Weighted Average Cost of Capital): the allowed return on the regulated asset value. For the years 2014–2016, ACM has set the real pre-tax WACC at 3.6%. This is based on a 50/50 equity to debt ratio, a nominal cost base for loans of 3.85%, and a nominal return on equity of 5.6%.

- ▶ The productivity improvement to be realised during the regulation period on the total operational and capital costs, excluding uncontrollable costs. For the years 2014–2016, this productivity improvement (or frontier shift) has been set at 1.3% per year. For the current regulation period, ACM has not conducted an individual efficiency benchmark survey for GTS, but it intends to do so in the next regulation period.

In practice, GTS can achieve a higher or lower return compared to the return on efficiently incurred costs determined by ACM. This depends on the level of the actual costs.

Gasunie Deutschland's business model

The business model of Gasunie Deutschland is largely identical to that of GTS. The main differences between the Dutch and the German regulation models are as follows:

- ▶ The permitted return on capital consists of the real interest costs and a competitive return on equity, up to a maximum share of 40% of equity in the total capital. The permitted nominal return on equity for all investments is on average approximately 7.4% for the current regulation period (from 2013 up to and including 2017).
- ▶ New investments receive a return on capital from the beginning, and immediately contribute to revenues.
- ▶ For each regulation period, BNetzA carries out an individual efficiency benchmark on the total costs of a network company. For the current regulation period 2013–2017, Gasunie Deutschland has received an assessment rating of '100% efficient'.

Participations & Business Development's business model

Participations & Business Development's activities are – like the activities of GTS and Gasunie Deutschland – capital intensive and relate mainly to gas infrastructure.

The main activities have been allocated to separate participations, which often cooperate with external partners. These include, amongst others, the LNG terminal in Rotterdam (Gate), the pipeline to England (BBL), Nord Stream and the underground gas storage facility Zuidwending.

The operating risks and profitability targets of these activities are higher than those of fully regulated activities, because the participations compete in the free market.

Investments

The construction of new infrastructure does not start until we have signed commercial sales contracts for a sufficiently long period. These contracts form the basis for the earning capacity of the participations. We try to further improve the return on these activities by means of additional contracts.

Revenue flow

Customers buy capacity and thereby also the right to utilise the infrastructure during the contracted period.

For these participations, we also apply the 'open-access infrastructure' policy: as an independent party, we provide services to our customers in a non-discriminatory and transparent way. We construct and operate infrastructure, but we do not participate in activities in the field of the upstream supply, trade and downstream delivery of gas or LNG. In this way, we can, with our participations, facilitate a well-functioning gas market and gas trade.

The LNG terminal in Rotterdam (Gate), the pipeline to England (BBL) and the underground gas storage facility (Zuidwending) all have to deal with legal regulatory frameworks and regulators. For instance, we need prior consent for providing services outside the regulatory frameworks through our participations. Usually, a term is agreed on during which such an exemption from regulation for certain aspects is allowed. After this period, we will carry out part of our services within regulated frameworks. European legislation to facilitate a well-functioning European gas market therefore affects the business model of Participations & Business Development.

Participations & Business Development is looking for opportunities to develop new, profitable activities. These should be activities that contribute to Gasunie's strategy of supporting the functioning of the gas market and realising the transition towards a sustainable energy system.

Participations

We participate, usually in cooperation with other parties, in a number of projects that contribute to the security of supply in the field of gas in Europe. The most important of these are mentioned below.

Gate

The increasing need for natural gas combined with declining European production requires additional import. That is why we participate in Gate (Gas Access To Europe). This terminal, located on the Maasvlakte in Rotterdam, is the first import terminal for liquefied natural gas (LNG) in the Netherlands. At the terminal, LNG is stored, regasified and pressurised for distribution to the Dutch gas transport network. Gate allows quick access to the large nearby potential consumer markets for natural gas in north-west Europe. Gasunie's interest in the terminal is 47.5%.

Nord Stream

Nord Stream is a pipeline through the Baltic Sea that connects Russia with Europe. It has provided the European pipeline network with an extra connection to gas flows from Russia, thus contributing to a stable gas supply in Europe. Our interest in Nord Stream is 9%.

NEL

The *Nordeuropäische Erdgas Leitung* (NEL) is the connecting pipeline between Nord Stream and our German network. It allows gas from Russia to flow directly into our network. Our interest in this pipeline is 25.13%.

BBL

BBL is a pipeline from Balgzand in the Netherlands to Bacton in the UK. The pipeline contributes to a stable supply of gas in the United Kingdom, which to a large extent depends on imported gas for its gas supply. Gasunie has an interest of 60% in BBL.

Gasunie Zuidwending

This facility for underground gas storage compensates for short-term fluctuations in the supply and demand of natural gas. The high flexibility of this buffer is important for balancing the portfolios of the Zuidwending customers and the GTS network. This gas storage is unique in the Netherlands – never before was natural gas stored here in underground layers of salt. We have a 100% interest in Gasunie Zuidwending.

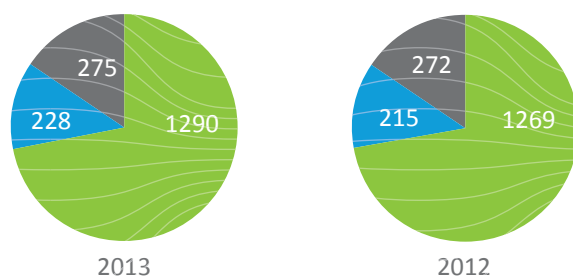
Key figures

In millions of euros	2013	2012
Profit and loss account		
Reported		
Income	1,527	1,506
EBITDA	1,089	941
Result after taxes	464	359
Proposed dividend	325	215
Normalised¹		
Income	1,733	1,696
EBITDA	1,204	1,131
Result after taxes	551	501
Balance sheet		
Fixed assets	10,258	9,944
Equity	5,214	4,857
Balance sheet total	10,606	11,073
Invested capital ²	9,161	8,675
Net debt including guarantees	5,182	5,300
Cash flow statement		
Cash flow from operating activities	668	935
Cash flow from investing activities	(659)	(510)
Cash flow from financing activities	(831)	416
Ratios²		
ROIC (normalised)	7.6%	7.7%
ROE (normalised)	10.6%	10.3%
FFO/interest ratio	4.4	4.2
Net debt including guarantees/fixed assets	56%	59%
Controllable Costs	364	383
Credit Ratings		
Standard & Poor's	A+	AA-
Moody's Investors Service	A2	A2

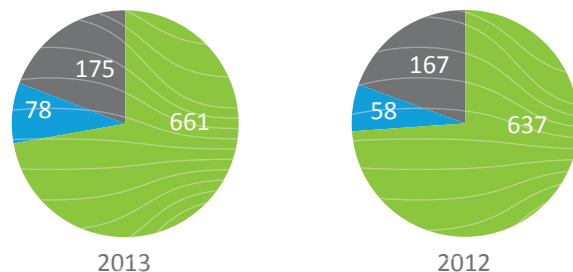
Non-financial key figures

Full-time equivalents employed (as at 31 Dec.)	1,686	1,685
Transported volume (bn kWh)	1,365	1,261
Length of regulated gas transport pipelines (km)	15,500	15,500
Sickness absence	3.1%	3.3%
Incidents resulting in absence	2	1
Incidents not resulting in absence	6	1
Pipeline damage	6	5
Security of supply (non-deliveries or late deliveries)	3	3
Total CO ₂ emission (kilotonnes)	751	598
- Scope 1	575	453
- Scope 2	172	143
- Scope 3	4	2
Consumption of natural gas (million m ³)	168.7	154.1
Consumption of electricity (million kWh)	448.6	389.8
Amount of non-hazardous waste (tonnes)	16,256	23,080
Amount of hazardous waste (tonnes)	4,274	2,682
Number of environmental irregularities	197	190

Normalised revenues (in € mln)



Normalised EBIT (in € mln)



Regulated Gasunie Transport Services | Gasunie Deutschland
Non-regulated Participations & Business Development

- Adjusted for the effects of the method decisions 2010–2013 on the income, the release of part of the pension provision in 2012, and a one-off compensation received by Gasunie Deutschland in 2012.
- The comparative figures for 2012 have been adjusted following the adjustment of the definition in 2013.

Definitions relating to the key figures

EBITDA

Earnings before interest, taxes, depreciation and amortisation.

EBIT

Earnings before interest and taxes.

Invested capital

Total of tangible fixed assets, investments in associates and other equity interests, corrected for assets under construction for which no compensation has yet been received.

Net debt including guarantees

Total of long-term interest-bearing loans, short-term finance obligations, cash and cash equivalents and guarantees.

Normalised ROIC

Normalised Return on Invested Capital is the normalised NOPLAT divided by the invested capital. This ratio gives insight into the extent to which Gasunie is generating cash flows relative to the cash flow it has invested in the business.

Normalised NOPLAT

Normalised Net Operating Profit Less Adjusted Taxes: total of normalised EBIT and share in result of participations after taxation.

Normalised ROE

Normalised Return on Equity is the normalised result after taxation divided by equity.

FFO

Funds from Operations is the total of the result of continuing operations after taxation, depreciation, amortisation and impairments.

FFO/interest ratio

This ratio gives insight into the development of the Funds from Operations relative to finance costs.

Net debt including guarantees/fixed assets

This ratio gives insight into the extent to which the fixed assets are financed by debt.

Controllable costs

Normalised total of staff costs and other operating expenses minus costs allocated to investments and uncontrollable energy costs.

Reportable frequency index

The number of reportable incidents (incidents resulting in absence, medical treatment, replacement work or fatalities) per million hours worked.



'Through the connecting role of our infrastructure, we anticipate the energy needs of customers and consumers'

Our strategy

Strategy

Enabling a safe, reliable, affordable and sustainable energy supply is central to our strategy. Through the connecting role of our infrastructure, we anticipate the energy needs of customers and consumers. In order to be able to continue to do so, we work in an innovative and pioneering way in the field of energy – and of gas and natural gas in particular.

Developments in our environment

Our strategy takes into account the opportunities and challenges of the rapidly changing energy market. Our point of departure here is the role of gas infrastructure in the sustainable provision of energy. We aim to expand our leading European position and, in doing so, we are always looking for possible collaborations with partners, both nationally and internationally.

Transition towards a more sustainable energy supply

The developments of internationalisation and decentralisation go hand in hand with the increase of energy from renewable sources. On the one hand, the energy market is becoming increasingly international; on the other hand, the opportunities for decentralised energy generation are also expanding. In 2013, in the Netherlands, the government, employers and trade unions, environmental organisations and other social groups signed the Dutch Energy Agreement for Sustainable Growth. This agreement focuses on renewable energy sources, such as wind and solar power. We are anticipating this by actively looking for collaboration with international and distribution network operators (both gas and electricity), to guarantee a cost-efficient and reliable transition towards a renewable society.

In 2013, the Dutch network operators, united in Netbeheer Nederland, drew up the Dutch Renewable Energy Action Plan 2030. This plan outlines the developments and challenges of renewable energy and sets out the actions required to ensure a sustainable supply of energy. By scaling up existing pilot projects, the network operators and other parties aim to stimulate energy saving and help make the supply of energy (particularly the local supply) sustainable. We are an active participant in this.

The transition towards a sustainable energy supply can only succeed if we take advantage of the strengths of the different sources of energy and their infrastructures, and combine these into a total energy system. Gas and gas infrastructure play an important role in this.

Earthquakes and shale gas

In 2013, two other subjects were also high on the social and political agenda. The earthquakes resulting from the gas production in the province of Groningen and the discussion about the production of shale gas have dented the reputation of gas and diminished support for it. Gas makes the development of renewable energy, such as wind and solar power, reliable and affordable. By deploying gas as a flexible partner for generating electricity, optimum use can be made of the existing infrastructure. What is more, gas is an energy carrier that

is also developing into a renewable type of energy through the production of green gas and hydrogen. We therefore think it is important for gas to continue to play a major part in the provision of energy in the future. The gas industry, including Gasunie, must continue to emphasise that gas is still one of the Netherlands' major assets.

Gasunie's shareholder structure

In October 2013, the Dutch government published its Policy on Government Participations. This document explains that the State aims, at least for the next few years, to continue to exert an influence on state companies, such as Gasunie. The main reason for this is that we manage infrastructure that is crucial for the functioning and further development of the Dutch economy. This means that the State will not be looking for private financial parties to make risk-bearing investments in Gasunie.

The policy document has not greatly affected our strategy and corporate governance. We have been serving the public interest for years, and work continuously on optimising our value – which also benefits Dutch society. Of course, our strategy will continue to meet the policy document's requirements that apply to state shareholdings.

On 21 February 2014, the Minister of Finance, on behalf of himself and the Minister of Economic Affairs, sent a letter to the House of Representatives opening up the possibility of entering into strategic partnerships through cross-shareholding participations with foreign network operators that are certified in accordance with European legislation.

Strategic themes

For the long term, we focus on three strategic themes that contribute to enabling a reliable, affordable and sustainable energy supply:

- ▶ Optimising the value of our existing assets
- ▶ Strengthening our leading position as a cross-border gas infrastructure company in Europe
- ▶ Enabling the transition towards more sustainable use of energy

One of the cornerstones of European energy policy is creating a well-functioning internal gas market. Cross-border gas infrastructure companies such as Gasunie are at the centre of realising this policy.

Klaus-Dieter Borchardt, Director Internal Energy Market, Directorate-General for Energy, European Commission

Optimising the value of our existing assets

Our gas infrastructure activities are central to our strategy – and will continue to be so. In this, our primary focus lies on carrying out our legal tasks regarding gas transport and gas transport services by network operators GTS and Gasunie Deutschland, in order to facilitate a well-functioning gas market. Through our network operators, we ensure the management, proper functioning and development of the gas transport network by means of transport services and related services, quality conversion and guaranteed security of supply. Our guiding principle here is operational excellence: safety, reliability and efficiency.

Strengthening our leading position as a cross-border gas infrastructure company in Europe

In an increasingly consolidating market, we take up the challenge to maintain, and where possible strengthen, our leading position as a cross-border gas infrastructure player. In this, we aim to make sure that our infrastructure is the preferred route for market players for their gas transport. This will benefit the commercial and physical deployment of our assets. In addition, it also strengthens our position as the ideal negotiating partner for regulatory authorities. In turn, this enables us to exert a positive influence on appropriate legislation. Our positioning as an innovative service provider also contributes to this.

Enabling the transition towards more sustainable use of energy

The issues in the field of energy and sustainability are more challenging than ever. On the way towards a cleaner energy future that is affordable, reliable and, above all, feasible, we want to take advantage of any opportunities that arise. We therefore believe in a sustainable future in which gas will play an ongoing role.

As the share of sustainably produced energy in the energy mix increases, the need for flexibility and back-up will also increase. Gas and gas infrastructure can provide the flexibility that energy from renewable sources, such as wind and solar power, inherently lacks. Gas-fired power stations can quickly increase or decrease production, enabling them to deal flexibly with fluctuations in supply and demand ('gas-to-power').

By means of smart energy conversions, gas infrastructure can also be used to temporarily store any surpluses of sustainably produced electricity as gas ('power-to-gas'). We are therefore investing in research into technology that enables the conversion of electricity into gas, such as hydrogen and methanised gas. This will help us to give the energy supply an innovation boost and make it cleaner and more efficient.

Corporate social responsibility

Corporate Social Responsibility (CSR) and social commitment are very important to Gasunie. We have a public role, and through our activities we make a significant contribution to the economy. Providing safe and uninterrupted gas supply is our primary task, which we perform with due respect to our environment.

Core themes

In 2013, we examined whether our existing CSR policy still reflects our current situation. Based on the outcome of that research, we defined core themes to which we will devote extra attention in the future. We have visualised the key aspects of our CSR policy in what we refer to as a 'CSR house'. Its foundation is formed by good performance in the fields of safety, security of supply, and care for our employees. Our satisfactory performance in these fields determines our licence to operate – only then can we start building the rest of the house. Building on this foundation, there are three themes with which we want to further distinguish ourselves in the future: energy transition, enviro ns management, and footprint reduction/sustainable procurement. We have selected these themes because we think that, in the coming years, they will be very important to us in carrying out our strategy properly. We will elaborate on this in the section *Results in the field of safety, environment and supply chain responsibility*.

Energy transition

There are many ways in which gas can contribute to a sustainable energy supply. The first steps towards achieving this are often the hardest, but we are trying to take them anyhow, preferably in collaboration with other parties. When it comes to the subject of energy transition, we focus on the following areas:

- ▶ Power-to-gas
- ▶ Green gas
- ▶ Break-bulk LNG
- ▶ Decentralised energy

Together with the European gas infrastructure companies Fluxys (Belgium) and Energinet.dk (Denmark), we set up the initiative to make the provision of gas CO₂-neutral by 2050. On 24 April 2013, during the Gas Week in the European Parliament in Brussels, the gas infrastructure companies GRTgaz (France) and Swedegas (Sweden) joined this initiative.

Before we can achieve our common goal, many steps still need to be taken – for instance, in the field of technological development and innovation. Power-to-gas (i.e., storing sustainably produced electricity as hydrogen or methanised gas) is an option that can contribute to a sustainable energy supply, as is large-scale production of green gas. Break-bulk LNG provides the shipping and road haulage sector with an opportunity to emit less CO₂ and other harmful substances.

Initially, we are focusing our efforts on making gas transport CO₂-neutral. Broader measures that contribute to CO₂-neutral gas provision will need to be worked out in more detail in the coming years, in cooperation with supply chain partners.

It is inspiring to see how Gasunie is proactively tackling the sustainability issue and the challenges the energy sector will face in the long term.

Jeroen Dijsselbloem, Minister of Finance

Environ management

The environment in which we operate is becoming increasingly complex. It consists of a growing number of stakeholders from various parts of society, such as political parties (both local and national), local residents and environmental groups and associations, each with their own interests. It is not uncommon for objections to be raised against our project plans, sometimes from unexpected corners. Communities around us are becoming more assertive, better organised, more highly educated and perfectly capable of accurately processing the available information (e.g., through social media). This sometimes results in delays in planning, higher costs and more efforts than planned before a project can run smoothly.

Our company therefore needs a strategic approach with regard to the communities in which we operate in order to ensure that, for instance, our projects are completed on schedule. Innovative and proactive environ management will enable us to organise contacts with our surroundings in such a way that we can either avoid conflicts or, together with the relevant parties, solve them at an early stage. In this way, we also hope to prevent budget overruns, complete projects on schedule, and even save costs.

Footprint reduction

Footprint reduction touches the core of our operations. It means that we want to limit as much as possible the impact of our activities on the environment (our footprint). We have therefore set up an extensive footprint reduction programme. This is mainly aimed at reducing the emission of greenhouse gases by restricting and preventing methane emissions, making maximum use of available energy, and ensuring effective combustion. We can achieve this, for instance, by developing metering and regulating stations that no longer emit methane; by researching alternatives for venting gas, by reusing vented gas and residual heat from compressors, and by saving energy.

From the CO₂-neutral 2050 objectives, we have derived the following footprint objectives:

- ▶ In 2014, we will set up a transparent and auditable reporting system for all emission sources that have been identified. We have also set a 'cumulative' objective for 2014 for the reduction of CO₂-equivalent emissions. More details on this are given in the section *Results in the field of safety, environment and supply chain responsibility*.
- ▶ By 2020, we aim to have achieved a 20% reduction in direct CO₂ emissions (or 124 kilotonnes CO₂ equivalent) compared to 1990 ('20/20 ambition'). This concerns exclusively scope 1 of the GHG protocol.

By 2030, we will have reduced our CO₂ emissions by 40% compared to the emissions in 1990, measured over the full scope (1, 2 and 3) of the GHG protocol (for more details, see p 50). In addition, we are examining how our activities in the field of sustainable procurement can help us achieve our footprint reduction objectives (e.g., by applying the CO₂ performance ladder).

Embedding CSR policy and accountability

The Executive Board is responsible for formulating our CSR policy and objectives, and for CSR performance in practice. The policy is drawn up in consultation with the Supervisory Board. Each department is responsible for providing input with regard to CSR policy in their own area of expertise, as well as for its execution and adjustment.

In determining objectives with regard to CSR, the relevant departments are also consulted on whether the necessary preconditions are present and sufficiently embedded within our organisation.



'We are expanding our transport capacity towards the north to make sure that Denmark can import sufficient volumes of gas from the rest of Europe'

Our results in 2013

Our customers and the market

Optimising the value of our existing assets

Our gas transport and infrastructure activities are central to our strategy. In carrying out our strategy, we strive for operational excellence.

A gas transport record

The year 2013 started with a long, cold winter. In the Netherlands, Germany and the surrounding countries, this led to a high demand for natural gas. An ever larger share of the transported volume relates to the throughput of gas from and to foreign countries. Increasingly, our network functions as an international hub in the throughput of gas.

In 2013, we transported 1,365 billion kWh (140 billion m³) of gas, of which 1,131 billion kWh (116 billion m³) flowed through our Dutch network and 234 billion kWh (24 billion m³) through our German network. For GTS this was 104 billion kWh (11 billion m³) more than in 2012 – a new annual record. The previous record year was 2010, when we transported 1,080 billion kWh (111 billion m³). The volume transported through our German network is more or less the same as last year.

With the transport of gas and related services, we generated revenues of € 1,311 million: € 1,083 million in the Netherlands and € 228 million in Germany.

Transport costs

Partly due to the unusually long winter, our transport costs in 2013 in the Netherlands and Germany were higher than expected. Another reason for the increased transport costs in Germany was a ten-day interruption in Danish gas production from the North Sea, in May. As a result, the stocks in the Danish gas storage facilities reached the lowest level ever. They had to be replenished, and this led to constant large gas flows to Denmark during the summer. The interruption in production in Denmark was also alleviated by extra imports from other Western European countries that were transported to Denmark through our network. With the connection of NEL to our network in Heidenau, we significantly improved the situation of transport to the north from November 2013 onwards. Less compression is required, which reduces our costs.

Transport revenues

We have noticed an important shift with respect to the capacity contracts – customers increasingly prefer short-term contracts. This means that transport revenues are subject to greater volatility and unpredictability. In 2013, less capacity was booked with Gasunie Deutschland than expected, in spite of the fact that decreasing entry bookings and cancelled contracts had already been taken into account. Given the method of turnover regulation used, a rise in tariffs for 2014 is unavoidable.

Despite this volatility, the permitted revenues for the years 2012–2016 will increase, due to the fact that new infrastructure is now in operation. Until 2016, the full use of NEL will lead to a significant increase in revenues, which are guaranteed by long-term bookings. The

revenue will also increase as a result of other new investments, which have been allowed and approved by the regulatory authority.

Increased efficiency

In 2012, we drew up an efficiency programme that should enable us to achieve structural savings of € 60 million from 2012 up to and including 2014. This Efficiency Masterplan is making good progress. It is on schedule, and by the end of 2013, we had managed to achieve a cost reduction of approximately € 40 million.

Safety performance: constant attention

We measure our safety performance using two indicators: the frequency index and the number of pipeline incidents. In 2013, we unfortunately failed to meet either of these objectives. With regard to pipeline incidents, we aim for zero, and have set a signal value of five (as maximum). In addition, with regard to the number of reportables (personal accidents), we have set a signal value for the frequency index of four (as maximum), with zero fatalities. However, in November 2013, a crane operator employed by one of our contractors was sadly killed in a tragic accident. Six pipeline incidents occurred, exceeding our signal value of five. Of course, the causes of all of these incidents will be investigated and appropriate measures will be taken to reduce the number of incidents. A more detailed report of our safety performance can be found in the section *Results with respect to safety, environment and chain responsibility*.

High level of security of supply

In addition to safety, security of supply has a high priority within our company. The number of interruptions and disruptions in gas supply related to quality issues remained well within the established standards. In 2013, there were three transport interruptions in the Netherlands, which is well below the maximum of nine. An investigation report is drawn up for each transport interruption. Based on the conclusions of these reports, we define points for improvement in order to further minimise the risk of interruptions. In 2013, there were no interruptions to transport in Germany.

We continue to implement improvements to the gas infrastructure. In 2013, this again gave rise to maintenance and renovation projects that require proper coordination with customers and distribution network operators. Thanks to timely communication and consultation about planned activities, we can maintain security of supply for our stakeholders at the desired level.

Expansion of transport capacity

In the past year, we rolled out the last leg of our North-South project (Odiliapeel-Melick), and made a start on the construction of a new pipeline between Beverwijk and Wijngaarden. Both projects were the result of our Open Seasons, during which we asked customers about their long-term transport needs. Customers entered into contracts for additional transport capacity, and on that basis we have expanded our transport capacity.

Another project resulting from an Open Season was the new-build project ExEll (Exit Ellund) in Germany. This concerns a number of extensions of the existing network to compensate for declining production capacity in Denmark, and to meet the increasing demand for natural gas in North Germany. (See also *Expansion towards the north* on p. 36.)

In order to give customers an opportunity to indicate their capacity needs as of October 2019, GTS started a new Open Season in the Netherlands in December 2013. Based on customers' responses, we can combine the individual capacity needs of customers and set up an investment programme that is as efficient as possible. If this leads to expansion investments, GTS will aim for a delivery date in the autumn of 2019.

Largely thanks to the flexible approach taken by GTS, connecting a horticulture company in Noord-Brabant to the GTS grid was done more quickly than seemed possible at first.
Willem Bijlsma, Tenergy Consult

Multi-year replacement programme in the Netherlands

In order to be able to meet future standards in safe and reliable gas transport, GTS launched a large-scale, multi-year replacement programme in 2012. This programme, which is expected to run for 15–20 years, involves the renovation and partial replacement of valve stations, metering and regulating stations, and gas receiving stations. The first dozens of stations were renovated in 2013. We will use the lessons learned from this exercise to improve planning and execution in the coming years.

Gas storage in the Netherlands

On 1 October 2013, on the basis of capacity contracts with customers, we expanded the gas storage in Zuidwending by adding a fifth cavern and a sixth compressor. This expansion was completed well on time and within budget.

Following a fire in one of the transformers at the end of January 2013, we took the precaution of replacing a second transformer and modifying three others. By August 2013, all transformers were operational again.

At the moment, we are examining the feasibility of further expansion. This includes looking at alternative forms of energy storage in caverns, where we focus, for instance, on the storage of nitrogen, hydrogen, high-calorific gas and high-pressure air. The opportunities we see there make us optimistic about the long-term development of Zuidwending.

Stable developments in regulation

The Netherlands

On 2 October 2013, ACM published the method decision and the X-factor decision to be used for GTS for the years 2014–2016. In the method decision, ACM determines the regulatory framework for the five statutory duties of transport, balancing, quality conversion, existing connections and new connections. The X-factor decision determines the annual efficiency deduction that GTS must apply to its revenues and tariffs. The design and structure of the method decision is consistent with earlier decisions. This is beneficial to the predictability and stability of the regulatory framework. By introducing a system of revenue regulation, the method decision will also present a robust framework to cope with rapidly changing European rules concerning the provision of services by national network operators. Revenue regulation is a system that is used in most of Europe. It determines the permitted revenues and calculates the difference between the permitted revenues and the actual revenues *ex post facto*.

In order to ensure the quality of our services in the long term, it is essential that all costs of capital are included in calculating the weighted average cost of capital (WACC). However, in its calculations, ACM failed to do this, and set the WACC at 3.6%. For GTS, this may lead to the undesirable situation that it will not be able to earn back its efficiently incurred costs. GTS has filed an appeal against this.

The above-mentioned decisions of ACM may have a large impact on, for instance, the volume of the expected revenues in the regulatory period 2014–2016 and the following regulatory periods. As a result of ACM's final decisions, an assessment was carried out of the monetary value of our gas transport network in the Netherlands. This was done by comparing the carrying amount of the assets with the expected revenues, and an assessment was made of the extent to which the carrying amount could be earned back. The carrying amount of the assets was not changed on the basis of this assessment.

Now that ACM has established the method and X-factor decision for the years 2014–2016, preparations will start for the regulatory period from 2017 onward.

Germany

In Germany, the system of revenue regulation has been applied for quite some time. The German regulator, *Bundesnetzagentur* (BNetzA), has determined the new permitted revenues for the regulatory period 2013–2017. The permitted revenues of Gasunie Deutschland for this period are based on an efficiency benchmark for the year 2010. In 2012, BNetzA determined the cost level, and in December 2013, Gasunie Deutschland was rated as 100% efficient for the current regulatory period.

At the end of 2013, BNetzA started a consultation process to map the effects of revenue regulation including efficiency benchmarking. BNetzA is required by law to make the report of this available before the end of 2014. The adjustments are expected to be carried out in the next regulatory period (as of 2018). At the moment, we cannot yet predict how this will actually affect Gasunie Deutschland.

Based on the decisions of BNetzA with regard to the permitted revenues and the efficiency benchmark, an assessment was carried out of the monetary value of the gas transport network in Germany. Just as in the Netherlands, this assessment did not result in a value change of the assets.

Preparations for the new balancing regime

In 2013, GTS made preparations in order to be able to adjust the balancing regime in 2014. A balancing regime is the method by which the network can be kept at the right pressure, ensuring that, on balance, the same amount of gas is retrieved from the network as is fed into it. The Dutch regime needs to be adjusted, because the European Union wants gas transport between the various countries to be better connected in order to promote cross-border trade. After adjustment, the regime will fit in with those of other countries. One of the new regime's characteristics is that, at the end of every gas day, any imbalances are settled. In addition, shortages or surpluses in GTS's network will, in future, be traded on the gas exchange (ICE Endex).

Certification

Certification of GTS, Gasunie Deutschland, BBL Company and GOAL

In 2013, GTS, Gasunie Deutschland, BBL Company and GOAL (*Gasunie Ostseeanbindungsleitung*, the network operator of NEL) were certified by their regulators as independent network operators. This certification (a new requirement introduced in the European Third Package for energy legislation) was given by ACM, BNetzA and Ofgem, following a favourable report by the European Commission on the four network operators.

NTA 8120 certification

In all phases of the life cycle of electricity and gas networks, regional and national network operators and regulatory authorities want to prevent irregularities, interruptions and incidents, and manage their consequences. They therefore decided to further develop their safety, quality and capacity management by means of a Netherlands Technical Agreement (NTA) for asset management. NTA 8120 sets out the requirements that the asset management system must meet, defining in more detail the specific requirements of safety, quality and capacity management. In 2013, GTS started preparations to set up a framework for its asset management in accordance with NTA 8120, and to further professionalise it. The intention is that, in 2014, GTS will receive certification from an independent authority.

Transfer of Gasunie assets to GTS

As of 1 January 2014, ownership of the gas transport network in the Netherlands and the related assets, liabilities and activities were transferred from Gasunie to GTS. This transfer is part of the certification of GTS as an independent network operator.

As a national network operator, GTS will continue to use the services of Gasunie. To this end, GTS and Gasunie have entered into a number of agreements that establish the framework for their collaboration. These include the policy framework that guides the activities to be carried out by Gasunie, so that security of supply, and safe and reliable gas transport remain guaranteed.

Changing gas composition

As a result of the internationalisation of gas flows in Europe, the variation in gas composition in our net is increasing. In addition, the production of natural gas in north-west Europe, including production from the Dutch gas fields, will decline. This has consequences for the user. In the Netherlands, we have two separate gas transport networks, one for low-calorific and one for high-calorific gas. The settings of domestic appliances and much of the industrial equipment in the Netherlands are geared to the relatively constant composition of the low-calorific Groningen gas (G gas). The increasing variation in gas composition affects these settings.

The Ministry of Economic Affairs has asked a number of parties in the market to take steps to give the end-users of gas sufficient time to adjust their equipment, if necessary. For the G gas market there will be a transitional period that will run to 2021 at least. During this period, GTS will ensure that the market in the Netherlands will receive gas with a composition similar to that of G gas.

The Ministry of Economic Affairs has also made a transitional arrangement for users of the high-calorific H gas. This arrangement runs until 1 October 2014, by which time they will have had five years to adjust their equipment. In the Netherlands, approximately 80 companies use H gas, while all other companies and households use G gas.

Due to the constant composition of gas in the Netherlands, there has, until now, been no need to make a party legally responsible for gas quality. However, because of the increasing variety in composition, the Minister of Economic Affairs has announced that this new, statutory duty is to be assigned to GTS. As a consequence of this change in legislation, GTS has been given the task, if necessary, of adjusting not only the Wobbe index but also other characteristics of gas. The requirements for gas will be laid down in a Ministerial Regulation on gas quality ("*MR Gaskwaliteit*"). This MR is expected to come into force on 1 July 2014.

The consequences of declining gas production are also noticeable in Germany. German production is rapidly decreasing, while demand from neighbouring network operators for fixed capacity at Gasunie Deutschland is increasing. Due to the declining production of low-calorific L gas and G gas, this increasing demand can no longer be covered by L- and G-gas capacity. The technical measures required have already been laid down in the German *Netzentwicklungsplan* (NEP) 2013. In the German energy law *Energiewirtschaftsgesetz* (EnWG) and the German gas industry's cooperation agreement (*Kooperationsvereinbarung*), it has been established that market conversion from L gas to H gas is needed. The aim is to have

a fully converted market by 2030. From that year, G gas will no longer be imported from the Netherlands. Conversion of the first Gasunie Deutschland markets will take place in 2016/2017.

Consequences of earthquakes in the Netherlands

In 2013, the Minister of Economic Affairs published new findings on the link between gas production from the Groningen gas field and earthquakes in the province of Groningen. In this context, in a research project commissioned by the Ministry of Economic Affairs, GTS examined the relationship between the volume of natural gas to be produced and security of supply.

In January 2014, the Minister published his conclusions and the measures to be taken. One of these measures is to limit the volume of gas that can be produced from the Groningen gas field from 2014 up to and including 2016. In 2014 and 2015, production of up to 42.5 billion m³ per year will be allowed, and in 2016, 40 billion m³. In addition, production from the five clusters around Loppersum will be limited to 3 billion m³ per year. These measures will make sure that during periods of high demand, sufficient gas will remain available to meet this demand.

In addition, research has been carried out into whether the potentially increasing force of the earthquakes will increase the risk of damage to the gas transport network. At the moment, it seems advisable to strengthen a number of structures and to replace certain lengths of pipeline. The consequences will be looked into further in 2014.

Strengthening our leading position as a cross-border gas infrastructure company

In an increasingly integrating market, we take on the challenge of maintaining, and where possible strengthening, our leading position as a cross-border gas infrastructure player.

Cooperation at European level

The transport of natural gas takes place in a market with internationally operating parties. The customers of GTS and Gasunie Deutschland also operate partly across borders. This calls for an international approach. Connecting gas markets will create a bigger market, with more suppliers. This generates more competition, which has a positive effect on prices. All gas consumers in the region will benefit from this.

Auctioning via PRISMA

On 1 April 2013, GTS and Gasunie Deutschland started to offer day-ahead capacity (including bundled capacity where possible) at a number of border points. This capacity is auctioned on the PRISMA platform, which was co-founded by GTS and Gasunie Deutschland. PRISMA is a new European booking platform for shippers, developed by 19 European network operators. The platform offers an opportunity for auctions at border points, allowing capacity on both sides of the border to be bundled. In addition, shippers can book capacity at domestic exit points. The platform also facilitates a secondary market, which allows customers to offer for sale capacity they have already booked. For shippers, PRISMA is a uniform point of entry for buying and selling capacity products in various European countries. As of 2014, GTS and Gasunie Deutschland will start auctioning the capacity that is already available at all of their border points via PRISMA.

Together with the largest European network operators, GTS and Gasunie Deutschland have ensured that PRISMA, the European trading platform for gas capacity, is one of the leading parties in the field of booking gas transport capacity. That is a huge step forward towards an integrated European gas market.

Götz Lincke, managing director, PRISMA European Capacity Platform

Implementation of network codes

In order to stimulate the development of a competitive European gas market, the TSOs are cooperating in, for instance, ENTSOG (European Network for Transmission System Operators Gas). Within ENTSOG, stakeholders can, amongst other things, coordinate their plans in the field of European network codes, the ten-year network development plan, and the promotion of transparency. In 2013, several developments took place in the context of European legislation and regulations, guidelines and network codes.

The EU strives to deal more efficiently with the capacity available at interconnection points. The European Commission has therefore commissioned the development of the network codes CAM (Capacity Allocation Mechanisms) and CMP (Congestion Management Procedures). In 2013, GTS and Gasunie Deutschland worked hard on preparing the implementation of these two codes. The introduction of CAM and CMP makes it possible to fully exploit the connections between the network of Gasunie and the networks that surround us. This has positive effects on the development of the TTF gas trading point. PRISMA also already complies with these codes.

Growing gas trading points

Gasunie wants to expand the current leading position of the TTF gas trading point, the most liquid and prominent hub of continental Europe. Trading on the TTF should therefore be made as attractive as possible. A well-developed gas exchange such as ICE Endex can play an important role in this, particularly if the same trend develops on the European continent as in the United Kingdom, where a shift is taking place from bilateral trade to gas trade via an exchange.

TTF

TTF is the Dutch virtual trading point where gas can be traded. Over the past five years, TTF has grown into one of the most prominent liquid gas hubs in Europe, alongside the English National Balancing Point (NBP). Despite the declining demand for gas in north-west Europe, TTF managed to maintain its high level in 2013. A well-functioning gas trading point attracts traders who each bring along their own gas. This is good for security of supply, and also ensures that supply and demand can function properly. A high level of liquidity raises the confidence of market parties and has a positive effect on pricing.

In 2013, a total of 8,287 billion kWh of gas was traded via TTF (compared to 7,569 kWh in 2012) – both via bilateral trade (Over The Counter, OTC) and via exchanges. The physical volume flowing through TTF (the net TTF volume) increased in 2013 from 417 billion kWh in 2012 to 447 billion kWh. This means that, just as in 2012, the physical TTF volume is larger than the domestic gas consumption in the Netherlands. In other words, both the Netherlands and other countries use TTF to meet their demand for gas. In 2013, the number of active TTF traders was 113, well above that of 2012 (104).

ICE Endex

On 1 March 2013, the energy exchange APX Endex was split into an electricity part (spot trade and clearing) and a derivatives and spot-gas part. The derivatives and spot-gas part continued as ICE Endex, with IntercontinentalExchange (ICE) as its major shareholder. Gasunie has a share of 20.88% in ICE Endex.

GASPOOL

We also see growth at the North-German virtual gas trading point GASPOOL, which is significantly smaller than TTF. In 2013, the traded volumes and liquidity of GASPOOL both increased. The traded volume was 1,251 billion kWh and the net volume 444 billion kWh (compared to 981 billion kWh 2013 and 389 billion kWh respectively in 2012). At the end of 2013, 355 traders were active on GASPOOL, considerably more than in 2012 (314 traders). This growth is expected to continue in the coming years.

Developments in cross-border infrastructure

Expansion towards the north

Due to various developments, there is a growing need for extra transport capacity through Germany, towards the north. For instance, domestic gas production in Denmark is in decline, and there is more demand for natural gas in Schleswig-Holstein and the Hamburg region as a consequence of the German *Energiewende*. We have therefore initiated an expansion project called Exit Ellund (ExEll). This will be carried out in two phases. In Phase 1, a new compressor station will be built at Embsen. This is expected to become operational on 1 October 2014. In Phase 2, a new compressor station will be built at Quarstedt, a 65-kilometre pipeline will be laid between Fockbek and Ellund, and a new metering and regulating station will be built at Ellund. The pipeline is expected to be completed by the beginning of 2015, and both stations are expected to be completed in late 2015 or early 2016. The entire ExEll project is part of the German *Netzentwicklungsplan* (NEP).

At Energinet.dk, we are very pleased with the good, long-term collaboration we have with Gasunie. We work together in many different areas, varying from the capacity expansion at Ellund, market integration and green gas to initiatives that ensure a reliable gas market that will become increasingly greener in the future.

Søren Juel Hansen, Head of Development at Energinet.dk

The connection with the United Kingdom

For the United Kingdom, the BBL gas pipeline between Balgzand and Bacton forms an important connection with the gas market on the European mainland. Due to the prolonged cold winter of 2012/2013, large differences arose between gas prices on the Continent and those on the British gas market. As a result, in March 2013, BBL's capacity was temporarily completely sold out.

Connection to the Russian gas supply

After becoming partially operational at the end of 2012, NEL (*Nordeuropäische Erdgasleitung*) became fully operational on 1 November 2013. NEL is the connecting pipeline between Nord Stream's landfall point in Greifswald (North Germany) and our own German network. As a consequence of the licensing process for NEL, we decided to use an alternative route over a distance of 40 kilometres, which resulted in the project being delayed.

When NEL became fully operational, Nord Stream was also able to offer its full capacity of 537 billion kWh (55 billion m³) per year to the market. As a result, north-west Europe is now well connected with Russian gas supplies, increasing security of supply.

In 2014, Nord Stream shareholders (including Gasunie) are expected to receive dividend from Nord Stream for the first time.

NEL is managed by GOAL (*Gasunie Ostseeanbindungsleitung GmbH*). GOAL acts on behalf of Gasunie as a joint-venture partner in NEL, together with NEL Gastransport GmbH, E.ON Global Commodities SE and Fluxys Deutschland GmbH. In September 2012, GOAL exercised its right to take over 5.13% of the share of E.ON Global Commodities SE in NEL (10%). This transaction took place on 1 November 2013, when NEL became fully operational. This increased GOAL's share in NEL to 25.13%.

The transition towards more sustainable use of energy

Gasunie believes in a sustainable energy supply. For this reason, we participate in various initiatives.

Seeking smarter energy solutions, together with partners

New LNG services

Liquefied natural gas (LNG) is a cleaner transport fuel than, for instance, diesel fuel. The shipping industry is facing increasingly stricter rules regarding the emission of sulphur. A ship running on LNG emits no sulphur oxide, and very little nitric oxide, if any. In this way, gas contributes significantly to reducing emissions in shipping. In the same way, trucks that use LNG also significantly reduce the emission of fine particles. Engines running on LNG produce less noise, reducing noise pollution. What is more, LNG, as a portable fuel, could be the solution for industries that need gas but are located in areas that lack a gas infrastructure.

Gate, the LNG import terminal, offers its customers opportunities to open up new markets. At the moment, new services and associated facilities are being developed to make this possible. In 2013, for instance, the focus was on facilitating break-bulk services, whereby LNG is transhipped from the storage tanks of Gate onto smaller ships and trucks.

From 2013, Gate's customers will be able not only to unload LNG but also to load LNG (known as 'backloading'). Gate invested in the technical facilities required for this, and smaller boats can now be received for loading and unloading. Gate also constructed a truck-loading bay, where trucks can load LNG. In 2013, the first backloadings took place, and the first small ships were received. As planned, the truck-loading bay became operational on 21 January 2014.

The new services have been well-received and are leading to more activity at the terminal. We expect continued growth in break bulk, and, together with our Gate partner Vopak, and in close cooperation with Gate, we are therefore expanding our facilities still further.

At the moment, prices on the international LNG market are such that importing LNG for injection into GTS's natural gas network or selling at TTF are often of little interest to Gate customers.

In 2013, Gasunie LNG Holding BV took over 2.5% of the shares in Gate terminal BV from Dong Energy. Gasunie's total interest in the terminal now amounts to 47.5%.

Power-to-gas

To enable the transition towards a more sustainable energy supply, new solutions are needed for the storage and transport of energy. The supply of electricity from wind and solar power varies greatly, depending on weather conditions. Sometimes there is too much; and sometimes there is too little. Power-to-gas, in combination with the existing gas infrastructure, offers a solution for this problem. In an electrolysis installation, electricity generated from wind can be used to split water into oxygen and hydrogen. By combining the hydrogen with carbon dioxide, even methane can be produced. This is a process that is clean and sustainable.

Both the hydrogen and the methane can then be fed into the gas infrastructure. In this way, surpluses of sustainable energy can be stored for later use, and overload of the electricity networks can be prevented. Gas is easy to store, and it is also the cheapest form of energy to transport. This creates a new role for the natural gas infrastructure, namely as a place of storage and a means of transport for sustainable energy. We regard this as an important step towards ensuring the sustainability of tomorrow's energy supply.

Power-to-gas initiative in Schleswig-Holstein

In Germany, various initiatives are currently being taken to integrate power-to-gas as a new technology into the energy system. The new German government has set long-term objectives to stimulate the development of power-to-gas. DVGW, the German technical and scientific association for gas and water, of which Gasunie Deutschland is a member, has carried out a feasibility study into power-to-gas. Although the results were positive, substantial steps still need to be taken.

In addition, Gasunie Deutschland started a joint project with ARGE Netz, which is supported by the Schleswig-Holstein Ministry of Energy Transition, Agriculture, the Environment and Spatial Planning. The aim of this project is to develop plans for the large-scale development and deployment of power-to-gas in Schleswig-Holstein.

End-users need to show us what they want – otherwise the energy sector will not build it. In the virtual Power Matching City, we as residents indicate what our wishes are with regard to the use of sustainable resources, independence, energy use and costs. That is then built, and we test the result directly in practice.

Theo Wieleman, Participant in PMC and Multidisciplinary Projects Engineering Manager at Gasunie

Development of smart grids

The share in the future fuel mix of small-scale, sustainable energy sources (such as wind and solar power, or biomass in the form of green gas) is expected to increase. Combining these different energy systems ensures that the capacity of these sources is exploited to the fullest extent. These linked, digitally controlled energy networks (or smart grids) are essential for achieving a proper match between energy supply and demand. Thanks to the great flexibility with which it can be deployed, natural gas plays an important role in these smart grids.

The development of smart-grid concepts is leading to a smarter use of energy sources and infrastructure at relatively low costs. Smart grids enable consumers to manage their home energy needs and select their own energy source: sustainable energy if available, and otherwise the least polluting fossil fuel, i.e., natural gas. In due course, consumers will be

able to use smart grids to generate – very efficiently and sustainably – their own electricity, using gas. Thanks to their connection to the gas infrastructure, they will not need to invest heavily in a new electricity infrastructure – something that will be necessary in an all-electric house.

PowerMatching City

In 2013, the Dutch Minister of Economic Affairs launched Phase 2 of PowerMatching City (PMC) in Groningen. In this pilot project, 40 households in the City of Groningen are testing the unique concept of a smart grid that makes use of both gas and electricity. Gasunie is participating in this project, because we are convinced of the importance of decentralised energy solutions in a sustainable energy supply.

Phase 1 of PMC demonstrated that the technology of this type of smart grid works well. At the UN Conference for Sustainable Development in Brazil, Rio +20, it was pronounced one of the 100 most sustainable projects in the world.

Phase 2 of PMC is on a larger scale: the number of households has been doubled, and consumers have been given an opportunity to manage their energy consumption on the basis of cost and source of energy. This unique research project will provide insight into the extent to which the cost and the source of energy affects people in their choice and use of energy – a question that has not been explored in practice before.

Research into energy transition: EDGaR

Energy Delta Gas Research (EDGaR) is a Dutch initiative aimed at bringing together the knowledge available in the Netherlands in the field of gas. It is the largest natural gas research project in Europe focusing on sustainability. The aim is to examine the options for a sustainable energy future, in the light of the Netherlands' strong position in the gas market. Participants in EDGaR come from industry (Gasunie, GasTerra, Kiwa, Enexis, Liander and Stedin) and from scientific institutions (ECN, University of Groningen, Delft University of Technology and Hanze University of Applied Sciences). These partners have set up an innovative programme in which they themselves have invested € 22 million. In addition, the consortium has received a subsidy of € 22 million (€ 10 million from the Ministry of Economic Affairs, € 10 million from the European Fund for Regional Development, via the Northern Netherlands Provinces, and € 2 million from the Province of Groningen). EDGaR aspires to become an international centre of excellence in the field of gas and sustainability. Various EDGaR studies (e.g., into green gas and smart grids) were completed in 2013.

Testing ground for research into energy transition: EnTranCe

Gasunie is one of the initiators of the Energy Transition Centre (EnTranCe), a project we launched in 2013, together with BAM, Gasterra, Hanze University of Applied Sciences and Imtech. EnTranCe is a testing ground for energy systems of the future. At the Zernike Campus in Groningen, a practice-oriented living laboratory (EnTranCe) was set up – a facility where various functions of smart energy networks are being developed, tested and demonstrated in a real-life environment. Research is being carried out into the integration of wind and solar power, new decentralised energy systems, and smart energy management systems.

Together with other parties, we plan to expand EnTranCe with specific projects. In this way, we are contributing to the integration of innovative gas applications into the energy system of the future.

Financial results

Key figures

<i>In millions of euros</i>	2013	2012
Income	1,527	1,506
Total expenses	(729)	(834)
Operating result	798	672
Financial income and expenses	(175)	(202)
Result before taxation	623	470
Taxation	(159)	(111)
Result after taxation	464	359

Revenues

Revenues were € 21 million higher than in 2012. This was mainly the result of additional revenue from new assets, such as the Heiligerlee Nitrogen Buffer, the connection of the Epe caverns and the compressor station at Wijngaarden. These additional revenues compensate for the efficiency deductions on the tariffs as determined by the regulators in the Netherlands and Germany.

Operating result

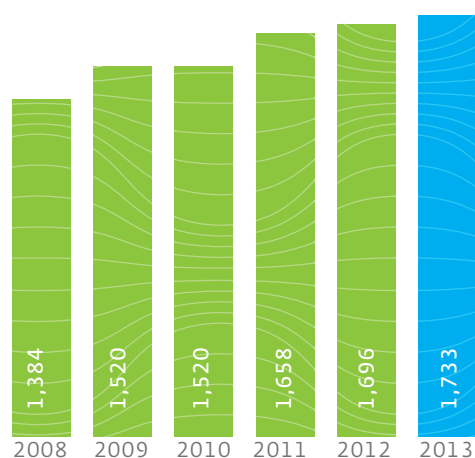
The operating result rose by € 126 million. In addition to the higher revenues mentioned above, expenses turned out lower, due to the release of a part of the pension provision. In 2013, we were also faced with higher energy costs as a result of the cold first half-year in 2013.

Normalised

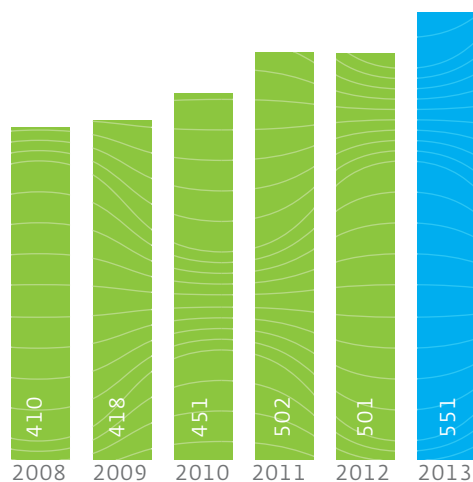
<i>In millions of euros</i>	2013	2012
Income	1,733	1,696
Total expenses	(820)	(834)
Operating result	913	862
Result after taxation	551	501

In this financial overview, the figures have been adjusted for the effects on income of past settlements in the revenues of GTS in accordance with the 2010–2013 method decisions (2013: approx. € 206 million; 2012: approx. € 215 million), the release of a part of the pension provision in 2013, and a one-off compensation received by Gasunie Deutschland in 2012.

Net revenue normalised (€ million)



Net profit normalised (€ million)



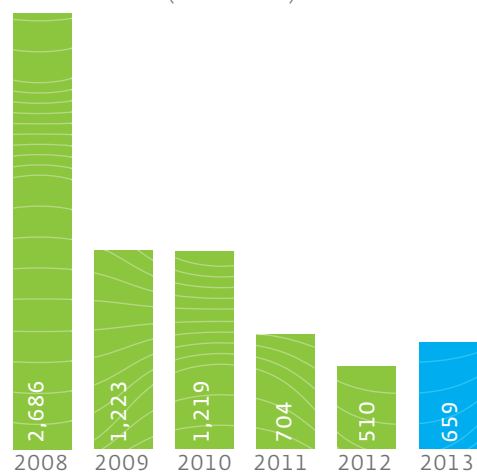
Investments

Over the past few years, Gasunie has invested heavily, particularly in the development of the gas roundabout. For instance, 2013 saw the completion of the expansion at Zuidwending and the NEL, while in 2014 and 2015, the expansion projects at Beverwijk-Wijngaarden and ExitEllund will be completed. At the moment, no further large-scale expansion investments have been planned. For the time being, we are able to meet the capacity needs of the market from our existing capacity and the capacity being built. In 2012, we started a multi-year replacement programme in the Netherlands. This programme is expected to result in an annual capex of approximately € 150 million.

In the coming years, we will focus on initiatives relating to market coupling and market integration, and on developing new, profitable activities that contribute to the transition to a more sustainable energy supply. Finally, both in the Netherlands and in Germany, we will start preparing for the switch in the market from low-calorific to high-calorific gas. In the Netherlands, this means that we will need to invest in increasing capacity for blending high-calorific gas with nitrogen.

For the next three years, we expect an average annual capex of € 400 to 500 million.

Investments (x € 1 million)



Expected financial results

On the basis of current insights, Gasunie expects to achieve a higher operating result from normal business operations in 2014. Revenues will rise due to the fact that a repayment obligation (based on the method decisions of GTS from the past) will no longer apply. Normalised revenues are expected to be slightly higher compared to those of 2013. The efficiency deductions as determined by the regulators in the Netherlands (1.3%) and Germany (1.5%) will be offset by revenues from new assets, such as the new Odiliapeel-Melick pipeline, which was part of Open Season 2012.

Operating expenses are expected to be higher in 2014, due to increasing maintenance costs for the network. This is directly related to the multi-year maintenance programme that started in 2012. The finance costs will be lower in 2014 due to the repayment of interest-bearing loans at the end of 2013. It is expected that the balance sheet total in 2014 will rise to € 10,800 million (2013: € 10,606 million), as a result of the investments made in expansions.

Financing

We managed to offset most of the debt repayment peak of October 2013 with the revenues from two bond loans that, in anticipation of this peak, had already been issued in 2012. As a result, Gasunie did not need to attract any additional bond loans in 2013. The debt repayment peak was related to the redemption of a five-year bond loan, of which the outstanding sum of € 1,116 million (originally € 1,400 million) had to be repaid. Gasunie's remaining financing requirement was met by attracting short-term deposits on the money market and by issuing commercial paper under the Euro Commercial Paper (ECP) programme. This was the first time that Gasunie made use of this new programme. The fact that this short-term note could be successfully placed with investors indicates that the circumstances in the financial markets remain positive for financially solid parties such as Gasunie.

In addition, € 150 million was drawn under the loan facility with the European Investment Bank. This draw concerns a seven-year loan with a variable interest rate and linear repayment. The margin of the loan facility, agreed in December 2012, has now been used fully. When the facility was agreed in December 2012, both parties already intended to increase it by € 100 million over the course of 2013. The facility was therefore extended by this amount at the end of 2013. No use was made of this additional margin in 2013.

As a result of the above-mentioned activities, the total interest-bearing loan at the end of 2013 was € 4,611 million, a decrease of € 598 million compared to the end of 2012. Due to the debt repayment peak in October, the balance sheet item 'Cash and cash equivalents' is also lower (€ 87 million at the end of 2013 (end of 2012: € 909 million). As a result, the net debt position (interest-bearing loan minus cash) increased in 2013 by € 224 million to € 4,524 million.

In 2014, no bond loans will be repaid. We will wait to see how cash flow develops before deciding how best to meet our financing requirement in 2014.

Solvency at year-end 2013 was 49% (2012: 44%). The high level of cash at the end of 2012 meant that solvency was temporarily low. Corrected for this effect, solvency at the end of 2012 would have been 48%. It is not only essential that liquidity be maintained at an adequate level and

that there is a sufficient spread of financing alternatives, but being able to attract financing as efficiently as possible is also very important. To adequately meet these objectives, we will make use of the Euro Medium Term Note (EMTN) programme, the ECP programme mentioned above, and Gasunie's own activities on the private money and capital markets. Gasunie also has credit facilities, the most important of which is a committed € 800 million stand-by credit facility that was agreed in October 2010 for a term of five years. No use was made of this facility in 2013. One of the measures we will take in 2014 to keep our liquidity position at a sufficient level is to renew this stand-by credit facility.

Credit Ratings

In 2013, rating agency Standard & Poor's lowered Gasunie's long-term credit rating from AA- with a negative outlook to A+ with a stable outlook. This was the direct result of Standard & Poor's lowering of the long-term credit rating of the Dutch State in November 2013. In 2013, rating agency Moody's Investors Service left Gasunie's long-term credit rating unchanged at A2 with a stable outlook.

Results in the fields of safety, the environment and supply chain responsibility

Safety: always a priority

An important enabling factor for carrying out our activities is the safety of our employees and the communities in which we work. A priority for us is therefore to create a safe and healthy workplace and to minimise risk to the natural environment. Since safety is an important indicator of the quality of our work, we want to be one of the best international gas infrastructure companies in terms of safety performance. European benchmarking of similar gas transport companies, carried out by Marcogaz (the representative body of the European natural gas industry on all technical issues), shows that we are already one of the best within our reference group, and we naturally strive to maintain this position.

Research into safety culture and behaviour

We pay a great deal of attention to the safety behaviour of our employees. To find out whether we can improve this even more, we started a study in 2013 into the internal safety culture and safety behaviour of our employees. The study is intended to serve as a thermometer, giving us insight into where we are now, what is going well, what can be improved and which trends we see. We aim to work towards a culture in which people automatically think of and choose safe options that are not subject to pressures of time or money. We intend to repeat this study regularly, so that we will gain insight into developments over time, and can determine how effective our projects and actions are.

Our results in the area of occupational safety

In November 2013, despite all our efforts in the field of safety, a fatal accident with a crane occurred involving one of our contractors – an accident we deeply regret. We will follow closely the investigations by the contractor and the Health & Safety Inspectorate into the cause of this tragic accident, and together we will determine what measures need to be taken in order to prevent such an accident occurring again.

Number of injuries resulting in absence per million hours worked	2013	2012
Gasunie employees in the Netherlands	0.9	0.4
Gasunie contractors in the Netherlands	1.0	1.7
Gasunie total	0.9	1.2
Number of injuries resulting in absence		
Gasunie employees in the Netherlands	2	0
Gasunie employees in Germany	0	1
Gasunie contractors in the Netherlands and Germany	3	7
Number of reportables per million hours worked		
Gasunie total (the Netherlands + Germany)	3.6	2.5

**By reportables we mean all injuries resulting in fatalities, absence, replacement work or requiring medical treatment (other than first aid).*

We also record the number of potentially dangerous incidents (incidents that did not result in injury but could have had serious consequences). In 2013, we registered 20 of these; in 2012, 17. We carefully analyse these dangerous incidents to prevent a recurrence.

Process safety: new KPIs

Besides occupational safety, we also work hard on 'process safety'. Process safety relates to large incidents whereby hazardous substances and/or large amounts of energy are released. Inspections which we carry out as a consequence of the EU Directive on Major Accident Hazards (DoMAH) showed that our performance could be better. In 2013, we therefore mapped out how we could improve our efforts in this field. Employees explored this topic together in brainstorm sessions. We also used benchmarks as input for our discussions. Based on the outcomes of these sessions, we drew up some twenty KPIs covering the most important aspects of process safety. As of 2014, we will apply these to measure, monitor and improve our performance in process safety.

Technical safety: safe management and maintenance of our pipelines and installations

All our installations, including our transport installations, comply with the legal requirements for external safety. To keep our underground pipelines in good condition, we take both preventative and corrective measures. In particular, we carry out ongoing inspections, which play a key role in helping us to ensure the integrity of our transport system.

We inspect our underground pipelines, both on the inside and on the outside. For inspecting inside the pipelines, we use intelligent 'pigs', robots that are carried through the pipelines by the gas flow. In 2013, in the Netherlands, we inspected some 267 kilometres of HTL pipelines (2012: 295) in this way and 196 kilometres of RTL pipelines (2012: 280). In Germany, we inspected 278 kilometres. We also checked another 76 kilometres of pipelines for which we could not use the robots, and instead used an above-ground inspection method, the External Corrosion Direct Assessment (ECDA). ECDA is a method we developed ourselves for inspecting pipeline segments that cannot (or only with difficulty) be examined by 'pigs'. In 2012, we inspected more than 80 kilometres using ECDA.

Besides providing information, placing marker poles above the pipelines and carrying out visual inspections, we also carry out aerial surveys of our pipeline routes by helicopter. In 2013, these aerial surveys revealed a variety of anomalies. Where necessary, we took immediate action to maintain a safe situation.

Corrosion assessment: new insights

In 2013, we gained new insights and made new calculations regarding corrosion. In practice, it turns out that corrosion does not take place as quickly as used to be thought. We have therefore modified our pipeline inspection policy accordingly. As a result, we can use our inspection tools more efficiently, without affecting the technical safety of our pipelines.

External safety: bottlenecks resolved

In 2011, the Decree on the External Safety of Pipelines came into force in the Netherlands. The decree, which is designed to ensure that pipelines are situated in safe locations, requires that measures are taken within three years to resolve bottlenecks at locations that have vulnerable objects within the '10-6 contour'. To comply with this legislation, in 2010 and 2011, we mapped out existing and potential bottlenecks. We then asked all local authorities involved whether the situation we had mapped out indeed reflected the situation on the ground (e.g., with regard to the presence of people and buildings). On that basis, our route managers have since developed and applied appropriate measures in each case.

We made good progress in this regard in 2013. Most bottlenecks have now been cleared. The few remaining locations where we have not yet been able to take appropriate measures will be dealt with at a later date. At a few other locations, we are still waiting to see whether the proposed measure has actually solved the issue.

From 2014 onwards, we will take additional measures in situations that pose a risk to groups of people. In such cases, the risk to each individual remains within the safety norm, but it concerns a larger number of people at any one time. Although in these cases there is no direct legal obligation to take measures, in consultation with the Ministry of Infrastructure and the Environment, we have decided to take measures anyway since, with relatively little effort, we can reduce risk for a larger group of people.

Pipeline incidents

To guarantee safe and reliable gas transport, our infrastructure should not be disturbed. We therefore strive to make sure that no natural gas is released as a result of damage to our pipelines. Excavation works are the main cause of damage to our underground pipeline network.

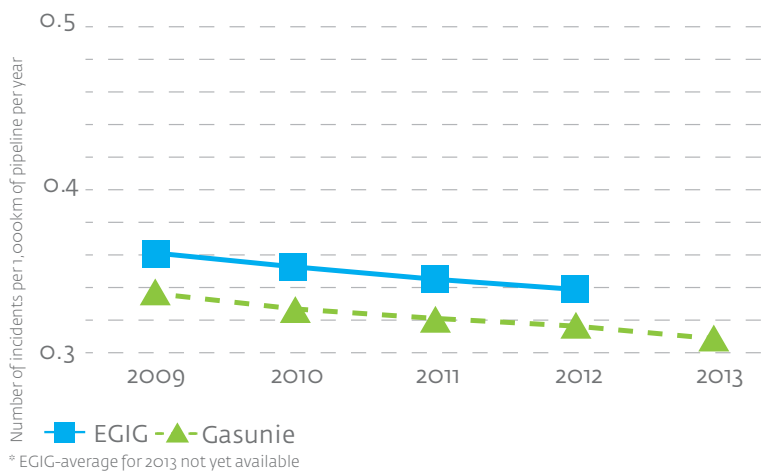
In 2013, we reported six incidents of pipeline damage caused by mechanical excavation. In none of these cases did any gas leak into the air (in 2012, there were five such incidents, one of which involved a gas leak). In addition, due to a structural defect, there was one incident of pipeline damage with a very minor gas leak. There were no incidents of pipeline damage due to excavation at Gasunie in Germany in 2013 (2012: 1).

Our results compared with others: European benchmark for pipeline incidents (EGIG)

As all European gas transport companies record their pipeline incidents in the same way, we can easily compare our performance in this part of the gas transport chain with that of other companies. With regard to pipeline incidents with gas leaks, we score better than the European average (source: database of the European Gas Pipeline Incident Data Group, EGIG).

Comparison of Gasunie versus EGIG

(moving average number of incidents with gas leaks)



Safety: opportunities for improvement

We go to great lengths to make sure that our safety performance is excellent. However, in some respects, there is still room for improvement.

Investigation of pipeline incidents

In 2013, several incidents took place in which our pipelines were damaged during excavation works. A remarkably high number of these incidents occurred during activities which we had commissioned and even supervised ourselves. This was despite the fact that we have invested considerably in providing supervision and specifying procedures, precisely with the aim of reducing the chances of damage to our pipelines as much as possible.

We take such matters very seriously, and are keen to learn from these mistakes and take measures to prevent a recurrence. We therefore analysed the relevant incidents in detail, including interviewing those involved. The investigation showed that the fault did not lie with a lack of appropriate procedures or tools, but rather that, for various reasons, they were not always fully followed or used. We have therefore added two additional managers to our own team of supervisors. Extra attention will be paid to following a uniform way of working, in accordance with the agreed procedures. This will be monitored closely.

Increasing safety regarding integrity of purchased materials

Over the past few years, as a result of incidents involving materials such as pipe tees, line pipes and reducing tees, we have conducted several investigations into the supply of materials that do not conform to the specifications in our orders. From our own internal research and external research by the sector, it appears that statements made by suppliers regarding the composition and requirements of the products delivered cannot always be relied upon to be accurate, even if the suppliers are being supervised by an independent inspectorate. This does not necessarily mean that the materials deviate from the order to such an extent that they pose a threat to process safety, but it is certainly true that they are more likely to do so if the properties of the materials are not as ordered. Moreover, if the discrepancy is discovered just before the materials are needed, the project may be delayed if the materials require further inspection and no other, demonstrably correct, materials are available.

We have therefore reviewed our materials purchasing policy. To increase the reliability of the delivered materials – and thus reducing process safety risks as well as project risks – we are modifying our purchasing strategy and the supervision of the delivered materials. Part of the new policy will be for us to buy materials under the supervision of an independent inspectorate. We will also check the qualifications of our suppliers by scrutinising their technical skills, their organisation and their quality management. These qualifications will need to be renewed periodically. In the meantime, we will check the reliability of our suppliers by carrying out spot checks. Since this process is very time-consuming, we will look for suppliers with whom we can build up long-term relationships.

The qualifications process will be carried out at the beginning of 2014. We will focus on suppliers who are important to our multi-year replacement programme.

Supply chain management

The world is facing some major challenges in the field of energy. Global demand is increasing, while the emission of greenhouse gases, such as CO₂, is giving rise to climate change. A transition towards a more sustainable energy supply is therefore necessary. As part of the gas value chain, we are keen to contribute to this transition. We currently do this in various ways; for example, by developing sustainable business activities, dealing responsibly with the environment, and reducing our own carbon footprint. In our policies, we also support the Dutch government's objectives: 20% less CO₂ in 2020 (compared to 1990), annual energy savings of 2%, and 14% sustainable energy generation in 2020.

Gas value chain

As a natural gas transport company, we play an important role in the gas value chain, which stretches from production to user applications. It is a chain that links together gas producers, suppliers, shippers, national and international network operators, gas transport companies, industries and power stations connected directly to the national grid, as well as end-users and domestic households.

Cooperation within the chain

In this continuously changing market and society, cooperation within the chain is crucial. We participate in both 'horizontal' and 'vertical' cooperation. We take part in a wide variety of relevant international, national, regional and local partnerships. They focus on many different aspects of the gas value chain, such as the exchange of knowledge and best practices, the development of clean and efficient energy applications, and the development of the green gas market in the Netherlands.

We also take part in a number of national and European working parties (including the CEN and ISO standardisation committees) aimed at establishing standards and norms for gas transport management systems. A good example of cooperation in this field is the Pipeline Integrity Management System (PIMS), which we developed in-house. This is a tool for determining and managing pipeline integrity. We have signed cooperation agreements with many other gas transport companies, which has resulted in various of these parties also implementing PIMS.

We also participate in several 'vertical' collaborations in the field of energy, such as Gas Infrastructure Europe (GIE), ENTSOG, Marcogaz, Energy Delta Institute (EDI) and Energy Valley.

Green gas

We are dedicated to promoting green gas as an efficient and sustainable energy option. It is the Dutch government's target to have five billion m³ (48.8 billion kWh) of green gas being used in the country by 2030. Gasunie is eager to contribute to the development of the green gas market in the Netherlands; we are active in the feed-in of green gas and its certification. The Netherlands' strong infrastructure will provide a solid foundation for this, and enable us to take the next step towards a more sustainable energy supply.

Biogas from fermentation and gasification has a huge production potential for the future. As production increases, we shall see green gas hubs being built – centralised facilities to which biogas producers are connected. In these facilities, biogas will be upgraded to natural gas quality, and will then be transported through our gas transport network and regional networks and delivered to industrial and domestic users as green gas.

Investing in a market that is not yet well-developed naturally involves risks. However, we are keen to promote the development of a green-gas market, and have therefore been working with others to develop ways in which green gas can be safely fed into our network. The market has shown a great deal of interest in feeding gas into our national transport network, also via green gas hubs. Here, too, we play a facilitating role; for instance, by participating in the Green Gas Taskforce.

Vertogas

Vertogas, one of our subsidiaries, is an autonomous and independent company that facilitates the trade in green gas through its certification system. Vertogas certificates state the origin of the green gas and the types of biomass used in its production. This provides green-gas traders and customers with a guarantee that they are dealing with genuine green gas. A recognised green gas certification system is essential for the further development of the green-gas market. The Dutch Gas Act (2013) recognises Vertogas as a certification authority for green gas. This legal status will take effect in 2014.

Green-gas cars

Cars that run on green gas release less CO₂ and fine particles than cars that run on other fuels. In 2012, as a part of our footprint reduction policy, we started to 'greenify' our fleet of vehicles. We initiated a pilot project with 21 company vehicles used by staff to maintain our gas transport network. In due course, we aim to have our whole fleet of 284 vehicles running on green gas. Reports so far are positive. We also give employees who are eligible for a lease car the opportunity to choose a lease car that runs on green gas. In 2013, several employees already availed themselves of this opportunity.

Environmental performance

Minimising our impact on the environment

Some of our business activities – activities characteristic of the gas industry – have an impact on the environment. These include the laying of pipelines, the construction of gas installations, the pressurising, transporting and blending of natural gas, metering and regulating gas flows, reducing gas pressure and maintaining installations. Such activities require energy, and that brings with it the occurrence of emissions. In addition, substances we use to ensure the safe functioning of gas transport installations, such as glycol and lubricating oil, also affect the environment, as do the activities in our offices, albeit a limited one.

We do everything in our power to keep harmful emissions to soil, water and air to a minimum, and we have drawn up a policy with concrete environmental objectives that is designed to help us achieve this.

Certified environmental care

To guarantee that we take the environment well into account in relevant business processes, we have an environmental management system (EMS) that is certified to the ISO 14001 standard. To ensure compliance with this standard, our management system is checked annually by an external auditing agency.

CO₂ emissions

It is our ambition to take a leading role in reducing CO₂ emissions. In cooperation with a number of other companies, we aim to have in place CO₂ neutral energy provision by 2050. In order to fulfil this ambition, we have set out a strategy with an interim milestone. This milestone is a 40% reduction of CO₂ equivalents³ by 2030. This is in line with related developments in Europe. We can achieve this reduction across the whole scope of the Green House Gas Protocol (GHG Protocol), as explained below. We will continue to observe the reduction target that we had already set for 2020.

In an absolute sense, our target entails a reduction of 124 kilotonnes of CO₂ equivalents. Last year, we adjusted this target upwards, compared to previous years, from 93 to 124 kilotonnes. This is due to new insights into the calculation of the base year. A number of emission sources were not included in the original calculation, because they were not yet known at the time. But over the past few years, we have gained more, and also better, information about emissions. This is why we decided to adjust the total amount of CO₂ equivalents for the base year 1990 from 478 kilotonnes of CO₂ to 618 kilotonnes.

In the future, emissions of greenhouse gases (CO₂ equivalents) could play a fundamental role in governments' decision-making in the field of energy. That is why we need to develop an unambiguous and transparent way of reporting within our sector, so that the right choices can be made. In anticipation of this development, we report about our CO₂ emissions as transparently as possible.

Ronald Kenter, Quality & Environment Coordinator at Gasunie

The emissions that we now understand better are 'fugitive emissions', such as small leaks of natural gas at connections or appendages. They are found at gas receiving stations, metering and regulating stations, and valve stations.

As of 2013, we have been reporting in accordance with the standard of the Greenhouse Gas Protocol (GHG Protocol). This protocol for greenhouse gases distinguishes three 'scopes', ranked according to the origin of the greenhouse gas. These scopes are:

Scope 1

Scope 1 includes all emissions that are a direct result of our own activities (e.g., the CO₂ emissions of gas-fired compressors and engines used for compression; our own gas consumption for heating buildings and for the boilers at gas receiving stations). Scope 1 also includes the CO₂ equivalents from methane emissions, and the emission of hydrofluorocarbons (HFCs), which are used in cooling processes.

Scope 2

Scope 2 includes the indirect emissions of energy that has been procured (e.g., from an electricity company). In our case, the CO₂ equivalents in Scope 2 come mainly from the use of electricity for electrical compressors and for the production of nitrogen. Scope 2 also includes the electricity consumed in our offices and our installation buildings.

Scope 3

Scope 3 includes all other indirect emissions resulting from our business operations (e.g., road, air and rail travel and energy required for producing the nitrogen we procure). In 2013, a number of network operators in the Netherlands developed a new model for

³ Using Global Warming Potential (GWP), CO₂ and CH₄ emissions can be converted into a measure of the enhanced greenhouse effect, the 'CO₂ equivalent' emissions. The GWP for CO₂ is set to 1 and the GWP for CH₄ to 25.

reporting CO₂ emissions on the basis of the Green House Gas Protocol. We are applying this model as of the year under review. Since the model is not entirely the same as the model of previous years, our current report only includes the totals of Scopes 1, 2 and 3 when referring to years prior to 2013.

		CO ₂ equivalents [in kilotonnes]															
Scope	Emission source	2009			2010			2011			2012			2013			
		GUN ¹	GUD ²	GU tot. ³	GUN	GUD	GU tot.	GUN	GUD	GU tot.	GUN	GUD	GU tot.	GUN	GUD	GU tot.	
1	Lease cars														2.8	-	2.8
	Company cars														1.2	-	1.2
	Gas usage in buildings														1.6	-	1.6
	Network losses														238	17	255
	SF6														-	-	-
	Gas usage in installations														200	113	313
	Emergency generators														0.04	-	0.04
	Refrigerants														0.2	-	0.2
	Total of Scope 1	361	87	448	404	106	510	316	106	422	332	121	453	444	131	575	
2	Heating in buildings														-	-	-
	Electricity usage in buildings														3.3	-	3.3
	Electricity usage in installations														164	-	164
	Total of Scope 2	141	4	145	135	4	139	160	4	164	138	5	143	167	5	172	
3	Train travel														0.01	-	0.01
	Business travel														0.3	-	0.3
	Commuting														1.3	-	1.3
	Air travel														0.3	-	0.3
	Procurement of N2														2.0	-	2.0
	Total of Scope 3	46		46	16		16	7		7	2		2	4	-	4	
Total of Scopes 1 + 2 + 3		548	91	639	555	110	665	483	110	593	472	126	598	615	136	751	

Table: CO₂-equivalent emissions according to the Greenhouse Gas Protocol

¹ GUN = Gasunie in the Netherlands

² GUD = Gasunie in Germany

³ tot. = total

The total CO₂-equivalent emissions in 2013 were higher than in 2012. This increase is mainly due to the fact that, since last year, we have come to understand our CO₂ emissions better (as explained above). As of 2013, we have therefore adjusted our CO₂ emissions upwards by approximately 90 kilotonnes. This adjustment does not apply to the years prior to 2013.

CO₂ equivalents due to natural gas consumption rose by approximately 36 kilotonnes. Of this quantity, about half was due to the deployment of a flare on the LNG terminal at the Maasvlakte location. CO₂ equivalents due to electricity consumption rose by 29 kilotonnes, due to the deployment of additional electric compressors.

Methane emissions

	Unit	2009	2010	2011	2012	2013
Methane emissions GUN	Tonnes	6,111	6,480	6,740	6,705	9,514
Methane emissions GUD	Tonnes	741	741	436	363	690
GU total	Tonnes	6,852	7,221	7,176	7,068	10,204

Methane emissions in 2013 were higher than in previous years. This increase is also due to the fact that we are now able to measure fugitive emissions of natural gas more accurately. Fugitive emissions at gas receiving stations, metering and regulating stations and valve stations are measured on the basis of limited random checks at all stations. We measure all gas receiving stations separately. So far, we have mapped the emissions of 40 out of the 1,150 stations. In 2013, we also recalculated the emissions of the compressor stations.

In Germany, methane emissions rose compared to 2012. This is because, at two installations (Heidenau and Folmhusen), a number of tests had to be carried out for the purposes of commissioning activities. During these tests, the pressure had to be reduced.

Methane emissions not only occur in the form of fugitive emissions, but are also due to gas venting during maintenance work. Venting is needed to enable work to be carried out safely. Of course, we try to prevent these emissions as much as possible. (See below: *Recompression for work on pipelines*). Methane is also released when the compressors are started and stopped, and during the use of measuring equipment.

Footprint reduction

In 2013, we continued to investigate ways of reducing our footprint, and carried out various projects for this purpose, including an elaborate 'leak detection and repair' (LDAR) programme, which we carried out at our large compressor stations and the LNG Maasvlakte location. For this, we measured 22 locations and assessed a total of 421,000 potential sources of leaks. Gasunie Deutschland also carried out many inspections in the context of our LDAR programme. On the basis of these details, we will be able to take appropriate measures to reduce the number of identified leaks.

Measuring methods

There are several common ways of estimating fugitive emissions of natural gas, such as bagging, EPA21 and the Marcogaz method. However, these different methods yield different results. We measured our fugitive emissions by using the EPA21 method. In 2014, we will compare the different measuring methods to obtain more certainty about the accuracy of this method. In 2014, we will also carry out more emission measurements at stations and take further measures to reduce natural gas emissions.

Recompression for work on pipelines

We try to avoid venting gas during pipeline activities as much as possible. However, it is sometimes necessary to vent the gas so that work on the natural gas pipelines can be carried out safely. For some years, we have been using a recompression unit with which we recompress as much as possible of the gas that would otherwise have had to be vented, and transfer it to another pipeline. This reduces the amount of gas vented. In 2013, we recompressed almost 2.3 million m³ (n) of natural gas, which is equal to 33 kilotonnes of CO₂ equivalents.

Use of the mobile recompressor is rather costly: a minimum of some € 20,000 each time. The more gas that is recompressed during operations, the more cost-efficient this recompression becomes. In 2013, we estimate to have saved nearly half a million euros on natural gas costs by deploying the mobile recompressor.

We apply various techniques to empty our pipelines of gas. The table below gives an overview of the volumes of natural gas that have been released using these techniques.

Technique	2013 m ³ x 1,000 gas
Decreasing line pack	1,826 ⁴
Recompression	2,268
Flaring	0
Venting	1,152

In 2013, more gas was vented than in 2012. The main cause for this was that, during the dismantling of an unexploded bomb dropped during WWII, we had to vent natural gas in one of the pipeline segments for safety reasons. This released approximately 245,000 m³ of natural gas. In addition, we had to vent a pipeline segment when we were installing new equipment at the compressor station in Ommen (the Netherlands). This released approximately 240,000 m³ of natural gas.

Waste

The very diverse activities we carry out result in waste. In the light of safety considerations, environmental regulations, the need for good environmental care and maintaining good cost control, we naturally want to dispose of this waste responsibly. We comply with the regulations laid down in the Environmental Management Act and the various environmental permits that we obtain for our activities.

As part of our legal and social responsibility with regard to waste, we apply 'Lansink's Ladder'. Lansink's Ladder states the priority with which waste should be managed: Prevention, Re-use, Recycling, Incineration and Landfill.

⁴ This is an estimate we based on switch programmes that we use during pipeline operations. These enable us to safely make pipelines gas-free and continue gas transport without interruption by means of re-routing.

Waste	2009 (tonnes)	2010 (tonnes)	2011 (tonnes)	2012 (tonnes)	2013 (tonnes)
Hazardous waste					
Gasunie in the Netherlands	1,804	1,494	3,135	2,632	4,233¹⁾
Gasunie in Germany	na [*]	22	59	50	41
Non-hazardous waste					
Gasunie in the Netherlands	14,072	14,316	15,678	22,495 ²⁾	16,029
Gasunie in Germany	na	219	290	585	127
Disposal of hazardous and non-hazardous waste					
Re-use					
Gasunie in the Netherlands	88.2%	90.5%	85.1%	89.2%	89.1%
Gasunie in Germany	70.0%	83.8%	83.2%	92.0%	75.8%
Incineration					
Gasunie in the Netherlands	7.5%	6.3%	6.5%	4.4%	1.7%
Gasunie in Germany	na	9.5%	16.8%	7.9%	24.2%³⁾
Landfill					
Gasunie in the Netherlands	4.3%	3.2%	8.4%	6.4%	9.2%
Gasunie in Germany	na	7.7%	0.0%	0.0%	0.0%

* na = Not available/not registered

- 1) There are various reasons for the rise in the volume of hazardous waste in the Netherlands in 2013. Some condensation tanks underwent periodical cleaning, during which polluted water was released. In addition, pipeline segments were cleaned using blasting grit, which is processed as a hazardous substance. In projects and other operations, soil and rubble was released that was contaminated with asbestos.
- 2) An extra quantity of non-hazardous waste was released in 2012 due to the large number of projects carried out in that year.
- 3) Due to the sharp drop in non-hazardous waste at Gasunie Deutschland, the percentage of hazardous waste in the total amount of waste rose, although the quantity of hazardous waste itself did not. Non-hazardous waste (75.8%) was re-used in Germany as much as possible. Hazardous waste (24.2%) was burned completely.

In 2013, we disposed of a total of 20.3 kilotonnes of waste, which was less than in 2012. This reduction was due to fewer large projects being conducted in 2013.

The ever-diminishing availability of raw materials makes it increasingly attractive to use waste as semi-finished products. This makes waste valuable – although it also means that requirements regarding the separation of waste at source will be stricter than before. At our locations, waste such as chemicals, oils, fats and detergents are collected separately and then taken by accredited waste collection agencies to approved waste processing plants.

Approximately 9% of the waste collected comprises metal. Almost 95% of this metal waste was re-used in 2013. Metal waste is generated mainly during large projects and operations at our installations.

We try to keep waste incineration to a minimum. Waste separation methods that enable re-use are continually improving. As a result of this, a downward trend is noticeable in the quantity of waste incinerated in the Netherlands. In Germany, non-hazardous waste is re-used as far as possible while hazardous waste is incinerated.

We prefer to have the waste resulting from our operations in the Netherlands processed in the country itself, to prevent unnecessary transport. If it has to be processed elsewhere, we make it clear that the use of child labour in processing the waste is totally unacceptable.

Our own energy usage

Natural gas

For the transport of natural gas, we make use of gas turbines and gas motors. Many of these run on natural gas. We also use natural gas to heat gas at gas receiving stations (because gas cools off when pressure is reduced). Finally, we use natural gas for heating our offices and utility buildings.

The amount of natural gas we transport and the fuel we use for compression depends, among other things, on the weather and the demand for natural gas. In 2013, as a result of the prolonged winter, we used 168.7 million m³ of natural gas, a small increase compared to the previous year.

Gas consumption	2009	2010	2011	2012	2013
Consumption in GUN (million m ³)	115.4	132.0	82.7	89.4	104.4
Consumption in GUD (million m ³)	34.2	44.6*	59.0	64.7	64.3
Total consumption (million m ³)	149.4	176.6	141.7	154.1	168.7

* Energy consumption in GUD was higher in 2010 (compared to 2009) because gas consumption at head office was included in the total for the first time.

Electricity

We use electricity for the production of nitrogen (at the installations in Ommen and Kootstertille), for the compression of natural gas (in Grijpskerk, Anna Paulowna, Scheemda and Wijngaarden), for liquefying natural gas (at the LNG installation on the Maasvlakte), for the compression that is required for storing natural gas in salt caverns (Zuidwending), and for our offices and utility buildings.

Our electricity consumption in 2013 was as follows:

Electricity consumption	2009	2010	2011	2012	2013
Consumption in GUN (million kWh)	299.0	284.5	338.9	382.5	441.2
Consumption in GUD (million kWh)	5.8	6.5	6.7	7.3	7.4
Total consumption (million kWh)	304.8	291	345.6	389.8	448.6

In 2013, less electricity was needed for the production of nitrogen at Ommen and Kootstertille. Nevertheless, electricity consumption in 2013 increased compared to the previous year. There are several reasons for this. Since 2006, as a result of putting the new electric compressors into operation at the locations in Grijpskerk, Anna Paulowna, Scheemda, Wijngaarden and Zuidwending, electricity consumption for the purpose of compression has increased. In 2013, the compressors in Wijngaarden and Anna Paulowna in particular were deployed more often because of the long winter. Together, the installations at Scheemda, Zuidwending, Anna Paulowna and Wijngaarden used approximately 85% of the total volume of electricity. In addition, the LNG tank at the Maasvlakte site was refilled.

Water consumption

We mainly use water for the cooling process in our LNG installation at the Maasvlakte site, for cleaning purposes and sanitary facilities. In 2013, we used approximately 8.7 million m³ of surface water and 46,541 m³ of mains water. The consumption of surface water for cooling in the production of LNG in 2013 was significantly higher than in 2012, because the LNG installation was deployed more often for liquefying natural gas. In 2013, the mains water consumption at Gasunie Deutschland was 1,791 m³.



'In 2013, we took on 48 new employees, aiming for an even spread across age groups'

Employees

Developments in the labour market

Over the past few years, our organisation has changed from a Dutch into a European infrastructure company. We operate in a dynamic and competitive environment, in which the transition towards a more sustainable energy supply plays a key role. This development requires new skills and knowledge (e.g., in the field of mergers and acquisitions, underground gas storage activities and sustainability). The labour market is also subject to change. Globally, we can distinguish three trends that are particularly significant for us:

- ▶ Despite the high level of unemployment in the Netherlands, we are still seeing a shortage in the labour market of technically trained people.
- ▶ In addition, the retirement age is gradually moving, over a number of years, from 60 to 67. This means that our employees and the structure of our organisation will need to meet new requirements.
- ▶ As an organisation, we want to be able to respond alertly and quickly to current developments in the energy sector and to interesting business opportunities.

These developments require an HR policy that focuses on the sustainable employability of employees. We will explain this in more detail in the section on *Organisational development*.

Profile of our employees

Compared to 2012, the size of our workforce rose from 1,701 to 1,731 employees in 2013; 274 work at Gasunie Deutschland and 1,457 at Gasunie Nederland. The male/female ratio in the Netherlands is 85% men and 15% women. At Gasunie Deutschland, the ratio is 81% men and 19% women. The average age in our company fell slightly to 46.5 (2012: 47.1).

Age structure: Gasunie in the Netherlands

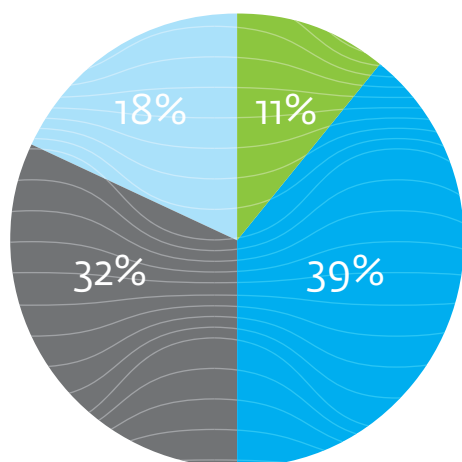
Age category		Number of EMP*	% EMP
From	To		
15	25	5	0%
25	35	154	11%
35	45	428	29%
45	55	554	38%
55	65	316	22%
65	99	0	0%

* EMP = employees

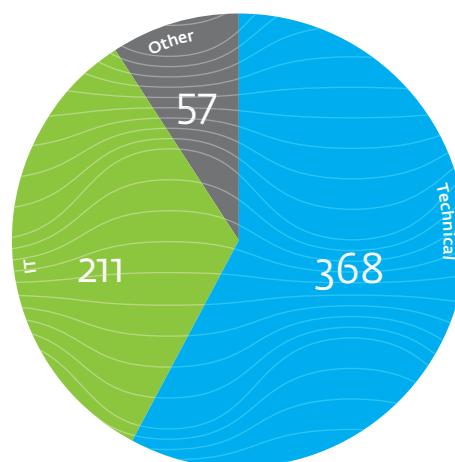
Age structure: Gasunie in Germany

Age category		Number of EMP*	% EMP
From	To		
15	25	4	0%
25	35	41	17%
35	45	76	32%
45	55	69	29%
55	65	50	22%
65	99	0	0%

Highest level of education at GUN*



Secondees at GUN Number of FTEs (at year-end 2013)



* GUN: Gasunie in the Netherlands

- Lower secondary vocational education
- Upper secondary vocational education
- Higher secondary vocational education
- Graduate/university education

Resourcing

In 2013, Gasunie Nederland took on 48 employees. We aim for an even spread across the age groups in our workforce. Since we have a relatively large number of older employees, our current preference is to fill external vacancies with younger employees.

From the point of view of recruitment and selection, employees in the fields of IT, Finance, Technology and Legal Affairs are particularly important for us. In our labour market communication policy, we therefore focus on graduates in these target groups, in particular those with a technical degree. Besides using our own company website and job sites, we do this in various ways. For instance, we make our building available to student associations, use social media and are present at graduate recruitment fairs. Because in some fields there is a real shortage of technicians with upper secondary vocational education, we developed a Facebook page for this target group in 2013. In addition, we give guest lectures at regional training centres. We also offer potential employees an opportunity to get to know our company as interns or trainees. In 2013, we had 58 trainee posts and student traineeships (in 2013, 5 trainees took part in our formal trainee programme).

As part of our commitment to make the organisation even more efficient, we looked at the ratio between permanent staff and secondees in 2013. From now on, departments who used to employ secondees on a long-term basis will be required to employ permanent staff instead. We checked whether these positions were crucial and whether the required knowledge and expertise are difficult to find in the labour market. This has led to an increase in the number of permanent employees in our IT department, for instance.

Organisational development

Sustainable employability

Our employees will have to carry on working until at least the age of 65. This means that sustainable employability has become even more important. By sustainable employability we mean the extent to which our employees are willing and able to continue to work in a productive, motivated and healthy way, either within or outside our organisation. We therefore stimulate internal and external mobility, partly because employees who change jobs regularly will find it easier to adapt to changing circumstances at a later age. It is also important to us as employers that employees, together with their managers, continuously look for ways in which Gasunie can make the most of their talents. Other key aspects of our sustainable employability policy that we will continue to work on in the coming years include the following:

▶ Training and development

We believe in the concept of 'life-long learning'. We think it is important for our employees to be able to develop and pursue personal growth during their careers, as this helps to improve sustainable employability. We offer our employees the opportunity to follow specific courses and training programmes. Given the fact that the educational level of our employees is very diverse, we offer additional training programmes for various target groups. We also offer many individual, tailor-made programmes. In 2013, we spent € 2,343,000 on courses and training programmes (per employee/year: € 1,653).

▶ Competence management

In our HR policy, we focus on the knowledge and skills that our organisation needs in order to achieve its objectives. We apply this competence management in the assessment of our managers and in the process of assessment and recruitment. In this, we increasingly use the '360° Feedback' method. This means that we collect input from various people from the employee's work environment. Furthermore, when we appoint managers, we focus more strongly on competences such as developing other people's qualities and coaching leadership. In the past, as a mainly technical company, we traditionally placed most emphasis on technical knowledge.

▶ Management development

Over the past few years, we have invested a great deal in management development, partly through the internal training programmes 'GU 2012' and the Gasunie Leadership Programme (GLP). We are convinced that the development of an organisation starts with the development of its management. After completing the GLP, participants indicated that they felt Gasunie can be managed more professionally and dynamically, but that this requires good organisation and constant attention. We are now working on a follow-up programme to address this point.

Performance and career development

We believe that our employees are responsible for their own career. It is the task of the management to ensure that the development of employees is not only relevant to their current position, but to their entire career. This will enhance their sustainable employability. We have an annual performance cycle during which we monitor and assess the performance and development of our employees. The cycle starts by drawing up working objectives. Halfway through the cycle, a performance review takes place in which employee and manager evaluate the extent to which the objectives have been achieved. During this performance review meeting, the aspirations and required development of the employee will also be discussed. In the annual personnel review, these are then considered in relation to the growth opportunities that the manager sees for the employee. The annual appraisal – when the employee's performance is assessed with regard to focus on results, knowledge and skills – forms the end of the cycle.

Terms of employment

Some of our employees are covered by a collective labour agreement drawn up on the basis consultations with the trade unions. Others are not covered by the collective labour agreement (see also: *Opting out of the collective labour agreement*). Both groups, however, are eligible for an annual individual pay rise of between 0 and 5%, up to the maximum pay level. In addition, a collective pay rise may be agreed on following a collective bargaining agreement.

As of 1 July 2013, we granted a structural collective pay rise for all employees in the Netherlands, regardless of whether they are covered by the collective agreement or not. We decided that this should take the form of an equal amount (€ 1,000) for everyone. This is because the relative pay levels in the company had become somewhat skewed over the years. In cooperation with the trade unions and the Works Council, we have initiated a joint inquiry into the possibility of setting up a new, more balanced reward structure, in which transparency, flexibility and alignment with the market are key.

Gasunie Deutschland applies the collective labour agreement agreed on by WEG (the German Association of German Oil & Gas Producers) and IGBCE (the trade union that makes salary agreements for the gas transport sector). This agreement covers 165 employees. The 84 employees in higher positions are covered by an agreement reached by Gasunie in the Netherlands and Gasunie Deutschland. The management team participates in the Gasunie's company-wide target system.

Pension

In 2013, we reached agreement with our employees on a new pension scheme. One of the main considerations was that it should be in line with the market. As of 1 July 2013, the final-salary scheme was replaced by an average-salary scheme (collective defined contribution scheme). The company pays a 'defined contribution' (i.e., a premium agreed in advance), based on a conditional average salary. The scheme aims to achieve an annual accrual of 2% of the pension base.

Gasunie Deutschland has also introduced a new and competitive collective defined contribution pension scheme for everyone who joined the company in or after 2012.

Flexible terms of employment

As one of Gasunie's terms of employment, employees receive an annual 'flexibility budget'. Employees can use this budget in a number of different ways, at their own discretion. For instance, they can use it to buy spare time, or receive it as a cash payment.

Equal pay for men and women

Men and women doing the same job receive the same pay. But the average salary of women in our company is 8.7% lower than the average salary of men: on average, women working full-time earn € 52,641 (men: € 57,678). This difference is due to the fact that relatively more men have reached their maximum salary, because they have been employed for longer. The maximum salaries within the various function groups are, of course, the same for both men and women.

Opting out of the Collective Labour Agreement

Of the total workforce in the Netherlands, 1,102 (76%) are covered by a collective labour agreement. Since 2008, we have offered those of our employees with at least higher secondary vocational education an opportunity to opt out of this agreement. This allows them to make flexible agreements on working hours. They are also eligible for a bonus if they reach agreed targets. In this way, we seek to encourage 'managing on results' rather than 'managing on presence'.

Performance-based pay

Our employees' pay depends partly on whether collective and/or individual targets are met. We set targets for those activities that are crucial in helping us implement our strategy, such as safety, finance, security of supply and corporate social responsibility. For those employees who are not covered by the collective labour agreement, the collective targets are converted into individual targets. If all targets are achieved in full, a bonus of € 500 (gross) is paid. If some but not all targets have been reached, the bonus is paid pro rata.

In 2013, not all collective targets were met. Based on the performance achieved, employees covered by the collective agreement and those in a 'young development' pay scale were paid a bonus of € 167. The bonus was paid to part-time employees pro rata.

Collective targets

	Target 2013	Achieved 2013
Safety		
Number of reportables	< 4.0	3.6
Pipeline incidents	< 6	6
Non-delivery	< 6	3
Finance		
Operating costs	<€ 326	303
Operating result	>€ 954	963
Corporate Social Responsibility		
No. of km (incl. lease)	3% reduction compared to 2012	5%

New collective targets have been set for 2014. The operational target (a combination of safety and pipeline incidents) is being adjusted. For operating result, EBITDA will be replaced by ROIC (Return On Invested Capital). The CSR target will focus on reducing CO₂ emissions.

Diversity and equal opportunities

We aim for diversity throughout our organisation, seeking to create a culture in which everyone is occupied in ways that make the most of their talents and strengths – regardless of, say, their gender or ethnic origin. Talents can flourish better if we create more diversity in our organisation. That is why, for a number of years, we have been working with 'inflow targets' to attract more women and employees who are 'distanced' from the labour market. The targets relating to the number of women vary, depending on the current numbers of male and female students graduating from degree programmes that are relevant to our business. In addition, we have joined various external initiatives for raising awareness in the field of diversity. Together with others, we try to combat prejudice in special programmes (e.g., Talent to the Top and Professional Board Forum), during internal workshops, through coaching, and in our labour market communications. We also look at each vacancy to see if there are opportunities for employing disabled young people.

Health and well-being

We aim for the lowest possible level of absence due to sickness. In 2013, absence due to sickness at Gasunie in the Netherlands was 3.1% (2012: 3.3%). In Germany, the rate was 3.5%.

Absence at GUN	2009	2010	2011	2012	2013
Short-term absence	0.9	0.8	0.8	0.8	0.9
Medium-term absence	0.7	0.6	0.7	0.6	0.7
Long-term absence	1.7	1.4	1.8	1.8	1.5

Absence at GUD	2013
Short-term absence	1.2
Medium-term absence	1.1
Long-term absence	1.2

In 2013, our zero absence rate was 43% (i.e., 43% of our employees did not report sick during 2013). In 2012, that rate was 44.4%. The Dutch national average is 30%.

Work-related sickness absence

When our employees report sick, they can state whether their absence is related to their work. In 2013, employees indicated nine times that their sickness was related to work (in 2012: 14). In 2013, as in 2012, one report was made to the Netherlands Centre for Occupational Disease (NCB).

Employee Survey

Once every two years, we conduct an Employee Survey. One of the topics into which we seek to gain more insight through the survey is how our employees cope with pressure of work. The outcomes of the survey are discussed with each department, and if there is reason to do so, the employees and manager of each department jointly look for opportunities to improve the situation.

Code of Conduct

We have drawn up a Code of Conduct, which describes what we expect of our employees with respect to acting with integrity. The Code includes rules for treating colleagues with respect, ethical issues, bribery and corruption, using alcohol and drugs, dealing with commercially sensitive information, the use of social media, and making calls while driving. If the Code of Conduct is violated, we take appropriate steps. In 2013, we found no incidents of bribery or corruption. Other types of violation of the Code in 2013 were addressed and appropriate measures were taken by the management.

Employee participation

Elections to the Works Council took place at the beginning of the year, and the new Council officially started on 1 April 2013. The Works Council reports as follows about the year under review:

'The Works Council is committed to putting modern employee participation into practice. That is why we ensure that we are involved as a partner in any changes at an early stage. In addition, we urge management and relevant employees to plan such changes jointly, in mutual consultation. This will stimulate employee participation, with responsibilities placed low in the organisation and managed on the basis of "coaching leadership".

In a number of cases, the involvement of the Works Council has led to proposals being changed. In the case of parts of two Requests for Advice, the Council recommended that they not be implemented. As a result, the relevant decision was postponed, which meant there was time not only for further research, but also for dialogue between management and employees. We expect this to result in better proposals that enjoy broader support.

With regard to the appointment of the new CEO, the Council discussed the profile with the Chairman of the Supervisory Board. It did not prove feasible on this occasion to involve the Works Council in the selection of candidates. However, the Works Council had an opportunity to speak with the preferred candidate before making its recommendation. In the coming year, the Council, the management and the trade unions will discuss together how and to what extent management's wish to establish a new pay structure or system can be met.'

'Having a good relationship with our environment is very important for our 'licence to operate''



Gasunie in society

Relationship with stakeholders

Having a good relationship with our environment is very important for our 'licence to operate'. We maintain strong ties with a large number of stakeholders, such as the shareholder, representatives of national, regional and local politics, authorities, regulatory bodies, employees, the Works Council, our customers, suppliers, the local community, the media and nature conservation and environmental organisations. We are committed to striking the right balance between the interests of everyone involved.

Structural stakeholder dialogue

Internal

Good communication within a company leads to better cooperation and increases the involvement of employees at all levels of the company. This is not just a matter of efficiently providing information. Dialogue among employees also improves the working process and mutual cooperation. That is why this has become a key objective in our internal communication policy.

Our intranet, methaNet, plays a central role in our internal communications. In 2013, we significantly expanded the functionalities of methaNet. It has become more personal and more interactive: people can now comment on messages and respond to each other's questions and remarks. Employees can create their own profile, in which they say something about their work. This makes it clear to others who to turn to for specific matters. Employees can also create and manage special interest groups (forums), which can be used to share knowledge and discuss relevant topics.

We regularly organise employee meetings that focus on the exchange of information on a wide variety of topics. Besides meetings for people from all over the company, we also hold more specific meetings for departments, business units or managers. In addition, we organise themed sessions, for which employees can sign up. At the end of 2013, for instance, we held a number of 'pizza sessions' about the core values of our company. We find the feedback we receive from such meetings very valuable.

External

We often have a shared interest with external stakeholders, even though we may sometimes have a different perspective. We always try to find constructive ways to keep in touch with our stakeholders, and to this end we create various platforms and opportunities for discussion.

Good relationships with local residents

We consider it very important to maintain good relationships with the people who live near our locations, pipelines and installations. We own and manage one of the most elaborate and densely packed gas transport networks in the world. Over 15,500 kilometres of pipelines lie under the ground in the Netherlands and Germany, in one of the most densely populated areas in the world. This means that we have many 'neighbours', and we want to treat them all with respect. Our reputation for doing so, built up over the years, is good – and we would

like to keep it that way. That is why, as far as possible, we involve the people who live close to our operations in our plans. We create opportunities for dialogue, such as information and discussion evenings and Open Days. We attach great value to the feedback we receive from our stakeholders during these consultation sessions.

Laying a new gas pipeline is a major operation that can give rise to a lot of unrest in the immediate vicinity. Thanks to the short lines of communication between Gasunie and our municipality, we experienced the pipeline construction as a best-practice project. Preparations were good, execution was quick, and there was proactive communication between all parties involved.

Roderick Simons, Town and Country Planning Policy Advisor, Municipality of Zuidplas

Supply chain partners

We also maintain close relationships with our customers, shippers and companies directly connected to our network through regular annual meetings for these groups. In 2013, GTS again organised 'Shipper Meetings' and 'Industry Days'. These serve as information meetings and networking platforms for the stakeholders involved. During these meetings, we exchange ideas with customers about developments in the gas market and within GTS.

Governments and authorities

Various parts of our company maintain regular contacts with authorities at many different levels. On the one hand, laws, regulations, policies and other government decisions have a large impact on our activities; on the other hand, due to our role in the provision of energy, we form an important discussion partner for the government. We want to be a serious, constructive partner for governmental authorities. Our activities mean that we frequently need to consult with local and other authorities (e.g., on legislation, regulations and licences), and we are often also involved in consultations at the political level, in particular through our offices in The Hague, Berlin, Brussels and Moscow. On the one hand, our local presence there helps to foster good long-term relationships with governmental stakeholders; and on the other hand, it is easier for the authorities to use our local representatives, who have a great deal of specialist knowledge, as a single point of contact for their questions on gas and gas transport.

Social organisations

Cross-border or cross-sector policy issues are usually discussed through industry organisations. For this reason, we are members of a number of such organisations, such as Netbeheer Nederland, the European Network for Transmission System Operators Gas (ENTSO-G), and Gas Infrastructure Europe (GIE). We are also represented on the board of many of these organisations.

Stakeholder feedback

Customer satisfaction survey

Through an annual customer satisfaction survey, carried out in the Netherlands by GTS, we ask our customers for their opinion on various aspects of our services. Customers gave GTS a score of 7.2 (out of 10) for its services during 2013, the same score as in 2012. For certain aspects of our services (e.g., customer service through our new website and our Customer Desk), our scores in 2013 were higher than the year before. However, customers felt that some areas (e.g., following up on appointments, and the search function on our website) could be improved.

New platforms

We wish to play an active role in the energy debate so that we can exchange ideas on important themes. We are therefore proactively seeking contact with relevant stakeholders. To an increasing extent, these are parties who are involved in the provision of energy from a social point of view (e.g., NGOs and lobby groups) or on the grounds of their profession (e.g., architects or scientists). As a result, we are increasingly present on 'new' platforms. In 2013, for instance, we became an active participant in the annual sustainability festival, Springtij, on the island of Terschelling.

Handling complaints

In carrying out our operations, we take our surroundings into account as much as possible. Any complaints we receive – by telephone, email or otherwise – are directed in the first instance to our Corporate Communications department, who then deal with them in consultation with the relevant department. We aim to respond as quickly as possible and to the satisfaction of all parties concerned. Customers of GTS can address their complaints to the GTS Customer Desk.

Strategic Environs Management

We frequently need to carry out works at new and existing locations. Since we are committed to maintaining a good relationship with our neighbours, prior to embarking on new projects, we carry out an analysis of the surrounding area, and contact stakeholders at the earliest possible stage. In 2013, as part of our CSR policy, we started developing a Gasunie-wide approach for environs management. In doing so, we also look at what has been achieved with Strategic Environs Management (SEM), an approach that has successfully been used by large organisations such as the Port of Rotterdam. We also started pilots with social media to find out, for example, how we can use Facebook and Twitter. Our new website, Gasuniebouw.nl, plays a central role in this. The first results are very promising.

Strategic environs research

In 2013, we hired a specialist agency to examine what key stakeholders think of our company. We felt that our 50th anniversary was a good time to commission a comprehensive study to find out how strategically relevant parties view Gasunie and how they think and expect Gasunie will develop in the future. More than forty stakeholders from our political, industrial, policy-making and social environs participated in this study. The stakeholders said that they see an important role for Gasunie in the European energy infrastructure, in the transition towards a sustainable energy supply. They also showed interest in our company's strategy and vision for the future. We intend to repeat this study in a few years' time, so that we can measure how we are developing in relation to our surroundings.

Stakeholder dilemmas

In our work, we are continuously balancing the interests of different stakeholders. We only expand our network if our customers ask us to do so: our primary aim is to guarantee security of supply. Similarly, we carry out maintenance work on our pipelines and installations. The activities that follow from this can sometimes cause a public nuisance. This results in dilemmas that, each time, require a good balancing of interests and good dialogue with the people who are directly involved.

Pipeline route Bergambacht: alternative location

In order to ensure stability in the supply of gas in the Netherlands, we wanted to lay a pipeline through the village of Bergambacht. The plot of land through which we had planned to lay this pipeline was zoned for agricultural use. This meant there would be nothing to prevent the pipeline being laid through it. However, during discussions with the local council, it turned out that, in due course, the council intended to build a small residential area at this location. The council had included this residential area in its municipal planning document, but had not yet drawn up a zoning plan for the intended location. The council then proposed an alternative route for the pipeline. We considered this carefully and decided to adopt it as our preferred option. These adjustments lengthened the preparatory phase, but the pipeline is now located such that it does not thwart the council's plans.

New General Terms and Conditions for Laying Pipelines

In 2010, the existing system of building leases (with rent paid to the owner for the right to lay pipelines through his land, e.g., agricultural land) was revised. At that time, Gasunie and the Dutch Agriculture and Horticulture Organisation (LTO) agreed to also revise the General Terms and Conditions for Laying Pipelines. LTO represented some 50,000 agricultural entrepreneurs. We have a relatively large number of pipelines in agricultural land, which is why LTO is an important stakeholder for us. We have an interest in reaching a good, objective arrangement that, as far as possible, does justice to the interests of all involved and can as such be applied by everyone concerned. LTO has an interest in an arrangement which also takes account of the interests of its members.

During the negotiations, we turned out to have different expectations and interests with regard to possible legal developments regarding annual rent. At first, our points of view seemed irreconcilable. But eventually, the two sides focused on improvements and adjustments, separate from any annual rent. This helped us to arrive at a transparent arrangement that works for everyone involved. We agreed to meet again whenever changes in legislation make it necessary.

Social commitment

We make a positive contribution to society in carrying out our statutory duty as a gas infrastructure company. However, we wish to do more for society, and we are doing so in various ways, such as described in the examples below.

Cooperation in the field of archaeology

Sometimes, our activities take place in areas where archaeological findings have been made or are expected to be made. In such cases, we cooperate with archaeological consultancy RAAP to first search the area for the presence of any archaeological remains.

Sponsoring and donations

We sponsor activities and events and make donations in regions where we are directly active, particularly to support cultural events and youth sports activities. We also organise lectures on CSR and other subjects at secondary schools and universities. We frequently give free access to our head office and our catering facilities to student associations and other relevant organisations. We also sponsor student events by providing free use of equipment and furniture for holding conferences. In 2013, we spent € 230,880 on sponsoring and donations.

In Germany, we sponsor '*Behinderten Sportverband Niedersachsen*', a sports association for people with disabilities. We are also sponsor of the regional paralympics for disabled children in Niedersachsen.

Employee initiatives

Gasunie greatly values and supports employees' social activities. Many of our employees do volunteer work for sports clubs, support cultural projects, participate in local politics, or are dedicated to the application of sustainable energy and improving the quality of life in their community. Many of our employees who go to work by bike take part in the Dutch national campaign '*Fietsen Scoort*'. The proceeds of this campaign are used to finance sustainable projects in developing countries. We double the amount that our employees collect for this good cause.

Educational package for safety

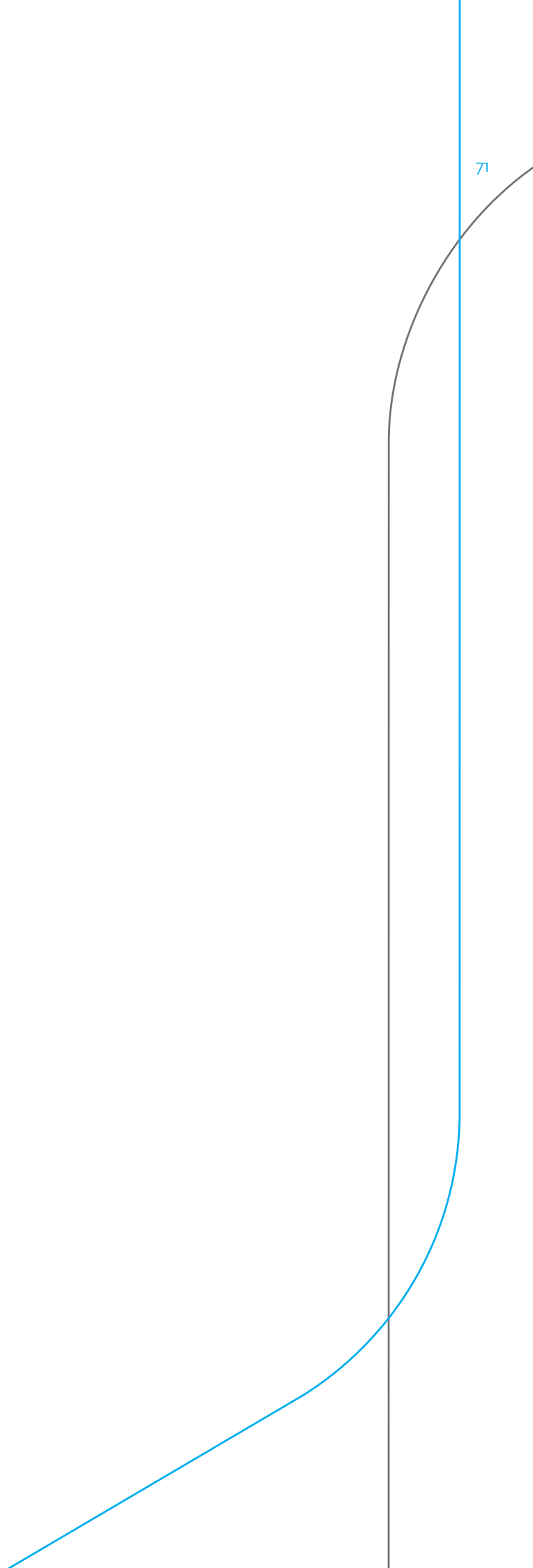
Whenever we conduct major infrastructure projects, such as laying a pipeline or building a station, it inevitably involves a great deal of heavy traffic. Our drivers have therefore been trained to focus on safety. To raise awareness about safety among local children, we have also compiled an educational package that we distribute to primary schools in the vicinity of our activities. In addition, we also participated in an episode of a Dutch children's TV programme, in which we explain why we transport gas and how this can be done safely. Most of the materials are freely available on our website.

Art

We believe that art in our office environment helps to create a pleasant workplace for our employees. Gasunie has a modest art collection that is displayed throughout our offices in the Netherlands and Germany. Each year, we organise several exhibitions at our head office. This provides a good platform for the (usually young) artists. In 2013, we spent € 15,716 on art.

Bees project with Wageningen University Research

In cooperation with Wageningen University Research (WUR), we initiated a project for studying wild bees. Wild bees are very important to the agricultural sector, but the mortality of bee populations in the Netherlands is increasing. This is partly due to the fact that their habitat is continuously shrinking. We therefore joined forces with WUR to examine whether, with some adjustments, industrial areas can be turned into suitable habitats for this type of bee. We gladly participate in this research, because we feel involved in the agricultural sector in the Netherlands. Many of our pipelines are, of course, located under agricultural land. One of our locations and various pipeline routes have been converted into habitats; for instance, by sowing flower seed mixes and creating nesting opportunities. Some Gasunie employees have been trained by an environmental scientist to collect data, which are then processed by WUR. The project, which was launched in 2012, will run for three years. If it proves to be successful, we will see if we can create more habitats of this type.



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CONTROL ROOM
WORK PERMIT OFFICE



'Our employees act on the basis of our core values and risk awareness'

Risk management

We face a variety of risks – some general, and others more specific, stemming from the nature of our operations. To be able to manage these various risks and, where possible and desirable, to reduce them, we have drawn up a risk management policy.

Within Gasunie, the Executive Board is responsible for risk management. With the assistance of the Corporate Risk Management department, the Executive Board has set up and arranged an internal risk management and audit system. The aim of this system is to provide a reasonable degree of certainty that:

- ▶ care is taken that the company's objectives are being achieved and
- ▶ the principal risks facing the company are being properly managed.

Our risk management efforts are focused on:

1. Managing the risks that threaten our strategic objectives
2. Managing the risks that threaten our operational and financial objectives
3. Guaranteeing our compliance with the law and regulations
4. Ensuring the reliability of our financial and management reports.

A proper system of risk management and internal control will reduce the number of mistakes, wrong decisions and unpleasant surprises due to unforeseen circumstances.

Policy

Our internal risk management procedures are laid down in our Risk Management Policy and in the Minimum Requirements for Management Control. The measures we take to manage risks are combined in our Risk Management Framework. This framework is designed so that risks can be managed both top-down and bottom-up.

Each year, a strategic risk analysis is drawn up, which the Executive Board submits to the Supervisory Board. This risk analysis contains an overview of the risks that form a threat to the company achieving its strategy and objectives, together with the management measures adopted. A similar process takes place at business unit level, using strategic risks analyses; while at operational level and in the case of projects, operational risk analyses and project risk analyses are used. In these risk analyses, the business unit objectives and project objectives respectively form the basis for identifying these threats and formulating the management measures.

All key processes are covered by the process descriptions laid down in the Gasunie 'Process House' digital manual. All staff are subject to our Code of Conduct. In the context of the annual accounts, external auditors periodically evaluate the main elements of the organisation and operation of the administrative system and internal audit measures included in it. They report their findings to the Executive Board and the Supervisory Board. Once a year, the Executive Board discusses the organisation and operation of the entire risk management and audit system with the Audit Committee.

Adjustments in 2013

In 2013, we formalised certain elements of the Risk Management Framework, such as the interrelation between risk management, the business plan cycle and the strategic cycle. In doing so, we make sure we take an integrated approach, one which looks at opportunities and threats from various angles and also forms part of the existing reporting cycle. In addition, we have included more explicitly how our operational excellence objectives relate to corporate process management and our objectives. Managing processes and operations means managing risks.

Risk acceptance

We are responsible for the continuity of a reliable and safe infrastructure for the transport of gas in the Netherlands and northern Germany. Taking risks is, of course, an integral part of doing business. When working out our strategic and operational objectives, we identified risks and appropriate measures for managing them. The extent to which we accept the remaining risks varies per objective and risk category. Acceptance or rejection of these risks is determined on the basis of risk limits, laid down in various policy documents, processes, instructions and other company documents.

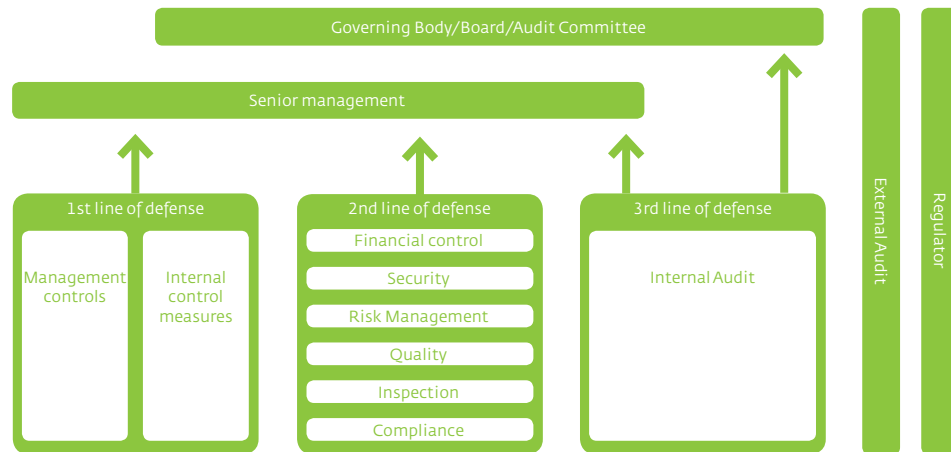
The table below shows risk acceptance according to the COSO ERM categories. Risk management within our company is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. COSO ERM takes the company's objectives as its point of departure, classifying the risks into four categories: Strategic, Operations, Reporting and Compliance. Within these risk categories, we distinguish the following levels: strategic (corporate), tactical (unit) and operational (departmental). Depending on the area of expertise or the part of the company, derived models have been drawn up to meet the right level of abstraction and area of expertise (such as HSE, Asset Management, M&A Projects and Project Risk Management).

Risk category (COSO ERM ⁵)	Risk acceptance	Explanation
Strategic	Low	In pursuing our strategic objectives, we try to strike a balance between the social TSO function (very low risk acceptance) and the commercial non-TSO activities (higher risk acceptance).
Operations	Very low	Risks to the safety of our surroundings or to Gasunie employees or contractors are avoided as much as possible; risk acceptance is very low. Risks to the continuity of a reliable infrastructure are also reduced.
Reporting/Finance	Low	Gasunie is not prepared to take risks that limit its access to the financial markets or endanger its credit ratings.
Compliance/Legal	Zero	Gasunie strives to comply with all applicable laws and regulations.

Tasks, powers and responsibilities

The risk management within our company is based on the Three Lines of Defense model, which defines the relationships between and responsibilities of business/management control, risk management and internal audit.

The three lines of defense model



Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41

1st Line of Defense: Line management

Line management is responsible for controlling its own processes, management controls and AO/IC (Administrative Organisation and Internal Audit). Once a year, they report to the Executive Board on this and formal account is given by means of a Document of Representation. An important aspect of managing risks is to have good knowledge of the processes, particularly processes that involve several departments. In 2013, many of the processes detailed in manuals were incorporated into the Gasunie digital 'Process House'. This process of incorporation will be continued in 2014.

2nd Line of Defense: Risk management and compliance functions

The second Line of Defense consists of risk management, financial control and compliance functions (such as Safety and Legal) for the purpose of 'management assurance'. Corporate risk management, commissioned by the Executive Board, defines the policy frameworks for risk management and advises on risk management within Gasunie. In addition to providing support and advice to line management, corporate risk management carries out corporate and strategic risk assessments at unit level. Each year, an independent report of these activities is presented to the Executive Board, the Audit Committee and the Supervisory Board.

3rd Line of Defense: Operational Audit

The Operational Audit department helps us to achieve our objectives by assessing independently and objectively whether the organisation and operation of our management control measures are effective and efficient. Operational Audit reports to the CEO.

Our employees act on the basis of our core values and risk awareness, thus creating a 'Base Line of Defense'.

Risks

The main risks are described below:

Strategic/general risks	Management measures (selection)
<p>Strategy</p> <ul style="list-style-type: none"> - Position of gas and Gasunie neglected in European (particularly north-west European) energy policy - Geopolitical risks 	<ul style="list-style-type: none"> - Promote 'Gas advocacy'; position gas as an integral part of the energy mix to enable a transition towards more sustainable energy use. - Set up a new company department focusing on facilitating and stimulating new energy projects with an important role for gas, either independently or through partnerships. - Safeguard security of supply through stable economic and political relationships.
<p>Market and profitability objectives</p> <ul style="list-style-type: none"> - Limited growth due to market developments - Investments to meet sustainability aims cannot be earned back in the short term - Changing contracts (type/duration) 	<ul style="list-style-type: none"> - Enter into joint ventures; distinguish ourselves from the competition by providing good services and products (e.g., PRISMA and TTF), with sustainable energy forming part of the offering. - Develop new business models; hold ongoing dialogue with relevant stakeholders. - Develop a vision of future capacity demand and adjust the business model/revenue model in good time.
<p>Regulation</p> <p>General regulatory uncertainty:</p> <ul style="list-style-type: none"> - Adverse developments in the regulatory framework can only be absorbed to a limited extent, as the carrying amount and recoverable amount of the gas transport network are comparable, both in the Netherlands and in Germany - Insufficient grip on the development of regulation in Europe 	<ul style="list-style-type: none"> - Hold dialogue with regulatory authorities - Implement possible consequences into our business operations. - Intensify the relationship between Gasunie as a TSO and ENTSOG (single European gas market).

Strategic/general risks	Management measures (selection)
<p>Capacity at Risk</p> <ul style="list-style-type: none"> - Lower availability of L gas 	<ul style="list-style-type: none"> - Contribute to the transition of L gas to H gas (e.g., by assessing capacity for quality conversion).
Operational risks	Management measures (selection)
<p>HSE</p> <ul style="list-style-type: none"> - Disasters - Dangerous situations 	<ul style="list-style-type: none"> - Periodically review policy on operational continuity/crisis management and hold emergency drills. - Implement Safety Management System (e.g., NTA 8000) - Continuously emphasise (internally and externally) the importance of safety and the four pillars of our safety policy: occupational safety, external safety, process safety and technical safety.
<p>Project management</p> <ul style="list-style-type: none"> - Delays in the planning and completion of infrastructure projects; public opinion and regulators less willing to accept risks 	<ul style="list-style-type: none"> - Adopt active stakeholder management (e.g., regarding licensing process). - Prepare organisation to cope with tighter constraints and related need to justify actions.

In-Control Statement

The Executive Board is aware that the risk management and audit systems, no matter how professional, cannot offer absolute certainty that the company objectives will be achieved or that such systems can fully prevent material inaccuracies, loss, fraud or violations of the laws and regulations.

With respect to the financial reporting risks, the Executive Board states that the internal risk management and audit systems provide a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies and that the risk management and audit systems in the year under review functioned properly.



'Due to its important social function, Gasunie has set itself ambitious objectives'

Governance

Report of the Supervisory Board

The Supervisory Board of Gasunie supervises and advises the Executive Board in formulating and achieving Gasunie's objectives, strategy and policy. The Board also acts as the employer of the Executive Board.

Supervision

The year 2013 was a year with special dynamics as it brought a number of challenges. One matter that needed our specific attention, for instance, was the composition of the Executive Board and the Supervisory Board. In considering these matters, the Supervisory Board explicitly took the social role and public tasks of Gasunie as a significant point of departure. In this report, the Board explains how it conducted its supervisory tasks and outlines the main substantial issues that occupied the Board during the year under review.

Achieving the objectives

Given Gasunie's important social function, the Supervisory Board believes it is important that the organisation's objectives should focus on safe, reliable, sustainable and cost-efficient performance. The same social function also means that those objectives should be ambitious. After all, the organisation wants, and needs, to continuously improve. We encourage the achievement of those objectives in part by applying variable remuneration, based not only on financial performance, but also, and in particular, on safety, security of supply and CSR objectives. Each quarter, the Executive Board reports to the Supervisory Board on the interim results achieved with respect to the objectives.

Strategy

Each year, the Executive Board of Gasunie draws up a strategic plan that is then submitted to the Supervisory Board. In this plan, the strategy is analysed and, where necessary, adjusted to take account of new developments. The Supervisory Board approves the current strategy and is actively involved in its implementation. One of the company's strategic pillars – strengthening the leading position of Gasunie as a cross-border gas infrastructure company in Europe – requires not only that the strategic advantages and disadvantages are carefully weighed, but also that the company has at its disposal a good set of instruments for identifying and managing risks, and recognising and exploiting opportunities. The M&A Guidelines, which give guidelines for dealing with mergers and acquisitions, were further tightened in 2013 and now form a good standardised framework for the coming years.

Risks and risk management

In 2013, the internal control framework was discussed with the Supervisory Board's Audit Committee. Each year, Gasunie draws up a strategic risk analysis (SRA) at both group and unit level, and operational risk analyses (ORAs) at department level. The risks at these three levels interact with each other and are discussed, at group level, with the Audit Committee and the Board. This in-depth discussion covered themes such as safety, regulation, sustainability, and earthquakes, together with the associated management measures. The Supervisory Board's comments have been incorporated into the SRA. The Operational Audit department frequently tests the working of the risk management system and reports its

findings to the Audit Committee. It is the opinion of the Supervisory Board that the company is pursuing a balanced policy with respect to risks and opportunities, and that the Executive Board has kept the Supervisory Board properly informed about it.

Safety

Given the nature of Gasunie's operations, safety is a top priority. This applies not only to the safety of its own employees and the employees of its contractors, but also, most particularly, to the safety of people living or working in the vicinity of our activities. The subject of safety and monitoring safety performance is a permanent item on the Supervisory Board's agenda. The Board deeply regrets the fatal accident in November 2013 that took place during the laying of the new Beverwijk-Wijngaarden route. At its last meeting, the Board reflected on this accident at length.

Financial reporting

Gasunie draws up monthly reports, and reports to the Board on a quarterly basis. The reports are discussed by the Audit Committee in the presence of external auditors. If necessary, recommendations may be added, and the reports are then approved by the Audit Committee, with a mandate from the Board. The annual report is discussed by the whole Supervisory Board and approved. It was decided to publish a single, integrated annual report as of the year under review, 2013.

During 2013, we took all the steps needed for the certification of the Dutch network operator (GTS) in accordance with the requirements of ACM. As a part of this process, the network assets were handed over to GTS, as a result of which GTS, as of 2014, will report as a 'comprehensive' network operator. In 2014, the Supervisory Board will attend a workshop on regulation with the purpose of obtaining a clearer understanding of the differences between IFRS reporting (used for external reporting) and regulatory reporting (used for reporting to ACM), and thus be able to improve supervision of the way in which Gasunie will deal with this.

Compliance with laws and regulations

Gasunie has an internal process of reporting and responsibilities with regard to compliance with the laws and regulations and with our Gasunie guidelines for internal management. This process has been laid down in a document of representation that is discussed by the Audit Committee. Where possible and necessary, Gasunie will obtain external certification, so that external testing will also take place. For instance, Gasunie is currently working on certification at NTA8120 level, the Dutch quality standard for asset management.

Relationship with the shareholder

Discussions are held regularly at various levels between the organisation and its shareholder. In addition to the Annual General Meeting of Shareholders, the Supervisory Board has incidental discussions with the shareholder, as and when required. Last year, there were many close consultations about, for example, filling the vacancies in the Supervisory Board and the Executive Board. During these discussions, the knowledge and insights of the shareholder with regard to filling in these vacancies proved to be beneficial. There were also close consultations between the Board and the shareholder about the Policy on Government Participations.

CSR

The Board played an active role in defining the new CSR policy. The Board took part in discussions about this policy and how it should be reported on. The Board as a whole has considerable experience and expertise on CSR matters, as a result of previous and other, current, posts held by a number of its members.

Composition of the Supervisory Board

At the end of 2012, three members of the Supervisory Board – Messrs Van Luijk, Noy and Lont– resigned from the Board to enable an open discussion about the research report drawn up, at the request of the shareholder, about the acquisition in 2007 of the BEB network in Germany. In mutual agreement with the Minister, the three Supervisory Board members stayed on until the General Meeting on 23 April 2013. We are very grateful for the commitment these three members have shown over the years. On 23 April, the Board announced that an interim chairman had been found, and on 1 May 2013, Mr Rinse de Jong became Interim Chairman of the Supervisory Board.

To facilitate the search for prospective new members, the Board drew up a detailed profile containing the required competencies. Besides competencies in the field of general, financial and socio-economic management, they were looking for specific competencies in the field of energy, legislation, public administration and technology. The profile was discussed at length with the shareholder, the Executive Board and the Works Council. The Board was assisted in the search process by an external consultant. The Board was pleased to be able to speak with a large enough number of good candidates to be able to make a well-considered choice.

Unfortunately, in the course of the year, it transpired that the chair-elect had accepted another position that, under the terms of the Management and Supervision Act (*Wet Bestuur en Toezicht*), could not be combined with the position of chairman of the Supervisory Board of Gasunie. The Board naturally regrets this development. On 1 October 2013, Ms Martika Jonk and Mr Willem Schoeber were appointed to the Supervisory Board. Ms Jonk is a partner in the law firm CMS Derks Star Busmann, where she specialises in international energy matters. She was in practice in Germany for a number of years, and is now located in the Netherlands. She is qualified to practise in both countries. Mr Schoeber is a former member of the Executive Board of EWEAG, a regional energy company operating in northern Germany and in Turkey. Both bring experience in the field of energy and legislation, and Mr Schoeber in the field of technology as well. With the appointment of these new Supervisory Board members, the composition of the Board is now clearly diverse in the gender, background and experience of its members.

Following the appointment of Ms Jonk and Mr Schoeber, the main competencies are covered as follows:

Competency	Ms Poots	Ms Jonk	Mr Vermeire	Mr Schoeber	Mr de Jong
General management	✓	✓	✓	✓	✓
Financial management	✓		✓	✓	✓
Socioeconomic management	✓	✓		✓	
Energy		✓	✓	✓	✓
Legislation	✓	✓	✓	✓	✓
Technology			✓	✓	
Public administration	✓		✓	✓	✓

It should be noted that the above-mentioned competencies in fact have various facets, and the actual picture is more nuanced than may seem at first sight. For instance, the public administrative contacts of Mr Vermeire relate mainly to Belgium and the international gas industry, whereas those of Mr Schoeber relate to Germany and those of Mr De Jong to the Netherlands. The competencies are also reflected in the composition of the Board's various committees.

All members of the Board are independent in the sense of the Dutch Corporate Governance Code.

Composition of the Executive Board

In addition to its tasks of supervising and advising, the Supervisory Board is also charged with the task of acting as employer of the Executive Board. In June 2013, the then Chief Executive Officer, Mr Paul van Gelder, announced that he would leave Gasunie on 1 September 2013, because he had accepted a position elsewhere. The Board is very grateful to Mr Van Gelder for the way he has led the company during the period of more than three years that he was with Gasunie and for the changes he introduced to bring the organisation more in line with the market.

Assisted by an external consultant, the Board then started the process of finding a successor. To this end, they drew up a profile, which was subsequently discussed with the Executive Board, the shareholder and the Works Council. On 18 November 2013, it was announced that Mr Han Fennema would be appointed as a member of the Executive Board of Gasunie as of 1 January 2014. On 1 March 2014, Mr Fennema was appointed Chairman of the Executive Board and CEO.

To fill in the vacancy left by Mr Van Gelder, the Board asked Mr Geert Graaf, until then member of the Executive Board and Chief Operating Officer, to take on the position of Interim Chairman of the Executive Board as of 1 September 2013. Mr Graaf filled this post in a highly professional way. Meanwhile, he announced that he would leave Gasunie on 1 March 2014, after almost 30 years at the company. The Board regrets this decision and has very great respect for the way in which Mr Graaf carried out his job as interim CEO. The Board is grateful for this and wishes him every success in the future. The Board also thanks Mr Henk Chin Sue, who was Chief Financial Officer until 1 July 2012 and active as advisor to the Board until 1 July 2013, for his many years of dedication.

As of 1 March 2014, the Executive Board consists of Mr Han Fennema (Chairman and CEO) and Mr René Oudejans (member and CFO). In consultation with the Supervisory Board, they will examine which management model would best suit the tasks and responsibilities of the various regulated and free market activities that Gasunie has in its portfolio as a parent company.

In filling the vacancies in both the Supervisory Board and the Executive Board, we made every effort to observe the principle of equal representation of men and women (which was included in the profile). The Supervisory Board meets the criterion of at least 30% men and at least 30% women. However, for the Executive Board, we failed to find any suitable, available female candidates.

Meetings and the subjects discussed

The Supervisory Board met nine times in 2013, with all board members present. In addition to fixed agenda items such as safety, security of supply, current company affairs and Gasunie's operational and financial results, the Board discussed among other things the desired composition of both the Board itself and that of the Executive Board, the strategy, the network renovation programme GNIP, the new CSR policy, the transfer of network assets from Gasunie to GTS, the Policy on Government Participations and the participation policy. The Board also visited one of the locations of the new-build project Beverwijk-Wijngaarden. In the last meeting of 2013, the Board briefly evaluated its own functioning and, in view of the newly appointed members, adjusted the composition of the committees. Those meetings to which the Executive Board was invited were attended by all members of the Executive Board.

Audit Committee

The Audit Committee is chaired by Ms Poots, with Mr Vermeire and Mr De Jong as members during 2013. With the appointment of Mr Schoeber, it was decided to appoint him as a member of the Audit Committee. Mr Vermeire has joined the Remuneration, Selection & Appointments Committee and will be leaving the Audit Committee. The Audit Committee met six times in 2013. At those meetings, the operational auditor, the external auditor (EY) and the CFO were present on all occasions, and the CEO, and later Interim Chairman, four times. Mr De Jong was unable to attend on one occasion. In addition to the regular quarterly reports, the Committee discussed at length the Financial Statements 2012, the Annual Report 2012, the Semi-Annual Report 2013, the accompanying management letters and the external communication about these. The operational auditor's periodical reports were also discussed and the operational auditor's working schedule was agreed. The Committee also met to discuss, among other things, the M&A guidelines, the SRA, Integrated Reporting and the Document of Representation 2012. It was agreed to reappoint the external auditor for a further term, up to and including 2014.

In 2013, the chair of the Audit Committee also held regular consultations with both the operational auditor and the external auditor without Members of the Executive Board being present. In the meetings of the Supervisory Board, the chair of the Audit Committee rendered account for the activities the Committee carried out with respect to the financial supervision of the company.

Remuneration, Selection & Appointments Committee

In 2013, the Remuneration, Selection & Appointments Committee met four times, in the presence of all committee members. Given the vacancies that arose in 2013, after the General Meeting, the Committee consisted of Ms Poots (chair) and Mr De Jong. Ms Jonk joined the Committee on 1 October 2013. In December, it was decided that Mr Vermeire would also be appointed to the Committee and that Mr De Jong would take over the chair from Ms Poots. The Committee discussed, among other things, the target-setting for 2013, the degree to which the 2012 targets were reached, the remuneration section in the Annual Report 2012, and the collective targets for 2014. The Committee carried out extensive preparatory work in the process of appointing new members of the Supervisory Board and the succession of the Chairman of the Executive Board and, within this framework, had regular contact with both the Works Council and the shareholder.

Strategic Investments Committee

The Strategic Investments Committee did not meet in 2013 and has been discontinued. As a consequence of the importance of matters relating to strategic investments, it was decided to discuss these subjects with the complete Board.

Remuneration policy of the Executive Board

The remuneration policy for members of the Executive Board is described in a separate section of this annual report.

Meetings with the Works Council

Representatives of the Supervisory Board attended consultations between the Executive Board and the Works Council on two occasions in 2013: Mr De Jong once and Ms Poots once.

Acknowledgements

The Supervisory Board wishes to thank the Executive Board, management and all employees of Gasunie for their dedication and hard work in 2013. Thanks to this dedication, the company has achieved good results and contributed to a safe, reliable, affordable and sustainable energy supply in Europe.

On behalf of the Supervisory Board of N.V. Nederlandse Gasunie,

R. de Jong, Interim Chairman
Groningen, 18 March 2014

Composition of the Supervisory Board

(As of reporting date, 18 March 2014)

R. (Rinse) de Jong

(1948, Dutch nationality)

Interim Chairman (as of 1 May 2013)

Date of first appointment: 16 May 2012

First term ends in 2014⁶

Member of the Audit Committee and Remuneration, Selection & Appointments Committee

- ▶ Board member, Stichting Aandelenbeheer BAM Groep
- ▶ Board member, Stichting tot het houden van Preferente- en Prioriteitsaandelen B Wereldhave
- ▶ Member of the Supervisory Board, Waarborgfonds voor de Zorgsector
- ▶ Member of the Supervisory Board, Stichting Toneelgroep Oostpool
- ▶ Member of the Supervisory Board, USG People NV
- ▶ Member of the Supervisory Board, Enexis Holding NV
- ▶ Chairman, Supervisory Board, Bakeplus Holding BV

M.J. (Jolanda) Poots-Bijl

(1969, Dutch nationality)

Date of first appointment: 1 September 2011

Second term ends in 2017

Chair of the Audit Committee and Chair of the Remuneration, Selection & Appointments Committee (as of 1 May 2013)

- ▶ Member of the Executive Board and CFO Ordina N.V.
- ▶ Board member, Stichting ING Aandelen (as of 1 January 2014)
- ▶ Member of the Supervisory Board, Blokker Holding B.V. (as of 1 January 2014)

J.P.H.J. (Jean) Vermeire

(1944, Belgian nationality)

Date of first appointment: 1 October 2007

Second term ends in 2014

Member of the Audit Committee

- ▶ Managing Partner, J.V. Consult BVBA
- ▶ Honorary President, International Group of LNG Importers (GIIGNL)
- ▶ Senior Fellow, Energy Delta Institute

⁶ R. de Jong replaces C. Griffioen in accordance with the original retirement schedule.

M.M. (Martika) Jonk

(1959, Dutch nationality)

Date of first appointment: 1 October 2013

First term ends in 2017⁷

Member of the Remuneration, Selection & Appointments Committee

- ▶ Partner, CMS Derks Star Busmann N.V.
- ▶ Member of the Supervisory Board, St. Antonius Ziekenhuis

W.J.A.H. (Willem) Schoeber

(1948, Dutch and German nationality)

Date of first appointment: 1 October 2013

First term ends in 2016⁸

Member of the Audit Committee

- ▶ Non-Executive member of the board of Directors, Neste Oil Oyj (Helsinki, Finland)
- ▶ Non-executive chairman of the board of Directors EWE Turkey Holding AŞ (Istanbul, Turkije)
- ▶ Non-executive chairman of the board of Directors Bursagaz AŞ (Bursa, Turkije)
- ▶ Non-executive chairman of the board of Directors Kayserigaz AŞ (Kayseri, Turkije)

NB: In drawing up the order of retirement, account is taken of the principles and best practices for the Supervisory Board, Article 3.3 (e): "None of its members may be appointed after the third period of office of four years, or after the twelfth year in office".

⁷ M.M. Jonk takes the place of A. Lont in accordance with the original retirement schedule.

⁸ W.J.A.H. Schoeber replaces H.L.J. Noy in accordance with the original retirement schedule.

Composition of the Executive Board

J.J. (Han) Fennema

(1964, Dutch nationality)

CEO and Chairman of the Executive Board since 1 March 2014

Portfolios:

- ▶ Business units (GTS, Gasunie Deutschland and Participations & Business Development)
- ▶ Strategy
- ▶ Safety
- ▶ Human Resources

Other commitments:

- ▶ Member of the Supervisory Board, Energy Delta Institute
- ▶ Member of the Advisory Board, Clingendael

I.M. (René) Oudejans

(1961, Dutch nationality)

CFO and member of the Executive Board since 1 October 2012

Portfolios:

- ▶ Finance
- ▶ Treasury
- ▶ Operations
- ▶ Projects
- ▶ IT
- ▶ Legal Affairs

Other commitments:

Board member, Pensioenfonds N.V. Nederlandse Gasunie (since 1 July 2013)

Composition of Works Councils

Works Council, Gasunie in the Netherlands

Up to and including 31 March 2013:

Pier Altena	Henk Pastoor
Remco Beij	Felix Post
Peter Berben	Pieter Potjewijd
Jan Bos	Dirk Jan Scholing (voorzitter)
Jan Curfs	Martin Schoonheijm
Arie Dam	Gerard Stallenberg
Hink Koers	Theo Wouda
Steven de Moel	

As of 1 April 2013:

Arie Dam	Hink Koers
Froukje van Dellen	John Oest
Jan Willem van Dijk	Felix Post
Harry Dijkhuis (voorzitter)	Martin Schoonheijm
Pieter Doller	Roelf Tiktak
Douwe Eleveld	Theo Wouda
Pieter Jousma	Wouter Zwart
Fred Kemper	

Works Councils, Gasunie in Germany

Hanover/Steimbke

Dietlind Pröve (voorzitter)
 Tibor Holeczy (plaatsvervanger)
 Jens Bode
 Stephanie Böker
 Kai Fischer
 Stephanie Fuest
 Silke Hermenau

Schneiderkrug

Uwe Neitz (voorzitter)
 Rolf Hollwedel
 Jan Lohmüller
 Stefan Lüttel
 Herbert Stengel

Corporate Governance

General

Nederlandse Gasunie is a public limited company whose sole shareholder is the Dutch state. The shares are held by the Ministry of Finance. The company is subject to a mitigated structure regime. The governance structure is based on Book 2 of the Dutch Civil Code, the Corporate Governance Code, the company's articles of association and various internal regulations. Various provisions affecting the governance of the company are also contained in the Gas Act.

Executive Board and Executive Committee

Until 1 September 2013, the Executive Board consisted of three people, and subsequently two people. In principle, the Board meets once a week. The Board is collectively responsible for the management of the company, as well as the general affairs of the various subsidiaries. Most meetings take place in the broader context of the Executive Committee. The Executive Committee consists of the Executive Board plus three directors of the business units and the director of legal, regulatory and public affairs.

Supervisory Board

The composition of the Supervisory Board and the changes in its membership during 2013 are described elsewhere in this Annual Report. The Board meets at least four times a year. The Board supervises the management of Gasunie and supports it with advice. In accordance with the Gas Act and the articles of association, important decisions to be made by Gasunie Transport Services B.V. are also submitted for approval to the Supervisory Board of Gasunie. The Board has two sub-committees: the Audit Committee (which supervises, in particular, the risk management and audit systems, the annual and semi-annual financial reporting, as well as the financing of the company and its pension schemes) and the Remuneration, Selection & Appointments Committee. The meetings of the Committees are discussed at the meetings of the complete Board, on the basis of which decisions are made. Until recently, the Supervisory Board also had a Strategic Investments Committee. This sub-committee held preliminary discussions about investment proposals for large-scale investments. This sub-committee was dissolved in 2013. This was, on the one hand, because the number of planned large-scale investments had declined, while, on the other hand, personnel changes within the Board meant that it was better to discuss investment proposals directly in the meetings of the Board as a whole.

Compliance with the Dutch Corporate Governance Code

The Dutch Corporate Governance Code, which applies only to listed companies, is also applied by state participations, and thus also by Gasunie. Where possible, the principles and best-practice provisions have been implemented in our articles of association and in various regulations. Since Gasunie is not a listed company, principles and best-practice provisions that are directly related to stock exchange listing are not applicable.

We confirm compliance with best-practice provisions II.3.4 and III.6.3, which state that transactions in which there is a conflict of interests, carried out by members of the Executive Board or Supervisory Board, must be mentioned in the annual report. In 2013, no such transactions took place.

A few of the principles and best-practice provisions that might be applicable to our company are not applied. In accordance with the Corporate Governance guidelines, the few that are not adhered to are detailed below:

Executive Board

II.2.12 The remuneration report shall be posted on the company's website.

Reason for departing from this best practice:

In our annual report, we transparently describe Gasunie's remuneration policy, approved by the shareholder, and the actual implementation thereof by the Supervisory Board in the year under review. The annual report is published on Gasunie's website.

Supervisory Board

III.5 If the Supervisory Board consists of more than four members, the Board shall appoint from its number an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee.

Reason for departing from this best practice:

Because their tasks are closely related, the Remuneration Committee and the Selection and Appointments Committee are combined to form a single committee.

III.5.11. The chairmanship of the Remuneration Committee shall not be held by the Chairman of the Supervisory Board, or by a former director of the company, or by a member of the Supervisory Board who is a director of another listed company.

Reason for departing from this best practice:

The Supervisory Board is of the opinion that its Chairman should be closely involved in preparing the salary and remuneration policy, especially due to the current high profile of this policy. The Supervisory Board has therefore decided not to separate chairmanship of the Board from that of the Remuneration, Selection and Appointments Committee.

In connection with the departure of the Chairman of the Supervisory Board on 1 May 2013, the chairmanship of the Supervisory Board as of that date until the end of the year was temporarily separated from the chairmanship of the Remuneration, Selection & Appointments Committee.

Available documentation

The following documents are available on the Gasunie website (www.gasunie.nl):

- ▶ Procedure governing the activities of the Executive Board
- ▶ Procedure governing the activities of the Supervisory Board
- ▶ Whistle-blower scheme
- ▶ Code of Conduct

We have specific regulations governing insider trading, holding securities, and securities transactions. The prohibition on the use of inside information has been incorporated in the Code of Conduct.

Remuneration policy for the Executive Board

The remuneration policy was adopted by the General Meeting of Shareholders on 23 April 2010, as proposed by the Supervisory Board, with due account taken of the recommendation of the Remuneration, Selection and Appointments Committee.

Context of the remuneration policy

In just a few years, Gasunie has grown into an international gas infrastructure company with many international customers in a converging European market. The company is not only active in regulated markets, but also develops non-regulated activities, and is thus creating value for its stakeholders. It creates value for the Dutch economy primarily by developing a strong 'hub' function in a liquid market; by enabling the throughput of significant gas flows; by enabling trade and competition between gas suppliers in the domestic gas market; and by creating flexibility (through storage facilities). All this makes Gasunie a very valuable asset to the Dutch economy. The management of the company therefore bears a great responsibility.

The aims and principles underlying the remuneration policy

The aim of the remuneration policy is to attract, motivate and retain Executive Board members of the right quality and experience, both from within the company and in the form of proven talent from the market. The remuneration reflects the responsibility borne by the management, and is considered in the light of the applicable remuneration principles in the market (as explained below). Gasunie needs this management talent in order to achieve its essential strategic objectives in the context described above. This policy is implemented based on the following considerations:

- ▶ In principle, having the State as a 100% shareholder, Gasunie applies the same criteria that are applied to the remuneration policy in state-owned companies. If the Supervisory Board feels that this may lead to unacceptable risks for the company, it will consult with the shareholder.
- ▶ Gasunie bases remuneration packages for members of the Executive Board on a market comparison, based on a relevant reference group in the labour market. This group consists of public, semi-public, private and international companies (in a weighted ratio of 50-25-25), with activities similar to those of Gasunie (energy, distribution, installation and construction).
- ▶ The structure of the remuneration of members of the Executive Board is determined on the basis of market comparisons that also take into account the remuneration ratios within the company, thus creating a logically continuing salary line from the posts in the Executive Board to the posts under the Executive Board.
- ▶ Application of the variable remuneration policy depends on short- and long-term targets with respect to operational and strategic performance being achieved.

Remuneration structure

The remuneration consists of:

- ▶ A fixed component (basic annual salary)
- ▶ A variable component, dependent on the attainment of both short- and long-term targets, as specified in the pages below
- ▶ The employer's contribution to the pension premium
- ▶ Other secondary employment conditions.

Basic annual salary

When determining the basic annual salary for members of the Executive Board (the fixed component), the Supervisory Board bases its decision on the results of a market comparison with a labour market reference group chosen for this purpose. The Supervisory Board has verified that the external consultant who carried out this market comparison in 2009 is independent of the members of the Executive Board. At the request of the shareholder, the Supervisory Board will limit the sum of the fixed and variable annual salary on appointment to a maximum of € 350,000 (2010 level). The Supervisory Board decides on the level of annual salary increments. If the maximum salary has been reached, further growth is limited to the structural increments laid down in the collective labour agreement.

Variable remuneration

The variable remuneration is based on the remuneration policy that has been approved by the shareholder. The maximum variable remuneration is 35% of the basic annual salary. The targets that must be attained in order to qualify for these bonuses are agreed annually. These targets should be both measurable and ambitious. The Supervisory Board is authorised to adjust the variable component within the limits mentioned below if it is likely to lead to unfair outcomes due to exceptional circumstances during the performance period. Examples of this are the downward adjustment of the variable remuneration at the time of the depreciations on the acquisition in Germany and at the time of a fatal traffic accident which fell outside the applied target definition. The Supervisory Board is also authorised to reclaim from members of the Executive Board a variable bonus that was awarded on the basis of inaccurate data (financial or otherwise).

The Supervisory Board has chosen performance criteria that relate to the implementation of Gasunie's strategic goals, both short- and long-term. For each pillar of the strategy, one or more performance criteria have been developed. The three strategic pillars of Gasunie and the associated performance criteria are as follows:

- ▶ To optimise the value of our existing assets (financial targets and Asset Utilisation Rate)
- ▶ To strengthen our leading position as a cross-border gas infrastructure company in Europe (Economic Value Added)
- ▶ To enable the transition towards more sustainable energy use (Corporate Social Responsibility).

In defining the company's strategy, account is explicitly taken of the social impact of Gasunie's activities and their effects on the environment and society. Criteria have therefore also been defined to assess performance in the areas of Safety and Security of Supply. Given the nature of the variable remuneration elements (the absence of option packages and associated remuneration mechanisms), the possibility of carrying out a scenario analysis, as mentioned in the Corporate Governance Code, is not relevant.

In the Policy on Government Participations (2013), it was announced that the government, as sole shareholder, aims for a maximum variable remuneration of 20%. To this end, the current remuneration level will be assessed in terms of reasonableness, and a conversion factor for all state participations will also be agreed.

Variable short-term remuneration

The purpose of the variable short-term remuneration is to reward the attainment of the previously agreed challenging targets in a number of (primarily operational) key areas. These operational targets apply to all Gasunie staff; attainment of some of these targets (i.e., the collective Gasunie targets) will also lead to other groups of employees being rewarded.

The criteria for awarding the variable remuneration relate mainly to the implementation of the strategy. The strategy has been approved by the Supervisory Board and tested against Gasunie's public interest. This is reflected in, for example, challenging, quantified targets relating to safety, security of supply and cost-efficiency.

At the request of the shareholder, the variable component is subject to an upper limit of 25% of the individual's basic annual salary. A long-term bonus of up to 10% may also be awarded (see below).

The breakdown of this 25% for 2013 is as follows:

Collective Gasunie targets (10%):	
Financial	4 %
- Result before taxation	
- Operating costs	
Operational	4 %
- Improving employee safety for in-house and contract staff at Gasunie locations and on projects	
- Security of supply – ensuring an uninterrupted gas supply, 24 hours a day, 365 days a year	
Corporate Social Responsibility	2%
- Reducing the average number of kilometres driven	

With effect from 2014, the objectives for these three key areas will be slightly different. For instance, ROIC will be introduced as a financial criterion instead of EBITDA, and with respect to Corporate Social Responsibility, CO₂ reduction will replace the number of kilometres driven. Furthermore, the percentages mentioned after the objective will be changed to 3%, 5% and 2% respectively.

Individual Gasunie targets (15%):	
- Targets relating to the individual Executive Board member's area of responsibility	10%
- Overall assessment of the contribution made by the individual Executive Board member (to be determined by the Supervisory Board)	5%

Variable long-term remuneration

Gasunie also pays its Executive Board members a variable bonus, linked to the value creation in the long term. The variable long-term bonus has three components. The first is the Operational Cost Index for the TSOs, which reflects the ratio of operating costs to the asset base for which the costs are incurred. The second component is the Asset Utilisation Rate, also for the TSOs; this component indicates the extent to which the assets are actually used (the commercial utilisation level). The third component is the EVA™ (Economic Value Added). This performance is measured over a period of three years and is dependent on the development of the EVA ($EVA = (ROIC - WACC) \times \text{Invested Capital}$) for the non-TSO part. If the three components are realised in full, the variable salary amounts to 4%, 3% and 3% of the basic annual salary respectively.

Procedure

The targets for eligibility for variable remuneration are agreed at the start of the relevant year between the Supervisory Board and the members of the Executive Board, once the Chairman of the Executive Board has discussed a proposal to this end with the Remuneration, Selection and Appointments Committee.

In the following year, the extent to which those targets have been met is evaluated by the external auditor. This result is then adopted by the Supervisory Board, following a recommendation to that effect by the Remuneration, Selection & Appointments Committee.

Variable bonuses are paid following approval by the General Meeting of Shareholders of the annual accounts for the year for which the targets were set.

Pension provisions

Until 1 July 2013, Gasunie had a separate pension scheme for its Executive Board members, based on a career-average pension, with a retirement age of 65. As of 1 July 2013, Gasunie agreed with the trade unions on a new scheme for its personnel in the Netherlands (see p. 61). It has been agreed with the members of the Executive Board that, as of 1 July 2013, this new scheme will also be applicable to them. If a member of the Executive Board stands down before reaching retirement age but continues to be employed by Gasunie, that individual's pension provisions up to retirement age will be set by mutual agreement.

Other secondary employment conditions

Gasunie has put together a package of secondary employment conditions for its Executive Board members which also apply to other staff.

Other conditions

Term of office

Members of the Executive Board are appointed for a period of four years, with a possibility of reappointment for a further four years. Members stand down on reaching the age of 62.

Notice period

For members of the Executive Board a notice period of two months applies. As of 1 July 2013, this notice period for new members of the Executive Board was extended to 3 months.

Compensation for dismissal

Compensation for dismissal for Executive Board members will be limited to a maximum of one year's basic salary, in accordance with the Corporate Governance Code, except where such a limitation is clearly unreasonable.

Change of control

Executive Board members are covered by a 'change of control' clause, which states that if they are forced to leave the company due to a merger or the acquisition of the company by an external party, or in the event of a fundamental change in the nature, management or structure of the company that is beyond the control of the Executive Board, they will be awarded compensation up to a maximum of one year's basic salary, regardless of which party terminates the employment contract.

Balanced composition

The composition of the Executive Board, with three or two men, is not in compliance with a balanced composition as mentioned in the Management and Supervision Act (Article 2:166 of the Dutch Civil Code), which states that a balanced composition means that an Executive Board should at least contain 30% women. When new members need to be appointed, attention will be specifically paid to complying with this provision. Nevertheless, when filling in the post of Chairman of the Executive Board in 2013, matching the candidates and the desired profile did not result in a more balanced composition, unlike in the case of the Supervisory Board, where new appointments did indeed result in a balanced composition.

Remuneration package for 2013

Based on the policy outlined above, the Supervisory Board agreed the following basic annual salaries and variable bonuses for members of the Executive Board active on 31 December 2013:

In euros	Basic annual salary 2013	Variable bonus (for performance 2013)
I.M. Oudejans	251,774	74,172
G.H. Graaf	242,680	71,748

Targets and payment of variable bonuses relating to 2013 performance

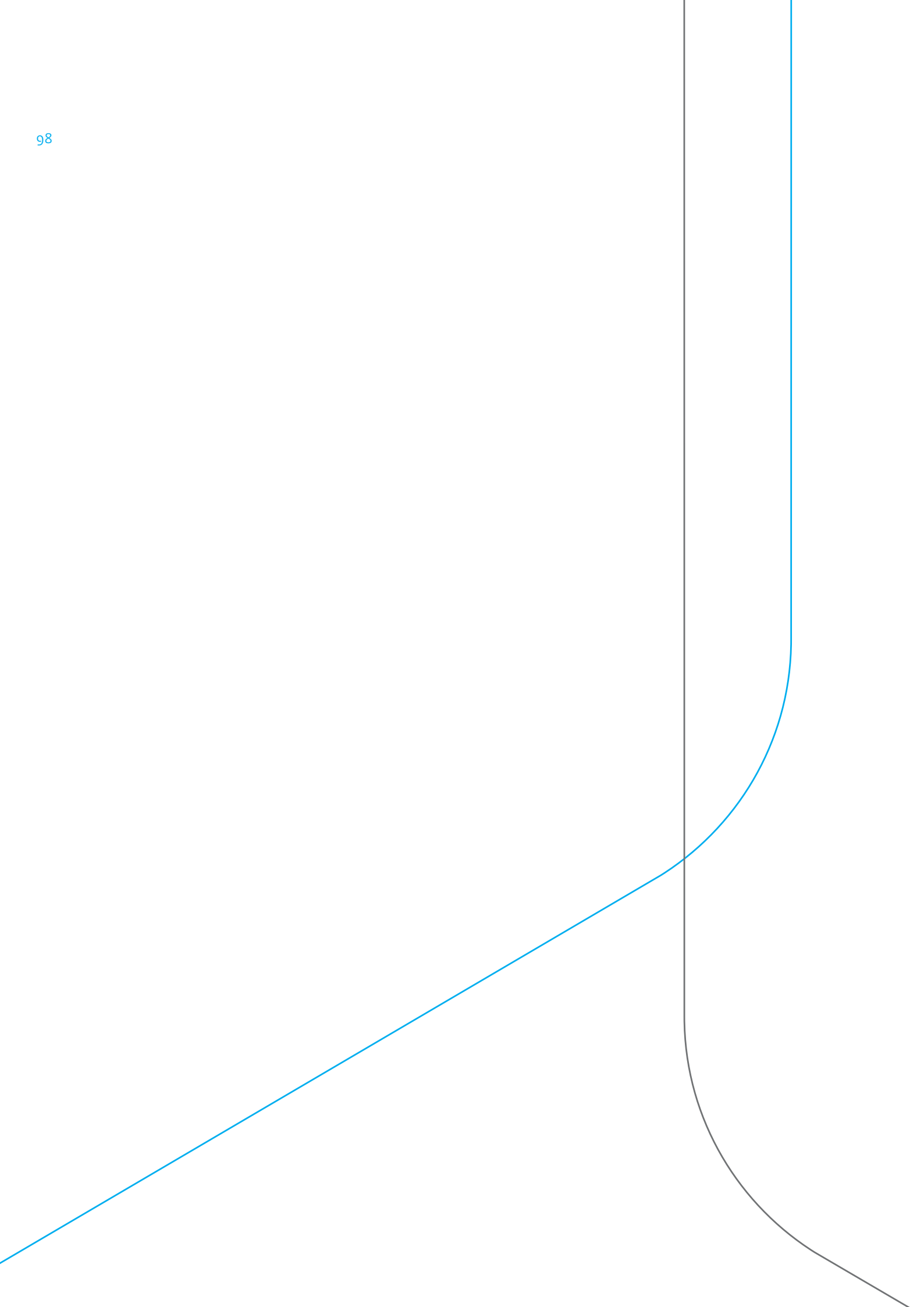
	Maximum	Graaf Achieved	Oudejans Achieved
1. Collective Gasunie targets			
1.a Safety and Security of supply			
Target for safety and pipeline incidents not reached, due to both a fatal accident in Gouderak and 6 pipeline incidents	2.00%	0.00%	0.00%
Target for security of supply achieved in full	2.00%	2.00%	2.00%
1.b Financial results			
Net operational costs: target achieved in full	2.00%	2.00%	2.00%
EBITDA target: partially achieved	2.00%	1.96%	1.96%
1.c Corporate Social Responsibility			
Kilometre reduction: target achieved in full	2.00%	2.00%	2.00%
Subtotal	10.00%	7.96%	7.96%
2. Individual short-term targets			
2.a Various targets for the member's individual portfolio	10.00%	6.40%	7.50%
2.b General appreciation of the member's individual contribution, at the discretion of the Supervisory Board	5.00%	4.00%	4.00%
Subtotal	15.00%	10.40%	11.50%
3. Contribution to long-term goal, growth of the company			
3.a Operational Cost Index: target achieved in full	4.00%	4.00%	4.00%
3.b Asset Utilisation Rate: target achieved in full	3.00%	3.00%	3.00%
3.c Economic Value Added: target achieved in full	3.00%	3.00%	3.00%
Subtotal	10.00%	10.00%	10.00%
Total	35.00%	28.36%	29.46%
Percentage of targets achieved		81%	84%
Target-related bonus paid out		€ 71,748	€ 74,172

Mr J.J. Fennema, whose employment started on 1 January 2014, has been granted a basic annual salary of € 272,841.

See note 23 to the Consolidated Financial Statements for the allocation of other remuneration package components in 2013.

Composition of the Executive Board

Mr Van Gelder terminated his employment at Gasunie on 1 September 2013. As of this date, Mr Graaf acted as Chairman of the Executive Board until 1 March 2014. As of 1 January 2014, Mr Fennema was appointed as a member of the Executive Board, and as of 1 March 2014 as Chairman of the Executive Board and CEO. Mr Graaf terminated his employment at Gasunie on 1 March 2014. Upon his departure, financial agreements were made with regard to the applicable non-competition clause.



Statement of the Executive Board

(as defined by Section 5:25c, paragraph 2(c) of the Dutch Financial Supervision Act)

The members of the Executive Board hereby declare that, to the best of their knowledge,

1. the annual financial statements give a true and fair view of the assets, liabilities, financial position and result of the company and the undertakings included in the consolidation taken as a whole; and that
2. the annual report includes a fair review of the position on the balance sheet date and the developments during the financial year of the company and the undertakings included in the consolidation taken as a whole, and that the annual report describes the material risks which the company faces.

J.J. Fennema, Chairman

I.M. Oudejans

Groningen, the Netherlands

18 March 2014

Consolidated Financial Statements

Consolidated balance sheet as at 31 December (before profit appropriation)

<i>In millions of euros</i>	Notes	2013	2012
Assets			
Fixed assets			
- tangible fixed assets	3	9,328.2	8,925.9
- intangible fixed assets	4	3.9	5.8
- investments in associates	5	126.5	128.6
- other equity interests	6	418.1	403.9
- deferred tax assets	8	380.8	479.9
Total fixed assets		10,257.5	9,944.1
Current assets			
- stocks	9	33.1	37.0
- trade and other receivables	10	228.7	182.9
- cash and cash equivalents	11	86.7	909.1
Total current assets		348.5	1,129.0
Total assets		10,606.0	11,073.1

<i>In millions of euros</i>	Notes	2013	2012
Equity and liabilities			
Total shareholder's equity	12+13	5,213.9	4,856.5
Long-term liabilities			
- interest-bearing loans	14	4,188.4	4,059.1
- deferred tax liabilities	15	202.8	192.5
- employee benefits	16	66.6	250.7
- provisions	17	89.8	98.0
- other long-term liabilities	18	68.9	89.5
Total long-term liabilities		4,616.5	4,689.8
Current liabilities			
- current financing liabilities	19	422.3	1,149.8
- trade and other payables	20	353.3	377.0
Total current liabilities		775.6	1,526.8
Total equity and liabilities		10,606.0	11,073.1

Consolidated profit and loss account

<i>In millions of euros</i>	Notes	2013	2012
Continuing operations			
Gross income		1,733.4	1,720.9
Tariff settlement repayment		(206.4)	(214.8)
Net income		<u>1,527.0</u>	<u>1,506.1</u>
Capitalised expenditure		92.9	88.6
Staff costs	23	(95.3)	(188.7)
Other operating expenses	24	(435.9)	(464.6)
Depreciation	3+4	(290.5)	(269.3)
Total expenses		<u>(728.8)</u>	<u>(834.0)</u>
Operating result		798.2	672.1
Finance revenue	25	4.7	2.1
Finance costs	26	(199.0)	(227.8)
Share in result of associates	5	19.5	23.8
Dividend received on investments in other equity interests		0.1	-
Result before taxation		<u>623.5</u>	<u>470.2</u>
Taxes	27	(159.1)	(111.5)
Result after taxation		<u>464.4</u>	<u>358.7</u>
Discontinued operations			
Result on discontinued operations after taxation		-	-
Result for the period		<u>464.4</u>	<u>358.7</u>
Result attributable to shareholder		464.4	358.7

Consolidated statement of comprehensive income

<i>In millions of euros</i>	Notes	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappro- priated result	Total
2013						
Total of results taken to the profit and loss account (result for the period)		-	-	-	464.4	464.4
Balance of actuarial gains and losses on employee benefits, of which corporate income tax	16	-	-	78.1 (19.8)	-	78.1 (19.8)
Total of results taken to equity which will not be reclassified subsequently to the profit and loss account		-	-	58.3	-	58.3
Movement in cash flow hedge reserve, of which corporate income tax	13	25.6 (6.4)	-	-	-	25.6 (6.4)
Movement in other equity interests stated at fair value	6	-	31.2	-	-	31.2
Other movements		-	-	0.1	-	0.1
Total of results taken to equity which will be reclassi- fied subsequently to the profit and loss account		19.2	31.2	0.1	-	50.5
Movement in cash flow hedge reserve, of which corporate income tax	13	(1.6) 0.4	-	-	-	(1.6) 0.4
Other movements		-	-	0.6	-	0.6
Total of results which have been reclassified to the profit and loss account		(1.2)	-	0.6	-	(0.6)
Total of comprehensive income		18.0	31.2	59.0	464.4	572.6

<i>In millions of euros</i>	Notes	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappro- priated result	Total
2012						
Total of results taken to the profit and loss account (result for the period)		-	-	-	358.7	358.7
Balance of actuarial gains and losses on employee benefits,	16	-	-	(82.9)	-	(82.9)
of which corporate income tax		-	-	21.0	-	21.0
Total of results taken to equity which will not be re- classified subsequently to the profit and loss account		-	-	(61.9)	-	(61.9)
Movement in cash flow hedge reserve,	13	(18.4)	-	-	-	(18.4)
of which corporate income tax		4.6	-	-	-	4.6
Movement in other equity interests stated at fair value	6	-	137.6	-	-	137.6
Total of results taken to equity which will be reclassi- fied subsequently to the profit and loss account		(13.8)	137.6	-	-	123.8
Movement in cash flow hedge reserve,	13	(1.8)	-	-	-	(1.8)
of which corporate income tax		0.4	-	-	-	0.4
Total of results which have been reclassified to the profit and loss account		(1.4)	-	-	-	(1.4)
Total of comprehensive income		(15.2)	137.6	(61.9)	358.7	419.2

The total of comprehensive income for 2013 and 2012 is fully attributable to the shareholder.

Consolidated statement of movements in equity

<i>In millions of euros</i>	Share capital	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappropriated result	Total
2013						
Balance as at 1 January	0.2	(52.7)	175.4	4,374.9	358.7	4,856.5
Total of comprehensive income for the financial year	-	18.0	31.2	59.0	464.4	572.6
Dividend paid for 2012	-	-	-	-	(215.2)	(215.2)
Added to other reserves	-	-	-	143.5	(143.5)	-
Balance as at 31 December	0.2	(34.7)	206.6	4,577.4	464.4	5,213.9
2012						
Balance as at 1 January	0.2	(37.5)	37.8	5,038.8	(602.0)	4,437.3
Total of comprehensive income for the financial year	-	(15.2)	137.6	(61.9)	358.7	419.2
Withdrawn from other reserves	-	-	-	(602.0)	602.0	-
Balance as at 31 December	0.2	(52.7)	175.4	4,374.9	358.7	4,856.5

Consolidated cash flow statement

In millions of euros	Notes	2013	2012
Cash flow from operating activities			
Income		1,527.0	1,506.1
Total expenses		(728.8)	(834.0)
Operating result		798.2	672.1
Adjustments for:			
- depreciation	3+4	290.5	269.3
- movement in stocks	9	3.9	(3.8)
- movement in receivables		(38.3)	5.2
- movement in non-interest-bearing liabilities		(129.1)	(2.4)
- other movements		9.9	18.8
Cash flow from business operations		935.1	959.2
Interest received		5.5	1.3
Dividend received on investments in associates			
Dividend received on investments in other equity interests	5	22.7	24.5
Interest paid		(210.0)	(223.5)
Corporate income tax paid/received		(85.5)	173.1
		(267.2)	(24.6)
Cash flow from operating activities		667.9	934.6
Cash flow from investing activities			
Investments in tangible and intangible fixed assets		(665.4)	(501.3)
Disposals of tangible and intangible fixed assets		1.5	13.4
Acquisition of share in joint venture, net of available cash and cash equivalents	7	(5.8)	(8.5)
Investments in associates	5	(40.0)	(0.1)
Investments in other equity interests	6	(0.0)	(13.7)
Disposals of associates	5	39.6	-
Disposals of other equity interests	6	11.1	0.0
Cash flow from investing activities		(659.0)	(510.2)

Carried forward		8.9	424.4
Cash flow from financing activities			
New long-term loans	14	150.0	1,000.0
Repayment of long-term loans	14	(1,130.8)	(298.1)
Movement in short-term financing	19	364.7	(285.7)
Dividend paid	29	(215.2)	-
Cash flow from financing activities		(831.3)	416.2
Movement in cash and cash equivalents		(822.4)	840.6
Cash and cash equivalents at previous year-end		909.1	68.5
Cash and cash equivalents at year-end		86.7	909.1
		(822.4)	840.6

Notes to the consolidated financial statements

The financial statements in English are a translation of the official Dutch version adopted by the General Meeting of Shareholders of N.V. Nederlandse Gasunie.

Preparation and adoption of the financial statements

The 2013 financial statements were prepared by the Executive Board on 18 March 2014. The financial statements as prepared were submitted on 2 April 2014 to the General Meeting of Shareholders for adoption.

Nature of business operations

N.V. Nederlandse Gasunie (Gasunie) is a European gas infrastructure company. Gasunie's network ranks among Europe's largest high-pressure gas transport networks and consists of some 15,500 kilometres of pipelines in the Netherlands and northern Germany, dozens of installations and approximately 1,300 gas-receiving stations. The annual gas throughput totals approximately 1,250 billion kWh (125 billion m³). Gasunie serves the public interest in the markets in which it operates and seeks to maximise value creation for its stakeholders. Gasunie provides gas transport services through its subsidiaries, Gasunie Transport Services B.V. in the Netherlands and Gasunie Deutschland Transport Services GmbH in Germany. Gasunie also provides other gas infrastructure services, including gas storage, LNG storage and the certification of green gas through its subsidiary Vertogas. Gasunie seeks to deploy its infrastructure and knowledge for the ongoing development and integration of renewable energy sources, particularly green gas.

The company has its registered office at Concourslaan 17, Groningen, the Netherlands, and is registered with the Chamber of Commerce under number 02029700.

All shares outstanding as at the balance sheet date are held by the Dutch State.

Basis of preparation

The company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and applicable as at 31 December 2013.

New reporting standards

The following new standards and interpretations, which are endorsed in the European Union, became effective in 2013:

- ▶ IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans (Amendments)
- ▶ IFRS 7 Financial Instruments – Disclosure: Offsetting Financial Assets and Financial Liabilities (Amendments)
- ▶ IFRS 13 Fair Value Measurement
- ▶ IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendments)
- ▶ IAS 19 Employee Benefits (Revised)
- ▶ IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- ▶ Improvements to International Financial Reporting Standards (2009-2011)

The adoption of the aforementioned standards and interpretations affects the presentation of the consolidated statement of comprehensive income and requires additional disclosures. It has no material effect on the company's equity and result in 2013.

As of 2013, under IAS 19 Employee Benefits (Revised), the expected return on plan assets is determined on the basis of the discount rate applied in determining pension liabilities.

The abolition of the 'corridor method' under IAS 19 Employee Benefits (Revised) has no effect on the equity and result of N.V. Nederlandse Gasunie, because actuarial gains and losses have been completely and directly accounted for in equity after deduction of deferred taxes in the period in which they occurred.

The IFRS standards and interpretations of the International Financial Reporting Interpretations Committee that have been published and endorsed by the European Union, but are not yet effective, have not been adopted by the company. As of the 2014 financial year, these include:

- ▶ IFRS 10 Consolidated Financial Statements
- ▶ IFRS 11 Joint Arrangements
- ▶ IFRS 12 Disclosures of Interests in Other Entities
- ▶ IFRS 10, 11 & 12 – Transition Guidance (Amendments)
- ▶ IFRS 10, 12 & IAS 27 – Investment Entities (Amendments)
- ▶ IAS 27 Separate Financial Statements (Revised)
- ▶ IAS 28 Investments in Associates and Joint Ventures (Revised)
- ▶ IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)
- ▶ IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendments)
- ▶ IAS 39 Novation of Derivates and Continuation of Hedge Accounting (Amendments)

The adoption of the aforementioned standards and interpretations has no material effect on the company's equity and result in 2014, but has an effect on the consolidated financial statements and disclosures because of the abolition of 'proportional consolidation' for joint ventures under IFRS 11 Joint Arrangements. It also leads to reclassification of some participations and requires additional disclosures.

As of the 2014 financial year, the following new interpretation will become effective but has not yet been endorsed in the European Union:

- ▶ IFRIC 21 Levies

The company expects that adoption of the aforementioned interpretation will have no material effect on the company's equity and result and will not require additional disclosures.

As of the 2015 financial year, the following new standards and interpretations will become effective but have not yet been endorsed in the European Union:

- ▶ IFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities (Phase 1)
- ▶ IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)
- ▶ Improvements to International Financial Reporting Standards (2010-2012)
- ▶ Improvements to International Financial Reporting Standards (2011-2013)

The company expects that adoption of the aforementioned standards will have no material effect on the company's equity and result, but will require additional disclosures.

As of the 2016 financial year, the following new standard will become effective but has not yet been endorsed by the European Union:

- ▶ IFRS 14 Regulatory Deferral Accounts

Adoption of the aforementioned standard has no material effect on the company's equity and result and does not require additional disclosures.

Management judgements and estimates

In preparing the financial statements, management makes estimates and assessments which affect the assets and liabilities presented as at the balance sheet date and the result for the financial year. These judgments and estimates have a significant effect on the valuation of fixed assets, the provision for clearance costs and redevelopment, deferred taxation, pensions and other equity interests.

Fixed assets

Fixed assets include the gas transport network.

Tangible fixed assets are valued at cost less straight-line depreciation based on the expected useful life, taking into account the residual value and impairments. To this end, assumptions were made about the useful life, the residual value and the future cash flows of the transport pipelines in particular.

A significant part of the operating activities are 'regulated'. The future cash flows and related recoverable amount of the regulated assets are partly based on judgments and estimates about the cash flows that can be earned within the regulatory framework. For more information, see note 1 to the consolidated balance sheet.

Provision for clearance costs and redevelopment

This provision is recognised in response to management decisions to decommission, remove or redevelop specific assets within the foreseeable future, for instance due to new legislation. For the time being, the size of the provision has been determined on the basis of general key figures, such as unit costs plus a generic project management surcharge. During actual clearance and redevelopment, it will be possible to estimate more accurately the costs involved, and the provision will be adjusted accordingly.

A provision for long-term general clearance costs is not recognised because it is currently considered unlikely that the removal of transport pipelines and appurtenances will be needed. The income from alternative use (in the longer term) less the costs of conservation is anticipated to offset the costs of removal, social or otherwise.

Deferred tax assets

A deferred tax asset is recognised for all deductible temporary differences and available carry-forward losses, to the extent that it is likely that taxable profit will be available for set-off. To this end, assumptions have been made about future taxable profits.

Pensions

The costs relating to the defined benefit pension plans and the valuation of defined benefit pension liabilities are determined using actuarial calculations. To this end, significant assumptions have been made about the market interest rate on high-quality corporate bonds for the purpose of determining the discount rate, the expected future increases in salary, the expected future increases in pensions and, up to and including 2012, the expected return on plan assets. For more information, see note 16 to the consolidated balance sheet.

Other equity interests

The interest in Nord Stream AG is stated at fair value, taking into account a post-tax discount rate on the expected cash flows. The expected cash flows are based on agreements laid down in contracts. In determining the post-tax discount rate, management has made significant assumptions.

Consolidation and accounting principles

The consolidated financial statements include the financial data of N.V. Nederlandse Gasunie and its group companies. Group companies are legal entities and companies over which the company exercises control.

Group companies are fully consolidated from the date on which control of the group company is obtained until the date that control no longer exists. The items in the consolidated financial statements are calculated in accordance with consistent accounting policies.

Intercompany account balances and unrealised results relating to group companies are eliminated. Unrealised losses are also eliminated, except when a loss is an indication of impairment.

The group companies included in the consolidation are:

Company	Registered office	Interest as at 31	
		2013	December 2012
Gasunie Transport Services B.V.	Groningen	100%	100%
Gastransport Noord-West Europa B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Holding B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Services 1 B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Services 2 B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Services 3 B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Services 4 B.V.	Groningen	100%	100%
Gasunie BBL B.V.	Groningen	100%	100%
Gasunie Engineering B.V.	Groningen	100%	100%
Gasunie Germany B.V.	Groningen	100%	100%
Gasunie LNG BBR B.V.	Groningen	100%	100%
Gasunie LNG Holding B.V.	Groningen	100%	100%
Gasunie Underground Storage (GUUS) B.V.	Groningen	100%	100%
Gasunie Zuidwending B.V.	Groningen	100%	100%
Vertogas B.V.	Groningen	100%	100%
Cupa Holding GmbH	Hanover, Germany	100%	100%
Cupa Transport Services GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland GmbH & Co. KG	Hanover, Germany	100%	100%
Gasunie Deutschland Services GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Technical Services GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Transport Services GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Transport Services Holding GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Verwaltungs GmbH	Hanover, Germany	100%	100%
Gasunie Ostseeanbindungsleitung (GOAL) GmbH	Hanover, Germany	100%	100%
Gasunie Infrastruktur AG	Zug, Zwitserland	100%	100%

Gasunie Germany B.V. and Gasunie LNG BBR B.V. were founded in 2012. N.V. Nederlandse Gasunie exercised control over the other legal entities throughout 2013 and 2012.

In 2012, Gas Transport Services B.V. changed its name to Gasunie Transport Services B.V.

Joint ventures are consolidated proportionally. They are:

Company	Registered office	Interest as at 31	
		2013	December 2012
BBL Company V.O.F.	Groningen	60%	60%
Gate terminal B.V.	Rotterdam	47.5%	45%
Gate terminal C.V.	Rotterdam	47.5%	45%
Gate terminal Management B.V.	Rotterdam	50%	50%
LBBR Management B.V.	Groningen	50%	-
LNG Break Bulk Rotterdam C.V.	Rotterdam	50%	-
Arbeitsgemeinschaft GOAL/Fluxys NEL-Projektphase	Hanover, Germany	51.3%	-
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH	Handewitt, Germany	75%	75%
DEUDAN - Holding GmbH	Hanover, Germany	51%	51%

Based on agreements between the partners of BBL Company V.O.F., N.V. Nederlandse Gasunie has no control over the company, its equity interest qualifies as a joint venture.

Based on agreements between the shareholders of DEUDAN - Deutsch/Dänische Erdgastransport-GmbH and DEUDAN - Holding GmbH, N.V. Nederlandse Gasunie has no control over these companies. These equity interests qualify as joint ventures.

In 2013, Gasunie LNG Holding B.V. increased its 45% interest in Gate terminal C.V. by 2.5% to 47.5%. In 2012 Gasunie LNG Holding B.V. increased its 42.5% interest in Gate terminal C.V. by 2.5% to 45%. As a result, the associated interest in Gate terminal B.V. also increased from 42.5% to 47.5%.

LBBR Management B.V., LNG Break Bulk Rotterdam C.V. and the Arbeitsgemeinschaft GOAL/Fluxys NEL-Projektphase were founded in 2013. N.V. Nederlandse Gasunie has no control over the Arbeitsgemeinschaft GOAL/Fluxys NEL-Projektphase collaboration, which qualifies as a joint venture.

Accounting policies

General

The financial statements have been prepared under the historical cost convention. If not stated otherwise below, this general policy has been applied.

Foreign currency

The euro is the functional and reporting currency of the company. The consolidated financial statements have been prepared in euros.

Transactions in foreign currencies are recognised at the rate of exchange of the functional currency on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate as at the balance sheet date. Any differences are recognised in the profit and loss account.

Business combinations (acquisitions)

Business combinations are recognised in accordance with the 'acquisition method' as described in IFRS 3, Business Combinations (Revised). The acquisition price is calculated as the sum of the assets transferred by the acquiree, liabilities entered into or acquired, and equity instruments issued by the acquirer. Costs relating to the acquisition are taken directly to the profit and loss account. The identifiable assets, liabilities and contingent liabilities acquired as part of the business combinations are recognised by the acquiring party at fair value on the date of acquisition.

Fixed assets

Tangible fixed assets

Tangible fixed assets are valued at cost less straight-line depreciation based on their expected useful life, taking into account the residual value and impairments. The fair value of the assets at the time of conversion to IFRS (1 January 2004) is used as the assumed cost price. The residual value of the asset, the useful life and the valuation methods are reviewed and adjusted if necessary at the end of the financial year.

Third-party contributions to the cost of construction of the gas transport network are deducted from the investments.

Tangible fixed assets not yet completed as at the balance sheet date are recognised as 'fixed assets under construction'. On commissioning, the relevant assets are classified according to their nature in one of the main categories. The volumes of gas permanently present in the pipelines needed for gas transportation are included under 'other fixed operating assets'.

Tangible fixed assets are classified in the following categories:

- ▶ Land and buildings
- ▶ Compressor stations
- ▶ Installations
- ▶ Main transmission lines and related plant and equipment
- ▶ Regional transmission lines and related plant and equipment
- ▶ LNG storage
- ▶ Underground gas storage
- ▶ Other fixed operating assets

Impairments of tangible fixed assets

The company investigates at regular intervals, and whenever there is reason to do so, whether there is any impairment of tangible fixed assets. This involves determining the recoverable amount of the assets. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the current carrying amount, the difference is taken to the profit and loss account. Due to the nature of the assets, it is often not possible to determine the recoverable amount of each asset. In such cases, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If there is reason to do so, the company investigates whether the impairment of a tangible fixed asset recognised in previous periods no longer exists or has decreased.

Intangible fixed assets

Exploitation rights

Exploitation rights are valued at cost less straight-line depreciation based on the expected useful life, taking into account the residual value and impairments. The residual value of the asset, the useful life and the depreciation method and terms are assessed at least at the end of the financial year and adjusted, if necessary.

Impairments of exploitation rights

If there is reason to do so, the company investigates whether an impairment of the exploitation rights exists. This involves determining the recoverable amount of the assets. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the current carrying amount, the difference is taken to the profit and loss account.

Goodwill

Goodwill is the surplus of the acquisition price above the Gasunie share in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is recognised as intangible fixed assets. After initial recognition, goodwill is stated at cost less any accumulated impairments.

For the purpose of determining any impairments, goodwill acquired in a business combination is allocated to one or more cash-generating units that are expected to benefit from the synergies of the combination, no later than in the financial year following the acquisition date.

Impairment of goodwill

Every year, and if there is reason to do so, the company assesses whether an impairment exists of goodwill acquired in a business combination and which has been allocated to one or more cash-generating units.

To that end, the company determines the recoverable amount of each cash-generating unit (or group of cash-generating units) to which goodwill has been allocated. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the current carrying amount, the difference is taken to the profit and loss account. Impairments of goodwill are not reversed in future periods.

Investments in associates

Participations over which the company exercises significant influence on operating and financial policies are valued using the equity method.

The company's share in the result of associates is recognised in the profit and loss account.

Other equity interests

After initial recognition, other equity interests are stated at fair value with unrealised gains or losses taken to equity until the other equity interests are no longer recognised or are subject to impairment. The accumulated gains or losses are then taken to the profit and loss account.

To the extent the fair value cannot be determined reliably, the other equity interests are stated at cost.

Current assets

Stocks

Stocks of maintenance materials and parts are stated at average cost net of a provision for obsolescence.

Receivables

Receivables are stated at amortised cost less a provision for doubtful debts. A provision for doubtful debts is recognised if there is an objective reason to do so.

Cash and cash equivalents

Cash includes available cash in hand and credit balances at banks. Cash equivalents are held with the aim of meeting current liabilities in cash, and are not normally used for investments or other purposes. An investment is only recognised as cash equivalent if it can be immediately converted into a known cash amount and is not subject to a material risk of fluctuation in value.

Long-term liabilities

These are liabilities with a remaining term to maturity of more than one year. Repayment obligations on long-term liabilities falling due within one year are presented under current liabilities.

Interest-bearing loans are initially recognised at the fair value of the proceeds less transaction costs. After initial recognition, interest-bearing loans are subsequently carried at amortised cost based on the effective interest method.

Employee benefits

Long-term liabilities for employee benefits concern pension liabilities, jubilee benefits and the costs of post-employment fringe benefits for non-active and retired employees.

Pension liabilities

N.V. Nederlandse Gasunie and the group companies and joint ventures included in the consolidation have several pension schemes in place entitling their employees to a number of benefits, including a retirement pension and a dependants' pension.

As of 1 July 2013, the pension scheme of employees of N.V. Nederlandse Gasunie were changed. In the new pension scheme, the company has committed itself to paying a fixed, predetermined premium. This premium is based on a conditional average-salary scheme, which aims to achieve an annual accrual of 2% of the pension base. The Pension Savings Agreement for the Executive Board (based on a conditional average-salary scheme) has also been replaced by the new pension scheme.

In IFRS terms, the new pension scheme qualifies as a 'defined contribution plan'. The pension scheme that was in force up to and including 30 June 2013 qualified as a 'defined benefit pension plan'. As a result of the change, as of 1 July 2013, the balance of pension liabilities and plan assets is no longer included in the balance sheet.

The premiums payable in respect of the pension entitlements of the employees of N.V. Nederlandse Gasunie are paid to Stichting Pensioenfonds Gasunie, which administers the pension scheme. The fund manages the assets for all pension schemes administered by Stichting Pensioenfonds Gasunie.

The pension scheme that applies to employees of Gate terminal B.V. is also a defined contribution plan.

For employees of Gasunie Deutschland who joined the company in or after 2012, a new pension scheme was implemented, which came into force on 1 January 2013. This pension scheme, which has been reinsured one-on-one with a pension fund, is a defined contribution plan. The employer's contribution is determined every year on the basis of the gross pension income and can be as high as 4% of the contribution base.

The pension scheme of employees of Gasunie Deutschland who joined the company before 2012 has not been changed. This is a defined benefit pension plan based on a final salary scheme. The entitlements of these employees have not been funded.

The provision for pension liabilities is calculated in accordance using the 'projected unit credit method of actuarial cost allocation'. According to this method, the present value of the pension entitlements is calculated on the basis of the number of active service years until the balance sheet date, the estimated salary as at the expected retirement date, and the discount rate. To determine the pension costs, the expected return on plan assets is also included in the calculation, which, as of 2013 will be equal to the discount rate.

Actuarial gains and losses are fully and directly recognised in equity in the period in which they occur, net of deferred taxation.

The net liability in respect of the defined benefit pension scheme consists of the present value of the gross liability less the fair value of the plan assets. If this results in an asset, pension assets are only included in the balance sheet if realisation is possible in the future through the payment of lower contributions or refunds.

Actuarial calculations are drawn up by external actuaries every year.

Provision for jubilee benefits

This provision relates to jubilee benefits paid by N.V. Nederlandse Gasunie to its employees on service anniversaries. Account is taken of the likelihood that the allowance will be paid and of a pre-tax discount rate, which incorporates the prevailing market assessments of the time value of money and the risks inherent in the commitment.

Provision for the costs of post-employment fringe benefits for non-active and retired employees

This provision relates to the allowance which N.V. Nederlandse Gasunie pays to its employees after their retirement. It represents the present value of the benefits already committed to non-active and retired employees. Account is taken of the mortality rate and a pre-tax discount rate, which incorporates the prevailing market assessments of the time value of money and the risks inherent in the commitment.

The assumptions on which this provision is based are tested periodically against mortality, interest and cost developments, and adjusted if necessary.

Provisions

The amount recognised as a provision is the best possible estimate as at the balance sheet date of the expenditure required to meet the existing commitment, taking into account the probability of the possible outcome of the event.

If the time value of money is material, a provision is recognised based on the present value of the expenditure deemed necessary to settle the commitment.

The discount rate is determined before taxation and takes into account the prevailing market assessments of the time value of money and the risks inherent in the commitment.

Provision for reorganisation expenses

This provision serves to cover the liabilities (in respect of non-active employees) arising from previously implemented reorganisations.

Provision for clearance costs and redevelopment

This provision is recognised due to management decisions to decommission, remove or redevelop specific assets within the foreseeable future, for instance due to new legislation.

Current liabilities

These are liabilities with a term of one year or less.

Income

Income is the revenues from gas transport and related services to third parties, net of discounts and taxes, such as VAT.

If the result of a transaction involving the provision of a service can be estimated reliably, the income relating to the service is recognised in proportion to the services performed in the financial year.

Services relating to the provision of transport capacity are separate from actual use. They are deemed to have been supplied if the capacity was at the customer's disposal for the duration of the agreed period.

The difference between 'gross income' and 'net income' is the 'tariff settlement repayment'. On 11 October 2011, the Dutch regulator (ACM) adopted new method decisions for the periods 2006-2009 and 2010-2013. These decisions established lower tariffs for the period 2006-2011 than those charged by N.V. Nederlandse Gasunie in the corresponding period in line with previous method decisions. N.V. Nederlandse Gasunie is required to refund the difference to its customers by reducing the transport tariffs in 2012 and 2013. The effect of the lowering of the tariffs on the income is shown separately in the profit and loss account.

Capitalised expenditure

Capitalised expenditure includes operating expenses incurred by the company in connection with the production of tangible fixed assets. These expenses mainly comprise the costs of own and hired employees plus a part of the overhead of support departments.

Other operating expenses

These expenses are determined on a historical basis, taking into account the accounting policies set out above, and are allocated to the reporting period to which they relate. Losses are recognised in the reporting period in which they are foreseen.

Finance revenue and costs

Included in this item are income and expenses relating to financing.

Interest income is recognised on a pro rata time basis in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and is likely to be received.

Interest expenses are capitalised if they relate to the purchase, construction or production of qualifying assets, provided the assets need a substantial period before being ready for their intended use.

Other interest expenses are recognised on a pro rata time basis in the profit and loss account, taking into account the effective interest rate for the liability concerned.

Corporate income tax

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences and available carry-forward losses, to the extent that it is likely that taxable profit will be available for set-off.

Deferred tax liabilities and assets are stated at the undiscounted value of the expected cash flows. The tax rates used for the valuation are those that are expected to apply in the period in which the deferred tax items will be realised based on the tax rates and tax legislation in force as at the balance sheet date. The movements arising from this are taken to the profit and loss account, except for movements relating to the revaluation of the tangible fixed assets as at 1 January 2004, the tax treatment of the purchase price paid by the Dutch State, actuarial gains and losses and the cash flow hedge reserve. These movements are recognised directly in equity.

Tax assets and liabilities (deferred or otherwise) are netted, provided the general conditions for setting off tax items have been met.

N.V. Nederlandse Gasunie and its 100% Dutch group companies form a fiscal unity. No corporate income tax is assigned to these group companies. The fiscal burden included in the corporate profit and loss account relates to all the companies in the fiscal unity.

Gasunie Deutschland GmbH & Co. KG and its 100% German group companies form a fiscal unity in Germany for the purposes of trade tax and corporate income tax, including the reunification surcharge.

Tax is calculated based on the recognised result, taking into account tax-exempt items and costs that are either non-deductible or only partly deductible.

Cash flow statement

This statement shows the cash flows generated by N.V. Nederlandse Gasunie. The cash flow from operating activities is determined using the indirect method, based on the income presented in the consolidated profit and loss account.

Financial information by segment

The information relating to the operating activities for which separate financial information is available, and of which the operating results are regularly reviewed by the chief operating decision-maker, covers gas transport activities in the Netherlands and Germany as well as new business activities.

The operating segments identified within Gasunie based on IFRS 8 are:

- ▶ Gasunie Transport Services
- ▶ Gasunie Deutschland
- ▶ Participations & Business Development

For more detailed financial information per segment, see notes 30 to 33 to the consolidated financial statements.

Derivative financial instruments

Cash flow hedge accounting

Cash flow hedge accounting is applied to derivative financial instruments that have been specifically designated for this purpose by management, and are used to hedge a highly probable cash flow, while satisfying all other conditions.

They are initially recognised at fair value on the date on which the contract is entered into, and the fair value is subsequently periodically reassessed. The fair value is determined by discounting future cash flows to the current yield curve.

Gains or losses on the effective part of the hedging instrument are recognised in the cash flow hedge reserve in equity, net of deferred taxation. Any ineffective parts are recognised directly in the profit and loss account.

When a hedging instrument is wound up, gains or losses on the effective part continue to be recognised in equity for as long as the underlying cash flow is expected to occur. If it is not expected to occur, the gains or losses on the effective part, which are recognised in equity, are taken directly to the profit and loss account.

Effective derivative financial instruments designated for hedge accounting are recognised in the same way as the underlying contract. Depending on the nature and the term of the underlying contract, the instruments are classified as either long-term or short-term.

Other derivative financial instruments

Other derivative financial instruments used for hedging existing risks, such as interest-rate swaps and forward foreign exchange contracts, are initially recognised at fair value. Changes in value are recognised in the profit and loss account.

If the fair value is positive, the instrument is included under 'other receivables'; if the fair value is negative, the instrument is included under 'other liabilities'. Depending on the nature and the term of the underlying contract, the instruments are classified as either long-term or short-term.

Notes to the consolidated balance sheet

1. Impairment tests

General

Whenever there is reason to do so, the company tests whether there is any impairment of tangible, intangible and financial fixed assets.

There is an impairment if the recoverable amount of an asset or group of assets is less than the carrying amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. The value in use is calculated on the basis of future cash flows estimated by management. These cash flows are based on the business plan for the next three years adopted by the Executive Board as well as on a recent long-range forecast. The total planning period runs up to and includes 2062. There are no indications that the fair value less costs of disposal is higher than the value in use.

When carrying out an impairment test, management makes assumptions, including those regarding short- and long-term developments in the regulatory framework, makes estimates of aspects such as future cash flows, and determines the discount rate. These assumptions, estimates and judgements significantly affect the value in use.

Both in the Netherlands and in Germany, the carrying amount and the recoverable amount of the gas transport network are comparable. This means that material changes in the recoverable amount as a result of, for example, method decisions for a new regulatory period can only be accommodated to a limited degree and may lead to an impairment loss.

Impairment tests

Gas transport network in the Netherlands

In 2011, the Dutch regulator ACM published method decisions and x-factor decisions for the periods 2006-2009 and 2010-2013. The related decisions on tariffs were adopted in December 2011. A number of stakeholders and GTS appealed against the new method decisions. On 8 November 2012, the Dutch Industrial Appeals Tribunal (CBb) ruled that the objections were unfounded. This means that GTS can maintain the current tariffs established by the ACM unchanged.

When preparing the consolidated financial statements for 2012, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in the Netherlands.

On 1 May 2013, ACM published the draft method decisions for the period 2014-2016. When preparing the consolidated semi-annual financial statements for 2013, it was expected that the ACM would determine the definitive method decisions in September 2013.

When preparing the consolidated semi-annual financial statements for 2013, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in the Netherlands.

On 2 October 2013, ACM published the definite method decisions and x-factor decisions. As a result, the company performed an analytical test to determine any possible impairments.

In this test it was assumed that the current regulatory framework will be continued unchanged. The revenues permitted by the regulator for any year consist of an allowance for the cost of capital invested, an allowance for the annual depreciation costs (calculated on the basis of the depreciation periods determined by the regulator), and an allowance for the operational expenses.

The allowance for the cost of capital is the result of the regulated asset base and the weighted average cost of capital (WACC). In determining the allowance for the cost of capital for the third regulatory period (2014-2016), reference was made to the WACC established in the method decision (3.6% real pre-tax); comparable to 4.25% nominal post-tax. For the regulatory period from 2017 onwards, a WACC is assumed of 5.5% nominal post-tax.

The regulator may impose an efficiency discount. For the regulatory period 2014-2016, the regulator will apply an efficiency discount of 1.3% per year.

The expected cash flows have been discounted using a discount rate that is related to the expected allowance for the cost of capital for the relevant period. For the years 2014-2016, the discount rate is 4.25% nominal post-tax. For the years from 2017 onwards, a discount rate of 5.5% nominal post-tax has been applied.

On the basis of the information available at the time the 2013 financial statements were prepared, management has concluded that the recoverable amount of the gas transport network in the Netherlands as at year-end 2013 is not less than the carrying amount.

Gas transport network in Germany

The German regulator BNetzA is in the process of determining the permitted revenues for the regulatory period 2013-2017, on the basis of the projected permissible costs for the period, possibly reduced by an individual efficiency factor. In the second half of 2012, BNetzA took a decision on the permissible costs. When management was preparing the consolidated financial statements for 2012, the decision with regard to the individual efficiency factor was expected in the first quarter of 2013.

When preparing the consolidated financial statements for 2012, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in Germany.

When preparing the consolidated semi-annual financial statements for 2013, the decision-making by BNetzA with regard to the individual efficiency factor had been delayed and was expected in the third quarter of 2013.

When preparing the consolidated semi-annual financial statements for 2013, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in Germany.

In January 2014 the BNetzA announced the individual efficiency factor. As a result, the company has performed an analytical test to determine any possible impairments.

In this test it was assumed that the current regulatory framework will be continued unchanged.

The expected cash flows have been discounted using a discount rate that is related to the expected allowance for the cost of capital for the relevant period. For the years 2014-2017, the discount rate is 5.5% nominal post-tax. For the years from 2018, a discount rate of 5.5% nominal post-tax has been applied.

On the basis of the information available at the time the 2013 financial statements were prepared, management has concluded that the recoverable amount of the gas transport network in Germany as at year-end 2013 is not less than the carrying amount.

2. Acquisitions

Acquisitions in 2013

At the beginning of 2013, N.V. Nederlandse Gasunie increased its interest in PRISMA European Capacity Platform GmbH, formerly known as TRAC-X Transport Capacity Exchange GmbH, from 8.3% to 16.1%.

In 2013, N.V. Nederlandse Gasunie increased its 45% interest in Gate terminal C.V. and Gate terminal B.V. by 2.5% to 47.5% through Gasunie LNG Holding B.V.

For more information, see notes 6 and 7 to the consolidated balance sheet.

Acquisitions in 2012

In 2012, N.V. Nederlandse Gasunie increased its 42.5% interest in Gate terminal C.V. and Gate terminal B.V. by 2.5% to 45% through Gasunie LNG Holding B.V. For more information, see note 7 to the consolidated balance sheet.

3. Tangible fixed assets

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2013	Acquisitions ^{*)}	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2013
Land and buildings	102.0	-	2.5	0.6	3.7	100.2
Compressor stations	814.1	-	62.8	1.2	40.9	834.8
Installations	986.4	-	92.7	4.7	62.7	1,011.7
Main transmission lines and related plant and equipment	4,806.2	-	286.5	0.9	106.5	4,985.3
Regional transmission lines and related plant and equipment	734.3	-	8.5	3.4	15.5	723.9
LNG storage	385.8	26.5	1.3	-	13.8	399.8
Underground gas storage	472.3	-	102.0	2.5	14.0	557.8
Other fixed operating assets	177.4	-	35.3	0.1	31.5	181.1
Fixed assets under construction	447.4	0.1	86.1	-	-	533.6
Total for 2013 financial year	8,925.9	26.6	677.7	13.4	288.6	9,328.2

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2012	Acquisitions ^{*)}	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2012
Land and buildings	103.9	-	2.4	0.4	3.9	102.0
Compressor stations	776.4	-	77.2	0.4	39.1	814.1
Installations	835.4	-	214.0	7.4	55.6	986.4
Main transmission lines and related plant and equipment	4,694.5	-	219.6	10.3	97.6	4,806.2
Regional transmission lines and related plant and equipment	694.5	-	53.7	1.9	12.0	734.3
LNG storage	367.4	30.1	1.1	-	12.8	385.8
Underground gas storage	489.4	-	(0.3)	3.5	13.3	472.3
Other fixed operating assets	170.7	-	41.9	2.1	33.1	177.4
Fixed assets under construction	561.9	-	(108.3)	6.2	-	447.4
Total for 2012 financial year	8,694.1	30.1	501.3	32.2	267.4	8,925.9

^{*)} Increase due to acquisition of share in joint venture.

<i>In millions of euros</i>	Cost as at 31 Dec. 2013	Accumulated depreciation *) as at 31 Dec. 2013	Cost as at 31 Dec. 2012	Accumulated depreciation *) as at 31 Dec. 2012
Land and buildings	170.8	70.6	169.3	67.3
Compressor stations	1,157.7	322.9	1,102.1	288.0
Installations	1,545.8	534.1	1,470.9	484.5
Main transmission lines and related plant and equipment	6,728.6	1,743.3	6,420.7	1,614.5
Regional transmission lines and related plant and equipment	920.1	196.2	944.3	210.0
LNG storage	432.4	32.6	403.3	17.5
Underground gas storage	598.7	40.9	499.1	26.8
Other fixed operating assets	553.2	372.1	520.5	343.1
Fixed assets under construction	533.6	-	447.4	-
Total	12,640.9	3,312.7	11,977.6	3,051.7

*) Including any impairments.

Depreciation periods

As of 1 January 2008, the remaining depreciation period for investments in transmission pipelines was extended to 55 years. The carrying amount on this date and the investments in transmission pipelines as of this date are depreciated until 2063.

As of 1 January 2004, the depreciation period for compressor stations and installations is 30 years (on average).

The depreciation periods for the other components are:

- ▶ Buildings: 50 years
- ▶ LNG storage: 15 to 40 years, approximately 30 years on average
- ▶ Underground gas storage: 0 to 40 years, approximately 35 years on average
- ▶ Other fixed operating assets: 3 to 20 years

Land is not depreciated.

Gas transport network impairments

See note 1 to the consolidated balance sheet for information on this subject.

4. Intangible fixed assets

Exploitation rights

Gasunie Zuidwending B.V. has acquired the exploitation rights of a part of the transmission capacity of the natural gas storage facility in Zuidwending from third parties. The exploitation rights relate to the period 2011 to 2015. From the beginning of 2011 the intangible fixed asset is amortised on a straight-line basis consistent with the useful life of the rights.

Movements in exploitation rights:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January		
- cost	9.7	9.7
- accumulated depreciation *)	(3.9)	(2.0)
Carrying amount	5.8	7.7
Movements in the financial year		
- depreciation	(1.9)	(1.9)
Total movements	(1.9)	(1.9)
Balance as at 31 December		
- cost	9.7	9.7
- accumulated depreciation *)	(5.8)	(3.9)
Carrying amount	3.9	5.8

*) Including any impairments.

5. Investments in associates

N.V. Nederlandse Gasunie has interests in the following companies, either directly or through its group companies:

Company	Registered office	Interest as at	
		2013	31 December 2012
APX B.V.	Amsterdam	-	20.9%
C.V. Gasexpansie IJmond	Groningen	-	50%
Energie Data Services Nederland (EDSN) B.V.	Arnhem	25%	25%
Global Gas Networks Initiative (GGNI) B.V.	Groningen	-	25%
ICE Endex Holding B.V.	Amsterdam	20.9%	-
Rotterdamse Cintra Maatschappij B.V.	Rotterdam	25%	25%
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH & Co. KG	Handewitt, Germany	33.3%	33.3%
GASPOOL Balancing Services GmbH	Berlin, Germany	16.7%	16.7%
NETRA GmbH Norddeutsche Erdgas Transversale	Emstek/Schneiderkrug, Germany	33.3%	33.3%
NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG	Emstek/Schneiderkrug, Germany	28.7%	28.7%

In the first quarter of 2013, APX B.V. was split into a Power part and a Gas part. Following this split, N.V. Nederlandse Gasunie has an interest of 20.9% in the Gas part, which has been transferred to ICE Endex Holding B.V. In 2013, this transaction led to an additional loss of € 0.3 million. This loss was taken to 'share in result of associates'.

As part of the Power part of the above transaction, an earn-out agreement has been entered into that will be valid until 22 May 2014. The company does not think it likely that the conditions of this earn-out agreement will be met, and has therefore not recognised this receivable nor provided any explanatory notes.

Together with the other shareholder of ICE Endex Holding B.V., N.V. Nederlandse Gasunie has entered into a 5-year option agreement, which will come into effect on 26 March 2015. On the grounds of this agreement, the company has the right to sell its 20.9% interest to the other shareholder on the basis of the value of the shares at that time. In addition, it has been agreed that the other shareholder has the right to buy the 20.9% interest from N.V. Nederlandse Gasunie at the value of the shares at that time. Given the recent acquisition of the 20.9% share at fair value, it is assumed that these options have little value, which is why they have not been recognised in the balance sheet.

In 2013, C.V. Gasexpansie IJmond was wound up resulting in a loss of € 0.2 million. This result has been taken to 'share in result of associates'. In 2012, the impairment of C.V. Gasexpansie IJmond of € 1.1 million has been taken to this result.

Global Gas Networks Initiative (GGNI) B.V. was wound up in 2013 with no impact on result.

Movements in investments in associates:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	128.6	129.2
Investments	0.4	0.1
Acquisitions	39.6	-
Movements taken directly to equity	0.7	-
Share in result of associates	19.5	23.8
Dividend received	(22.7)	(24.5)
Disposals	(39.6)	-
Balance as at 31 December	126.5	128.6

The share in the assets and liabilities as at the balance sheet date and in the income and result of associates for the financial year is:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Assets	242.3	344.0
Liabilities	123.1	217.6
Income	42.4	44.6
Result after taxation	19.5	23.8

6. Other equity interests

On 10 June 2008, N.V. Nederlandse Gasunie acquired a 9% interest in Nord Stream AG, which operates two gas pipelines across the Baltic Sea from Russia to Germany. The equity interest in Nord Stream AG is held by Gasunie Infrastruktur AG and is intended as a long-term investment supporting the objectives of N.V. Nederlandse Gasunie. On 1 October 2011 the first and on 8 October 2012 the second gas pipeline was put into use.

The interest in Nord Stream AG is stated at fair value, taking account of a 7.5% post-tax discount rate (2012: 7.5% post-tax) on the projected cash flows. The projected cash flows are based on contractual agreements. As an indication, all things being equal, if the discount rate changes by 0.5% points, this will result in a change in the fair value amount of € 31 million at year-end 2013 (year-end 2012: € 33 million).

The valuation is based on the present value of the cash flows, using a calculation model which is updated by Nord Stream AG every year in the context of the business plan. This model is presented for assessment and approval to the shareholders of Nord Stream AG. The model is subsequently tested by the management of N.V. Nederlandse Gasunie on the basis of Nord Stream AG's periodic reports.

At the beginning of 2013, N.V. Nederlandse Gasunie increased its interest in PRISMA European Capacity Platform GmbH, formerly known as TRAC-X Transport Capacity Exchange GmbH, from 8.3% to 16.1%. The acquisition price was € 0.0 million. The interest in PRISMA European Capacity Platform GmbH is stated at fair value. Given the relatively limited materiality of this equity interest, a sensitivity analysis of the fair value calculation has not been included.

In 2012, 0.8% of the interest in TRAC-X Transport Capacity Exchange GmbH was sold, bringing the interest at year-end 2012 to 8.3%. This transaction had no impact on the result.

Movements in other equity interests:

In millions of euros	2013	2012
Balance as at 1 January	403.9	252.6
Investments	-	13.7
Acquisitions	0.0	-
Movement in fair value taken directly to equity	31.2	137.6
Disposals	(17.0)	0.0
Balance as at 31 December	418.1	403.9

7. Interests in joint ventures

The company has a 60% (direct and indirect) interest in BBL Company V.O.F., which is jointly controlled by Gasunie BBL B.V. and two other parties. BBL Company V.O.F. operates a gas pipeline between Balgzand in the Netherlands and Bacton in the United Kingdom. The pipeline was taken into use in December 2006.

The company has a 50% (direct and indirect) interest in Gate terminal Management B.V., a 47.5% interest in Gate terminal C.V. and a 47.5% interest in Gate terminal B.V. These interests involve a joint venture with Koninklijke Vopak N.V. for the operation of a terminal for liquefied natural gas (LNG) on the Maasvlakte.

In 2013, Gasunie LNG Holding B.V. increased its 45% interest in Gate terminal C.V. by 2.5% to 47.5%. In 2012, Gasunie LNG Holding B.V. increased its 42.5% interest in Gate terminal C.V. by 2.5% to 45%. As a result, the associated interest in Gate terminal B.V. also increased from 42.5% to 47.5%. The acquisition price was € 7.8 million in 2013 and € 10.2 million in 2012. In the consolidated cash flow statement, the acquisition price has been netted off with available cash and cash equivalents (2013: € 2.0 million and 2012: € 1.7 million). In the notes to the consolidated balance sheet, the movements are explained under 'increase due to acquisition of share in joint venture'.

In 2013, LBBR Management B.V. and LNG Break Bulk Rotterdam C.V. were founded. The company has a 50% (direct and indirect) interest in both. These interests involve a joint venture with Koninklijke Vopak N.V. for the construction, implementation and operation of a small-scale (break-bulk) LNG terminal with a jetty for small vessels and truck loading facilities.

In 2013, *Gasunie Ostseeanbindungsleitung (GOAL) GmbH* and *Fluxys Deutschland GmbH* entered into a collaboration in the form of an *arbeitsgemeinschaft*, which is responsible for the completion of the *Nordeuropäische Erdgasleitung*.

The shares in the assets and liabilities as at the balance sheet date and in the income and expenses of the joint ventures for the financial year as included in the consolidation are as follows:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Fixed assets	685.9	687.2
Current assets	64.7	56.2
Total assets	750.6	743.4
Long-term liabilities	378.8	398.7
Current liabilities	55.0	22.7
Total liabilities	433.8	421.4
Net investment	316.8	322.0
Income	141.8	132.9
Result after taxation	73.1	70.2

8. Deferred tax assets

The deferred tax assets arise from temporary differences between the valuation in the financial statements of Gasunie Netherlands for financial reporting purposes and those for tax purposes. They can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Tax treatment of purchase price paid by the Dutch State	1,639.1	1,692.0
Tax treatment of the provision for employee benefits	0.2	45.1
Tax treatment of the tariff settlement provision	-	(44.9)
Tax treatment of financial instruments	14.3	19.3
Tangible fixed assets	(1,272.8)	(1,231.6)
Total deferred tax assets	380.8	479.9

Tax treatment of purchase price paid by the Dutch State

When N.V. Nederlandse Gasunie was restructured, the Dutch State made a deemed capital contribution to the company for tax purposes.

As a result, additional depreciation for tax purposes applied to N.V. Nederlandse Gasunie with effect from 2005 in the form of a revaluation of the network for tax purposes. The resulting deferred tax asset was taken to equity. The effects of the tariff adjustments were, and are, also taken to equity.

Tax treatment of the tariff settlement provision

On 11 October 2011, the ACM adopted new method decisions for the periods 2006-2009 and 2010-2013. These decisions established lower tariffs for the period 2006-2011 than those charged by N.V. Nederlandse Gasunie in the corresponding period in line with previous method decisions. N.V. Nederlandse Gasunie is required to refund the difference to its customers by reducing the transport tariffs in 2012 and 2013. To that end, a provision was formed for tax purposes.

Movements in deferred tax assets:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	479.9	546.2
Movements taken to the profit and loss account	(76.4)	(91.4)
Movements taken to equity	(3.4)	23.9
Increase due to acquisition of share in joint venture	0.7	1.2
Balance as at 31 December	380.8	479.9

Movements taken to the profit and loss account and to equity for 2013:

<i>In millions of euros</i>	Profit and loss account	Equity	Increase due to acquisition of share in joint venture
Purchase price paid by the Dutch State	(52.9)	-	-
Provision for employee benefits	(27.5)	(17.4)	-
Tariff settlement provision	44.9	-	-
Financial instruments	-	(6.0)	1.0
Tangible fixed assets	(40.9)	-	(0.3)
Total	(76.4)	(23.4)	0.7

Movements taken to the profit and loss account and to equity for 2012:

<i>In millions of euros</i>	Profit and loss account	Equity	Increase due to acquisition of share in joint venture
Purchase price paid by the Dutch State	(52.9)	-	-
Provision for employee benefits	(0.5)	18.9	-
Tariff settlement provision	53.7	-	-
Financial instruments	-	5.0	1.1
Tangible fixed assets	(86.8)	-	-
Losses available for set-off	(4.9)	-	0.1
Total	(91.4)	23.9	1.2

9. Stocks

Stocks, with a value of € 33.1 million as at 31 December 2013 (2012: € 37.0 million), consist almost entirely of maintenance materials and parts that are measured on an average-cost basis.

The amount stated takes into account a provision of € 6.7 million (2012: € 6.8 million) for obsolescence. Movements in the provision are charged to the result.

10. Trade and other receivables

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Trade receivables	170.1	152.7
Tax and social security contributions	6.0	0.4
Other receivables	52.6	29.8
Total trade and other receivables	228.7	182.9

The trade receivables and other receivables totalled € 222.7 million (2012: € 182.5 million). The analysis of the age of these receivables as at the balance sheet date is as follows:

<i>In millions of euros</i>	Total	Not due and not impaired		Due and not impaired				
		< 30 days	30-60 days	60-90 days	90-120 days	> 120 days		
2013	222.7	218.1	2.8	0.6	-	-	1.2	
2012	182.5	179.1	1.9	0.4	0.1	-	1.0	

Movements in the provision for doubtful debts:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	-	0.2
Additions	0.4	-
Release credited to the result	-	(0.2)
Balance as at 31 December	0.4	-

The receivables are individually reviewed to determine the amount of the provision, primarily taking into account the age of the receivable and the creditworthiness of the debtor.

11. Cash and cash equivalents

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Banks	85.9	82.0
Call funds and deposits receivable	0.8	827.1
Total cash and cash equivalents	86.7	909.1

The bank balances and call funds carry an interest rate based on daily interest, and the deposits receivable carry a market-based interest rate in line with the individual term. At year-end 2013, no deposits were made.

12. Equity

Issued share capital

The authorised share capital as at 31 December 2013 amounts to € 756,000 and is divided into 7,560 shares, each having a nominal value of € 100, of which 1,512 have been issued and paid up in full.

Other reserves

Items included under 'other reserves' are classified as retained earnings under IFRS.

Dividend

The Executive Board proposes that € 139.3 million of the profit for 2013 be added to the general reserve and € 325.1 million be distributed to the shareholder. This dividend proposal has not been taken into account in the balance sheet as at 31 December 2013 or in the notes.

The profit for 2012 amounted to € 358.7 million, of which € 215.2 million was distributed as dividend in 2013.

	2013	2012
Final dividend to be distributed (in millions of euros)	325.1	215.2
Dividend per share (in thousands of euros)	215.0	142.3

13. Cash flow hedge reserve

Movements in the cash flow hedge reserve:

In millions of euros	2013	2012
Balance as at 1 January	(52.7)	(37.5)
Movement of the valuation of transactions for hedging (interest-based) cash flows recognised in the reserve,	25.6	(18.4)
of which corporate income tax	(6.4)	4.6
Transferred to the profit and loss account,	(1.6)	(1.8)
of which corporate income tax	0.4	0.4
Balance as at 31 December	(34.7)	(52.7)

The cash flow hedge reserve as at year-end 2013 relates to two cash flow hedges, as was the case in 2012. They are the cash flow hedge of N.V. Nederlandse Gasunie, relating to two long-term bond loans, and the cash flow hedge of Gate terminal B.V.

In millions of euros	31 Dec. 2013	31 Dec. 2012
Cash flow hedge of N.V. Nederlandse Gasunie,	8.8	10.4
of which corporate income tax	(2.2)	(2.6)
	6.6	7.8
Cash flow hedge of Gate terminal B.V.,	(55.1)	(80.7)
of which corporate income tax	13.8	20.2
	(41.3)	(60.5)
Total	(34.7)	(52.7)

The cash flow hedge reserve of N.V. Nederlandse Gasunie relating to two long-term bond loans concerns swaptions settled in 2006, of which the results have been included in the cash flow hedge reserve and which will subsequently be transferred to the profit and loss account during the remaining term of the underlying bond loan. An amount of € 1.5 million (2012: € 2.1 million) from the balance of € 6.6 million (2012: € 7.8 million) will be released on a straight-line basis up to and including 2016, and € 5.1 million (2012: € 5.7 million) on a straight-line basis up to and including 2021.

In July 2008, Gate terminal B.V. took out a private loan with a floating interest rate. The floating interest was converted into fixed interest by means of a swap transaction. This transaction aims to largely offset changes in the cash flows (interest-based or otherwise) caused by changes in the market interest rate. The transaction was specifically designated for this purpose by management. The swap transaction is recognised in the balance sheet under other long-term liabilities.

14. Interest-bearing loans

The total amount of € 4,188.4 million (2012: € 4,059.1 million) of long-term loans comprises € 3,250.0 million (2012: € 3,250.0 million) of long-term bonds and € 938.4 million (2012: € 809.1 million) of private loans. The long-term bonds are fixed-interest bonds as at the balance sheet date. The private loans as at the balance sheet date consist of € 500.0 million (2012: € 500.0 million) of fixed-interest loans and € 438.4 million (2012: € 309.1 million) of floating interest loans. At year-end 2013, 67% (2012: 95%) of the interest rate risk relating to the floating interest loans was hedged by a swap transaction.

The company has no open positions in foreign currencies concerning interest-bearing loans.

Movements in interest-bearing loans:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	4,059.1	4,454.6
Issued bond loans	-	1,000.0
Private loans contracted	150.0	-
Increase in private loans due to acquisition of share in joint venture	16.8	17.6
Other increases	0.3	1.1
Early repayment on bond loans	-	(284.2)
Repayment obligations in next financial year	(37.8)	(1,130.0)
Balance as at 31 December	4,188.4	4,059.1

In July 2012, an early repayment of € 284.2 million took place on long-term bond loans with a total nominal value of € 1.4 billion, an effective interest rate of 6.000% and a tenor until the end of October 2013. In addition, two new long-term bond issues took place, each with a nominal value of € 500.0 million, an effective interest rate of 2.625% and 0.875% respectively, and terms of 10 years and 3 years respectively.

The reason for the early repayment and the issuing of the new long-term bond loans was to mitigate the refinancing risk of 2013. The early repayment was above nominal value. The difference of € 20.1 million between the exercise price and the nominal value is reported as 'interest expenses'.

Future repayments:

<i>In millions of euros</i>	2013	2012
Repayment obligations in		
2013	-	1,130.0
2014	37.8	15.5
2015	538.7	516.4
2016	738.7	716.4
2017	789.3	767.0
2018	39.9	17.5
After 2018	2,086.2	2,030.4
Total repayment obligations	4,230.6	5,193.2

The table below provides a breakdown of the long-term loans, including repayment obligations.

Balance as at 31 December 2013:

Remaining principal amount outstanding on original loan in millions of euros	Term	Effective interest rates	Interest review date	Nominal amount outstanding in millions of euros
700.0	2006-2016	4.250%	not applicable	700.0
300.0	2006-2021	4.500%	not applicable	300.0
125.0	2008-2022	4.500%	not applicable	125.0
125.0	2008-2023	4.804%	not applicable	125.0
140.3 *)	2008-2029	5.455%	15 June and 15 December every year	140.3
140.3 *)	2008-2029	5.889%	15 June and 15 December every year	140.3
750.0	2009-2017	5.125%	not applicable	750.0
125.0	2009-2024	4.266%	not applicable	125.0
20.8 *)	2009-2029	6.255%	15 June and 15 December every year	20.8
29.2 *)	2009-2029	7.239%	15 June and 15 December every year	29.2
125.0	2010-2025	3.581%	not applicable	125.0
500.0	2011-2021	3.625%	not applicable	500.0
500.0	2012-2022	2.625%	not applicable	500.0
500.0	2012-2015	0.875%	not applicable	500.0
150.0	2013-2020	0.466%	28 April and 28 October every year	150.0
Total				4,230.6

*) These loans were concluded by Gate terminal B.V. in the form of long-term facilities and are consolidated proportionally.

If the Dutch State ceases to hold all shares of N.V. Nederlandse Gasunie, the interest rates of five European Investment Bank loans of in total € 650.0 million will be adjusted to reflect the lender's credit risk policy.

Balance as at 31 December 2012:

Remaining principal amount outstanding on original loan in millions of euros	Term	Effective interest rates	Interest review date	Nominal amount outstanding in millions of euros
700.0	2006-2016	4.250%	not applicable	700.0
300.0	2006-2021	4.500%	not applicable	300.0
115.8	2008-2013	6.000%	not applicable	115.8
1,000.0	2008-2013	6.000%	not applicable	1,000.0
125.0	2008-2022	4.500%	not applicable	125.0
125.0	2008-2023	4.804%	not applicable	125.0
139.0 *)	2008-2029	5.737%	15th of every month	139.0
139.0 *)	2008-2029	5.873%	15th of every month	139.0
750.0	2009-2017	5.125%	not applicable	750.0
125.0	2009-2024	4.266%	not applicable	125.0
20.5 *)	2009-2029	7.694%	15th of every month	20.5
28.9 *)	2009-2029	7.217%	15th of every month	28.9
125.0	2010-2025	3.581%	not applicable	125.0
500.0	2011-2021	3.625%	not applicable	500.0
500.0	2012-2022	2.625%	not applicable	500.0
500.0	2012-2015	0.875%	not applicable	500.0
Total				5,193.2

*) These loans were concluded by Gate terminal B.V. in the form of long-term facilities and are consolidated proportionally.

The weighted average effective interest rate for the long-term loans as at the balance sheet date was 3.8% (year-end 2012: 4.3%).

Interest rate risk is managed by means of financial derivatives (see also note 21).

Securities have been provided by Gate terminal B.V. for loans concluded by Gate terminal B.V. The securities relate to the pledging of all assets and future cash flows of Gate terminal B.V. No securities have been provided for the other interest-bearing loans concluded by N.V. Nederlandse Gasunie.

15. Deferred tax liabilities

The deferred tax liabilities arise from temporary differences between the valuation in the financial statements for financial reporting purposes and those for tax purposes of Gasunie Deutschland. They can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Tangible fixed assets	178.8	177.4
Provision for employee benefits	(8.3)	(9.8)
Other deferred tax liabilities	32.3	24.9
Total deferred tax liabilities	202.8	192.5

Movements in deferred tax liabilities:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	192.5	200.3
Movements taken to the profit and loss account	7.9	(5.7)
Movements taken to equity	2.4	(2.1)
Balance as at 31 December	202.8	192.5

Movements taken to the profit and loss account and to equity for 2013:

<i>In millions of euros</i>	Profit and loss account	Equity
Tangible fixed assets	1.4	-
Provision for employee benefits	(0.9)	2.4
Other movements	7.4	-
Total	7.9	2.4

Movements taken to the profit and loss account and to equity for 2012:

<i>In millions of euros</i>	Profit and loss account	Equity
Tangible fixed assets	(6.7)	-
Provision for employee benefits	(0.4)	(2.1)
Other movements	1.4	-
Total	(5.7)	(2.1)

16. Employee benefits

As of 1 July 2013 a new pension scheme has come into force for employees in the Netherlands. For additional information, see A. 'Provision for pension liabilities, the Netherlands'.

In millions of euros	31 Dec. 2013	31 Dec. 2012
A. Pension liabilities, the Netherlands	-	179.5
B. Pension liabilities, Gasunie Deutschland	56.3	60.2
	56.3	239.7
C. Jubilee benefits	5.4	5.5
D. Post-employment fringe benefits	4.9	5.5
Total	66.6	250.7

Provisions for pension liabilities

The assumptions underlying the calculation of the pension liabilities are set out below:

	Netherlands		Germany	
	2013 ^{*)}	2012	2013	2012
Discount rate	-	3.3%	3.7%	3.3%
Expected future salary increases	-	3.7%	2.8%	2.8%
Expected future pension increases	-	1.8%	1.8%	1.8%
Expected return on plan assets	-	4.0%	-	-

^{*)} For additional information, see A. 'Provision for pension liabilities, the Netherlands'.

Under IAS 19 Employee Benefits (Revised), the (expected) return on plan assets is determined on the basis of the discount rate used in determining the pension liabilities. If IAS 19 Employee Benefits (Revised) had been effective in 2012, the (expected) return on plan assets would have been based on 3.9% for 2012. The effect on the (expected) return on plan assets is € 1.0 million negative for 2012. The effect on the actuarial result on plan assets is € 1.0 million positive for 2012. On balance, there is no effect on the pension liabilities and equity of N.V. Nederlandse Gasunie. Given the minimal effect of IAS 19 Employee Benefits (Revised), the comparative figures for 2012 have not been restated.

Five-year summary (balance at year-end):

In millions of euros	2013 *)	2012	2011	2010	2009
Present value of pension entitlements	56.3	1,306.3	1,113.4	996.2	858.6
Plan assets	-	(1,066.6)	(958.3)	(925.0)	(865.0)
Pension provision	56.3	239.7	155.1	71.2	(6.4)
Experience adjustments to plan liabilities	(1.8)	1.2	(16.8)	41.4	70.2
Experience adjustments to plan assets	-	77.5	13.6	41.8	47.9

*) For additional information, see A. 'Provision for pension liabilities, the Netherlands'.

A. Provision for pension liabilities, the Netherlands

N.V. Nederlandse Gasunie and its employees in the Netherlands, represented by the trade unions, have agreed that as of 1 July 2013:

- ▶ the old pension scheme (Pension Regulations 2006) will be terminated;
- ▶ a new pension scheme will come into force, in which the company committed itself to pay out a fixed, predetermined contribution. This contribution is based on a conditional average-salary scheme, which aims to achieve an annual accrual of 2% of the pension base. The pensionable age is set at 67.

The contribution payable by N.V. Nederlandse Gasunie will be 22.6% of the pensionable salary. This contribution will be fixed up to and including 31 December 2017. The pension execution agreement was entered into on 1 July 2013 with Stichting Pensioenfonds Gasunie.

In addition, it was agreed that N.V. Nederlandse Gasunie will:

- ▶ pay a one-off amount of € 20 million to the pension fund for the benefit of an indexation reserve to be set up for employees in active service, in order to increase the chances of indexation of employees' pension entitlements in the coming years;
- ▶ pay a one-off amount of € 5 million to the pension fund for the benefit of a reserve to be set up for employees in active service, in order to prevent pension accrual cuts.

The new pension scheme qualifies as a 'defined contribution plan' in IFRS terms. The financial consequences of the transition to the new pension scheme are broadly as follows:

- ▶ On 1 July 2013, the provision for pension liabilities of € 115.9 million that relates to the old pension scheme was released to the profit and loss account after deduction of the related deferred tax receivable of € 29.0 million;
- ▶ The one-off payments of € 20 million and € 5 million respectively have been taken to the profit and loss account;
- ▶ The accumulated actuarial gains and losses relating to the old pension scheme have not been reclassified to the profit and loss account. The direct effect on equity is nil.

The new pension scheme also applies to the members of the Executive Board.

For a very small group of employees (born before 1950), the Pension Regulations 1994 with the associated savings regulations still applies. These regulations will remain in force for as long as the pension accrual is allowed within the fiscal framework. For this group, N.V. Nederlandse Gasunie pays a premium that covers the costs. If, due to the financial situation of the pension

fund, the pension entitlements need to be cut back, N.V. Nederlandse Gasunie will not be obliged to pay a supplementary premium. The size of this group, whose members will retire in the next two years, as well as the balance of the related pension liabilities and plan assets, is so insignificant that it has been decided not to recognise it in the balance sheet.

A breakdown of the provision for pension liabilities in respect of employees in the Netherlands is shown below:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Present value of pension entitlements	-	1,246.1
Plan assets	-	(1,066.6)
Pension provision	-	179.5

Movements in the pension provision:

<i>In millions of euros</i>	2013	2012
Present value of pension entitlements		
Balance as at 1 January	1,246.1	1,064.4
Increase in pension entitlements	14.5	26.8
Accrued interest	20.5	40.8
Actuarial result	(103.9)	153.2
Pension benefits paid	(19.6)	(39.1)
Settlement as a consequence of the termination of the existing defined benefit plan as of 1 July 2013	(1,157.6)	-
Balance as at 31 December	-	1,246.1
Plan assets		
Balance as at 1 January	1,066.6	958.3
Return	17.5	39.3
Employer's pension contributions received	11.3	30.6
Actuarial result	(34.1)	77.5
Pension benefits paid	(19.6)	(39.1)
Settlement as a consequence of the termination of the existing defined benefit plan as of 1 July 2013	(1,041.7)	-
Balance as at 31 December	-	1,066.6

On 1 July 2013, the provision for pension liabilities amounted to € 115.9 million. This is the sum of the present value of the pension entitlements (€ 1,157.6 million) and the plan assets (€ 1,041.7 million).

In calculating the pension liabilities as of 30 June 2013, a discount rate was used of 3.6% (31 December 2012: 3.3%). The assumptions relating to future salary increases, future pension increases, and the return on plan assets have remained unchanged compared to 31 December 2012.

All plan assets are administered by Stichting Pensioenfonds Gasunie.

Pursuant to the pension execution agreement between Stichting Pensioenfonds Gasunie and N.V. Nederlandse Gasunie, which has been in force since 1 January 2009 and which was last changed as of 1 July 2010, the company has undertaken to pay an additional contribution to restore the funding ratio of the fund to 105% to the extent that the funding ratio is less than 105% as at 31 December.

On 31 December 2012, the pension fund had a funding ratio that was less than 105%. Pursuant to the above-mentioned pension execution agreement, the pension fund claimed an additional premium contribution of approximately € 6 million from N.V. Nederlandse Gasunie in order to increase its funding ratio to 105% as at the balance sheet date. This additional obligatory contribution was, in accordance with the relevant IFRS standard, not included in the balance sheet at year-end 2012.

The aforementioned execution agreement was terminated by N.V. Nederlandse Gasunie as of 31 December 2012. As a result, the additional contribution obligation has lapsed. During the period between 1 January 2013 and 30 June 2013, an addendum to the execution agreement was in force, which was replaced on 1 July 2013 by an execution agreement that fits in with the new pension scheme. In the latter two execution agreements, no additional contribution obligation for Gasunie has been included, which means that Gasunie is not obliged to supplement any shortages in the fund.

The actuarial results taken directly to equity are:

<i>In millions of euros</i>	First half of 2013	2012
Actuarial result on pension entitlements	103.9	(153.2)
Actuarial result on plan assets	(34.1)	77.5
Total actuarial result	69.8	(75.7)

The actuarial result in the first half year of 2013 was affected by the higher discount rate and experience adjustments on the one hand, and by the lower than (expected) return on plan assets on the other.

The actuarial result in 2012 was mainly affected by the lower discount rate and the change in the survivors' rate tables on the one hand, and by the (expected) return on plan assets on the other.

The actuarial results on pension entitlements are:

<i>In millions of euros</i>	First half of 2013	2012
Changes in actuarial financial assumptions	63.6	(125.9)
Changes in actuarial demographic assumptions	-	(26.3)
Experience adjustments	40.3	(1.0)
Total actuarial result on pension entitlements	103.9	(153.2)

The accumulated actuarial gains and losses total € 333.6 million negative on 30 June 2013 (year-end 2012: € 403.4 million negative). These realised accumulated actuarial gains and losses were not reclassified to the profit and loss account on 1 July 2013.

The plan assets for each investment category are:

<i>In percentages</i>	31 Dec. 2013	31 Dec. 2012
Property and shares	-	38
Bonds	-	59
Cash	-	3
Total	-	100

The actual return on plan assets in the first half year of 2013 is 1.4% negative (2012: 12.0% positive).

As at 30 June 2013, just as at 31 December 2012, no financing was granted by Stichting Pensioenfonds Gasunie to N.V. Nederlandse Gasunie and its participations. The pension fund does not invest in property or other assets used by N.V. Nederlandse Gasunie and its participations.

The total pension costs for the defined benefit pension plan as presented in the profit and loss account comprise:

<i>In millions of euros</i>	2013	2012
Increase in pension entitlements	14.5	26.8
Accrued interest	20.5	40.8
Return on plan assets	(17.5)	(39.3)
Total pension costs first half of 2013 and 2012	17.5	28.3
Settlement as a consequence of the termination of the existing defined benefit plan as of 1 July 2013:		
- release of the pension liabilities	(115.9)	-
- one-off payments of € 20 million and € 5 million respectively	25.0	-
Total pension costs	(73.4)	28.3

B. Provision for pension liabilities, Gasunie Deutschland

The provision for pension liabilities for Gasunie Deutschland relates to the pension scheme of employees who joined Gasunie Deutschland before 2012 and is treated as a defined benefit pension scheme.

A breakdown of the provision is shown below:

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Present value of pension entitlements	56.3	60.2
Plan assets	-	-
Pension provision	56.3	60.2

The weighted average duration of the pension liabilities is approximately 20 years.

Movements in the pension provision:

<i>In millions of euros</i>	2013	2012
Present value of pension entitlements		
Balance as at 1 January	60.2	49.0
Increase in pension entitlements	2.6	2.2
Accrued interest	2.0	1.9
Actuarial result	(8.3)	7.2
Pension benefits paid	(0.2)	(0.1)
Balance as at 31 December	56.3	60.2

The total actuarial result taken directly to equity in 2013 is € 8.3 million positive (2012: € 7.2 million negative).

The actuarial results are:

<i>In millions of euros</i>	2013	2012
Changes in actuarial financial assumptions	4.7	(7.0)
Changes in actuarial demographic assumptions	1.8	-
Experience adjustments	1.8	(0.2)
Total actuarial result on pension entitlements	8.3	(7.2)

At year-end 2013, the accumulated actuarial gains and losses directly taken to equity total € 10.3 million negative (year-end 2012: € 18.6 million negative).

If the discount rate changes by 0.1%-point, in otherwise unchanged circumstances, this is expected to lead to a change in the 'present value of pension entitlements' of € 1.1 million and a change in the total of actuarial results directly taken to equity of € 1.1 million at year-end 2013.

If the 'expected future salary increases' change by 0.1%-point, in otherwise unchanged circumstances, this is expected to lead to a change in the 'present value of pension entitlements' of € 0.3 million and a change in the total of actuarial results directly taken to equity of € 0.3 million at year-end 2013.

If the 'expected future pension increases' change by 0.1%-point, in otherwise unchanged circumstances, this is expected to lead to a change in the 'present value of pension entitlements' of € 0.7 million and a change in the total of actuarial results directly taken to equity of € 0.7 million at year-end 2013.

The total pension costs for the defined benefit pension plan as presented in the profit and loss account comprise:

<i>In millions of euros</i>	2013	2012
Increase in pension entitlements	2.6	2.2
Accrued interest	2.0	1.9
Total pension costs	4.6	4.1

For employees of Gasunie Deutschland who joined the company in or after 2012, a new pension scheme was implemented, which came into force on 1 January 2013. This pension scheme, which has been reinsured one-on-one with a pension fund, is a defined contribution scheme.

C. Provision for jubilee benefits

This provision relates to jubilee benefits paid by N.V. Nederlandse Gasunie to its employees. Movements in the provision are as follows:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	5.5	5.6
Additions	0.4	0.4
Charges	(0.5)	(0.5)
Balance as at 31 December	5.4	5.5

The existing jubilee scheme was replaced by a new scheme on 1 January 2012. Employees received a lump sum payment as compensation in January 2012.

D. Provision for costs of post-employment fringe benefits for non-active and retired employees

This provision relates to the allowance which N.V. Nederlandse Gasunie pays to its employees after their retirement.

A scheme forming part of the fringe benefits package in the event of termination of employment – including retirement, early retirement or death – was discontinued as at 31 December 2011. In February 2012, employees were compensated for the financial gain from the scheme which they would have otherwise received.

Movements in the provision:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	5.5	5.5
Additions	0.2	0.9
Charges	(0.8)	(0.9)
Balance as at 31 December	4.9	5.5

The provision is primarily long-term. The provision is not fully funded.

17. Provisions

Provision for reorganisation expenses

This provision serves to cover the liabilities (in respect of non-active employees) arising from previously implemented reorganisations. Movements in the provision are as follows:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	0.1	0.1
Additions	0.0	0.0
Short-term share of the provision	(0.1)	(0.0)
Balance as at 31 December	0.0	0.1

Provision for clearance costs and redevelopment

Movements in the provision are as follows:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	97.9	98.9
Additions	3.3	9.0
Charges	(11.4)	(8.5)
Release	-	(1.5)
Balance as at 31 December	89.8	97.9

This provision was recognised in 2010 due to management decisions to decommission, remove or redevelop specific assets within the foreseeable future, for instance due to new legislation. The provision relates to the redevelopment of site-related and group-related bottlenecks, obligations to disengage decommissioned branches from the grid and the decision to redevelop or replace certain pipeline sections.

Pipelines that had already been disengaged were added to the redevelopment programme in 2011, and in 2012 pipelines were added that had been taken over from third parties in the past. The last part of the redevelopment programme is expected to be carried out in 2020.

A provision for long-term general clearance costs is not recognised because it is currently considered unlikely that the removal of transport pipelines and appurtenances will be needed. The income from alternative use (in the longer term) less the costs of conservation is anticipated to offset the costs of removal, including social costs.

18. Other long-term liabilities

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Derivative financial instruments	66.1	87.8
Other long-term liabilities	2.8	1.7
Total other long-term liabilities	68.9	89.5

In July 2008, Gate terminal B.V. concluded a private loan with a floating interest rate. The floating interest was converted into fixed interest by means of a swap transaction. At year-end 2013, the valuation of the swap transaction, including accrued interest, amounted to € 66.1 million negative (2012: € 87.8 million negative).

19. Current financing liabilities

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Repayments on long-term loans	37.8	1,130.0
Short-term loans	384.5	19.8
Total current financing liabilities	422.3	1,149.8

As at the end of 2013, N.V. Nederlandse Gasunie had taken out € 384.5 million (2012: € 19.8 million) in short-term loans against prevailing market rates, which primarily related to term deposits and commercial paper.

To be able to fulfil the above current financing liabilities, N.V. Nederlandse Gasunie has a current account facility of € 100 million (2012: € 100 million) and a committed credit facility for short-term financing of € 800 million (2012: € 800 million), which expires in 2015. No funds were drawn under these facilities as at year-end 2013 and 2012. The interest payable on the funds drawn under the facilities is based on prevailing market rates. No securities have been provided for the credit facilities by N.V. Nederlandse Gasunie.

20. Trade and other payables

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Trade payables	55.7	35.4
Tax liabilities	23.3	42.1
Other liabilities, accruals and deferred income	274.3	299.5
Total trade and other payables	353.3	377.0

Trade and other payables do not bear interest.

21. Financial risks

General

The main financial risks to which N.V. Nederlandse Gasunie is exposed are market risk (consisting of interest rate risk and currency risk), credit risk and liquidity risk. N.V. Nederlandse Gasunie uses financial risk management to limit these risks by operational and financial measures. Specific instruments are used for this purpose, depending on the nature and size of the risks.

The Treasury department is responsible for executing financial risk management. The use of specific risk instruments requires the prior approval of the Executive Board, which receives regular reports on the nature and size of the risks as well as the measures taken.

N.V. Nederlandse Gasunie may use derivative financial instruments to manage currency and interest rate risks arising from ordinary operational activities. The risk policy relating to interest rate risk aims to limit the short-term effects of interest rate fluctuations on the result, and in the long term to follow the regulatory allowance for cost of debt. The risk policy relating to currency risk aims to limit the effects of exchange rate fluctuations on the result.

Financial instruments are only used to hedge risks and not for trading or any other purpose.

For the disclosure of currency and interest rate risks, IFRS 7 requires sensitivity analyses that show the financial effects of reasonable hypothetical changes in relevant risk variables on the profit and loss account and on equity. These effects are determined by relating the hypothetical changes to the risk variables to the balance sheet values of the financial instruments as at the reporting date, assuming that the balance sheet values as at the reporting date are representative of the whole period.

Interest rate risk

The risk to which the company is exposed resulting from fluctuations in market interest rates mainly relates to the long-term loans with a floating interest rate. The company is also exposed to an interest rate risk in the period between the decision to issue long-term loans with a fixed rate and the realisation of these loans.

For the project financing of one of the consolidated joint ventures, the interest rate risk was managed by means of a swap transaction in the period between the decision to finance the project and the time of actually doing so. This swap transaction is also being used to manage the interest rate risk during the total maturity of the project financing. The transaction is designed to effectively offset changes in the cash flows (interest-based or otherwise) caused by changes in the market interest rate (cash flow hedge). Since there are no margin obligations on this swap, it does not constitute a liquidity risk.

At year-end 2013, the share of the floating interest rate loans in the loan portfolio is 3.9% (2012: 0.3%). A 1%-point increase/decrease of the interest rate will respectively increase/decrease the annual interest expenses of the loan portfolio by € 1.7 million (2012: € 0.1 million).

The effect of a 1%-point interest rate increase/decrease on the valuation of the financial instruments that are recognised by direct movements in equity is a € 4 million decrease/increase (2012: € 6 million decrease/increase), net of corporate income tax.

Currency risk

Currency risks arise, as defined in IFRS 7, if financial instruments are concluded in a currency that is different from the functional currency, and if the financial instruments are of a monetary nature.

N.V. Nederlandse Gasunie seeks to limit currency risks. To this end, it uses forward exchange contracts and currency swaps. Foreign exchange instruments are only used if underlying positions exist. Currency risks are fully hedged to the extent that there is sufficient certainty about the amount and timing of the foreign currency cash flows.

At year-end 2013 and 2012, there were no liabilities denominated in foreign currencies that were hedged by means of forward transactions.

In 2013, balance sheet liabilities include GBP positions to the value of € 2.5 million (2012: nil). Foreign currencies were converted into euros at the year-end exchange rate.

In millions of euros	Position	Exchange rate	Effect on	Effect on
		increase/ decrease	result before taxation	equity
2013				
Euro/GBP	2.5	+/- 30%	-/+ 0.7	-/+ 0.6

The sensitivity analysis takes into account the past fluctuation range of currencies. The same ranges are used by the company for its analyses of potential risks. There were no other significant foreign currency positions.

Credit risk

Credit risk relates to the loss that would arise if counterparties were to default entirely as at the balance sheet date and fail to meet their contractual obligations. The company is not exposed to any material credit risk with regard to any individual customer or counterparty.

To reduce counterparty risk, when employing derivative financial instruments, the company uses strict limits concerning the credit risk exposure allowed for each counterparty. The company has drawn up criteria for selecting counterparties of financial instrument transactions. These criteria limit the risks associated with possible credit concentrations and market risks. As at year-end 2013 and 2012, no collateral was placed by counterparties at N.V. Nederlandse Gasunie to hedge counterparty risks with respect to financial instruments.

Guarantees received

N.V. Nederlandse Gasunie and its group companies have received the following guarantees from third parties:

In millions of euros	31 Dec. 2013		31 Dec. 2012	
	Number	Value	Number	Value
Bank guarantees	79	159.5	75	116.1
Deposits	40	7.7	32	5.2
Sureties	26	151.9	26	166.7
Letters of Credit	2	0.1	2	0.7
Other	1	4.8	2	46.0
Total guarantees received	148	324.0	137	334.7

The bank guarantees received mainly concern financial securities from contractors for new construction projects. The deposits and sureties received relate to securities from gas transport agreements. The deposits are held in cash. The interest on deposits is credited to the issuer of the guarantee.

The individual terms of the guarantees received are generally short (one to three years), with the terms of a few guarantees exceeding five years. The guarantees are not freely assignable.

Liquidity risk

The liquidity risk is the risk that the company has insufficient cash to meet its short-term liabilities. N.V. Nederlandse Gasunie's policy is to reduce this risk at minimal cost. The options for reducing the liquidity risk depend on the solvency of an enterprise. As a solvent company, N.V. Nederlandse Gasunie is in a good position to obtain credit facilities. It quantifies the liquidity risk by using a multi-year forecast of capital expenditures and a liquidity forecast with a horizon of at least one year for operational expenses.

The company has a current account facility of € 100 million (2012: € 100 million), committed credit facilities of € 800 million (2012: € 800 million), committed bank guarantee facilities of € 10 million (2012: € 10 million), a € 750 million Commercial Paper programme (2012: € 750 million), and a credit facility of € 100 million (2012: € 150 million) with the European Investment Bank. It also has a € 7.5 billion Medium Term Note (MTN) programme (2012: € 7.5 billion), with € 4.25 billion available for new issues as at year-end 2013.

Rating

In 2013, rating agency Standard & Poor's lowered Gasunie's long-term credit rating from AA- with a negative outlook to A+ with a stable outlook. Rating agency Moody's Investors Service did not change Gasunie's long-term credit rating in 2013. Gasunie's credit rating with Moody's Investors Service remained A2 with a stable outlook.

Dividend policy

N.V. Nederlandse Gasunie aims to achieve a ratio of liabilities to equity which will enable the company to realise its strategy.

Summary of future cash flows

The maturity profile of future cash flows pertaining to long-term and current liabilities outstanding as at the balance sheet date is as follows:

<i>In millions of euros</i>	Total	Payable immediately	<1 year	1-5 year	>5 year
2013					
Long-term liabilities					
- interest-bearing loans	4,192.8	-	-	2,106.7	2,086.1
- derivative financial instruments	66.1	-	-	-	66.1
- other long-term liabilities	2.8	-	-	2.8	-
Current liabilities					
- current financing liabilities	422.3	21.5	400.8	-	-
- trade payables	55.7	54.1	1.6	-	-
- tax liabilities	23.3	23.3	-	-	-
- other liabilities, accruals and deferred income	274.3	79.3	195.0	-	-
Interest payable on liabilities	941.4	-	158.3	474.6	308.5
Total	5,978.7	178.2	755.7	2,584.1	2,460.7
2012					
Long-term liabilities					
- interest-bearing loans	4,063.2	-	-	2,015.3	2,047.9
- derivative financial instruments	87.8	-	-	-	87.8
- other long-term liabilities	1.7	-	-	0.4	1.3
Current liabilities					
- current financing liabilities	1,149.8	19.8	1,130.0	-	-
- trade payables	35.4	34.4	1.0	-	-
- tax liabilities	42.1	42.1	-	-	-
- other liabilities, accruals and deferred income	299.5	105.5	194.0	-	-
Interest payable on liabilities	1,148.5	-	214.0	548.2	386.3
Total	6,828.0	201.8	1,539.0	2,563.9	2,523.3

Guarantees issued

N.V. Nederlandse Gasunie and its group companies have issued the following guarantees to third parties:

<i>In millions of euros</i>	31 Dec. 2013		31 Dec. 2012	
	Number	Value	Number	Value
Bank guarantees	5	5.9	2	1.4
Parent guarantees	5	565.5	6	729.5
Sureties	2	30.0	2	30.0
Total guarantees issued	12	601.4	10	760.9

The sureties are issued for a specific purpose and mainly relate to investment projects. The guarantees are not freely assignable.

The maturity of the bank guarantees is generally short (one to two years).

In 2010, N.V. Nederlandse Gasunie acted as a guarantor for the payment obligations of Gasunie Deutschland regarding an investment project in Germany for a maximum of € 320 million. During the project, the guarantee is reduced by the value of the investments made. At year-end 2013, the remaining guarantee amounts to € 2.5 million. The guarantee will end upon completion of the investment project, which is currently expected for the first half year of 2014.

The company is guarantor for Gate terminal B.V. for leases payable to the Port of Rotterdam Authority to the value of € 49 million at year-end 2013 and two sureties provided to shippers totalling € 30 million. The remaining maturity of the guarantee for the Port of Rotterdam is 14 years and of the two sureties more than 20 years.

The Nord Stream project was financed with almost € 6 billion of external debt. During the construction, the investors (including N.V. Nederlandse Gasunie) guarantee their share in the project to the external debt providers. In 2012, construction phase 1 was completed, so that N.V. Nederlandse Gasunie's completion guarantee of € 350 million for this construction phase terminated. At year-end 2013, N.V. Nederlandse Gasunie was still guarantor for € 220 million for construction phase 2. This Completion Guarantee is expected to remain in force until mid-2014.

Following the termination of the completion guarantee for construction phase 1, a Change in Law Commitment Agreement towards Nord Stream AG came into force in 2012 for the benefit of the external debt providers. This guarantee is issued to compensate possible negative consequences of changes in laws or regulations.

For construction phase 1, the guarantee resulting from the Change in Law Commitment Agreement may be invoked due to the negative consequences arising from changes in the laws and regulations (or their interpretation) during the period from 16 April 2009 to 14 May 2010.

With respect to construction phase 2, the Change in Law Commitment Agreement applies to negative consequences arising from changes in laws or regulations (or their interpretation)

during the period from 16 April 2009 to 21 April 2011.

The Change in Law Commitment Agreement can only be invoked if, as a result of changes in laws or regulations in the said periods, Nord Stream's customer, in whole or in part, will be exempted from its payment obligations, as a consequence of which Nord Stream AG is no longer able to pay its operating costs or meet its obligations to its lenders.

If laws or regulations come into force or are changed which do not related to the above-mentioned periods, no claim can be made on the basis of the Change in Law Commitment Agreement. Furthermore, this guarantee does not cover any changes in Russian laws or regulations.

The Change in Law Commitment Agreement expires in 2026. The chance that this guarantee will be invoked is considered to be very small. The maximum share of N.V. Nederlandse Gasunie in this guarantee to lenders is € 570 million. The guarantee reduces proportionally with the repayments made on the debt. At year-end 2013, the remaining guarantee is for a maximum of € 513 million, of which € 220 million is concurrent with the Completion Guarantee for construction phase 2. The share of N.V. Nederlandse Gasunie in this guarantee in relation to the operating costs of Nord Stream is expected to be approximately € 7 million per year. The above table includes € 293 million relating to this guarantee.

In 2009, N.V. Nederlandse Gasunie issued a purchase guarantee to N.V. KEMA totalling € 87.5 million for a period of ten years, starting from € 15 million in 2010 and gradually decreasing to € 5 million in 2019. The guarantee concerns the purchase of services to ensure the safe and reliable transport of gas and the development of sustainable initiatives. The guarantee commitments were fulfilled for 2013. This purchase guarantee is included in note 22 to the consolidated balance sheet under 'other commitments'.

Fair value and carrying amount of financial instruments

The following methods are applied by N.V. Nederlandse Gasunie to determine the approximate fair values of financial instruments:

- ▶ For trade receivables, tax and social security contributions, other receivables, cash and cash equivalents, current financing liabilities excluding repayment obligations on long-term loans, trade payables, tax liabilities, and other liabilities, accruals and deferred income, the carrying amount approximates the fair value because of the short period to the due date for each of these instruments;
- ▶ The other equity interests are stated at fair value, which is based on the present value of the cash flows. In determining the discount rate, the risk profile, including the credit risk, of the other equity interests has been taken into account;
- ▶ The derivative financial instruments are stated at fair value, which is calculated by discounting their future cash flows at the appropriate rates taken from the current interest curve. In determining the discount rate, the own risk profile, including the credit risk, has been taken into account; and
- ▶ The interest-bearing loans are bonds with a listing on the Amsterdam stock exchange, and private loans. The fair value of the bonds is the market value at the year-end closing price. The fair value of the private loans has been calculated by discounting the future cash flows against the current interest curve. In determining the discount rate, the own risk profile, including the credit risk, has been taken into account.

N.V. Nederlandse Gasunie uses the following hierarchy of methods to determine and measure the fair value of the derivative financial instruments for presentation in the balance sheet:

- Level 1: Based on prices in active markets for the same instrument;
 Level 2: Based on prices in active markets for comparable instruments, or based on other measurement methods, with all required key data being derived from publicly available market information;
 Level 3: Based on other measurement methods, with all required key data not being derived from publicly available market information.

The assets and liabilities presented at fair value in the balance sheet are determined in accordance with the following hierarchy:

<i>In millions of euros</i>	Total	Level 1	Level 2	Level 3
2013				
- other equity interests	418.1	-	-	418.1
- derivative financial instruments	66.1	-	66.1	-
2012				
- other equity interests	403.9	-	-	403.9
- derivative financial instruments	87.8	-	87.8	-

The table below compares the carrying amount and fair value of those financial instruments whose carrying amount does not approximate the fair value:

<i>In millions of euros</i>	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing loans	4,188.4	4,549.2	4,059.1	4,568.0
Repayments on long-term loans	37.8	37.9	1,130.0	1,181.0

The fair value of these financial instruments is determined in accordance with the following hierarchy:

In millions of euros	Total	Level 1	Level 2	Level 3
2013				
- interest-bearing loans	4,549.2	3,502.0	1,047.2	-
- repayments on long-term loans	37.9	-	37.9	-
2012				
- interest-bearing loans	4,568.0	3,624.1	943.9	-
- repayments on long-term loans	1,181.0	1,166.7	14.3	-

For more information on the movements in other equity interests, see note 6 to the consolidated balance sheet.

22. Commitments not included in the balance sheet

Investment commitments

At year-end 2013, N.V. Nederlandse Gasunie had commitments not included in the balance sheet of € 192 million with regard to investment projects, compared to € 221 million in 2012.

The figure for 2013 includes € 80 million (2012: € 42 million) for Integrated Open Season Germany, € 39 million (2012: € 24 million) for Integrated Open Season Netherlands and € 18 million (2012: nil) for the construction of the Elbe tunnel.

Lease commitments (operating lease)

Lease commitments at year-end 2013 totalled € 63 million (2012: € 65 million). A breakdown is shown below:

Term	Commitment as at 31 Dec. 2013	Commitment as at 31 Dec. 2012
0 – 1 year	€ 9 million	€ 11 million
1 – 5 year	€ 13 million	€ 15 million
> 5 year	€ 41 million	€ 39 million

These commitments include the operating leases for company cars and private vehicles. The fixed lease payment is partly based on the value of the leased vehicle and the expected operating expenses, which are based on a standard annual number of kilometres driven. A variable allowance is also paid per kilometre over and above the standard number of kilometres. The average remaining term of the lease commitments is approximately two years. The real operating lease costs for company cars and private vehicles for 2013 amount to approximately € 7 million (2012: approximately € 9 million).

Several lease agreements are concluded for the site of the LNG terminal in Rotterdam (Gate), the largest of which, in terms of size, with the Port of Rotterdam Authority. These agreements, with a remaining term of 44 years relate to leases for land at the location. At year-end 2013, the average lease commitments for all agreements amount to approximately € 1 million (2012: approximately € 1 million) annually.

Other commitments

Other commitments at year-end 2013 amount to € 411 million (2012: € 427 million). A breakdown of these commitments is shown below:

Term	Contract value as at 31 Dec. 2013	Contract value as a 31 Dec. 2012
0 – 1 jaar	€ 97 million	€ 154 million
1 – 5 jaar	€ 171 million	€ 167 million
> 5 jaar	€ 143 million	€ 106 million

The other commitments relate to commitments entered into with suppliers for the purpose of carrying out operational activities.

Notes to the consolidated profit and loss account

23. Staff costs

In millions of euros	2013	2012
Salaries	136.6	140.1
Social security costs	15.5	16.0
Pension costs	(56.8)	32.6
Total staff costs	95.3	188.7

The 'pension costs' of defined contribution pension plans total € 12.1 million (2012: € 0.1 million).

The settlement as a consequence of the termination of the defined benefit plan in the Netherlands as of 1 July 2013 is part of the 'pension costs' 2013. See note 16 to the consolidated balance sheet for more information on this subject.

Remuneration for members of the Executive Board and Supervisory Board

I. Members of the Executive Board

In euros	Salary	Variable remuneration	Deferred remuneration	Social security costs	Other benefits
2013					
Executive Board					
G.H. Graaf, Interim Chairman	248,447	71,748	65,661	33,340	18,273
I.M. Oudejans	249,548	74,172	61,166	30,575	41,877
P.C. van Gelder, Chairman (until 1 September 2013)	179,995	48,340	84,772	39,674	50,784

The variable remuneration shown in the table above is based on achieving agreed targets during the financial year. The agreed targets comprise both collective Gasunie targets and individual targets, as described in the section '*Remuneration policy for the Executive Board*'. The collective Gasunie targets relate to achieving agreed financial and operational results over 2013.

Since 1 July 2010, a separate pension scheme, based on a conditional average-salary system, applied to members of the Executive Board. As of 1 July 2013, the pension scheme of employees of N.V. Nederlandse Gasunie was changed. The new pension scheme is a defined contribution plan, which means that the company has committed itself to paying a fixed, predetermined premium. This premium is based on a conditional average-salary scheme, which aims to

achieve an annual accrual of 2% of the pension base. As of 1 July 2013, this new pension scheme also applies to members of the Executive Board.

In order to limit travel and accommodation costs of Mr Oudejans, as of 1 December 2012, N.V. Nederlandse Gasunie rented a pied-à-terre in Groningen. The costs involved have been recognised in the column 'Other benefits'.

Following the departure of Mr Van Gelder, Mr Graaf acted as Interim Chairman of the Executive Board from 1 September 2013 up to and including 28 February 2014. In connection with this, he was temporarily awarded a supplement to his salary.

In 2010, it had been agreed with Mr Van Gelder that N.V. Nederlandse Gasunie would bear the costs of the premium to extend the pension base with the variable remuneration. In 2013, N.V. Nederlandse Gasunie therefore made a payment to the pension fund of € 31,203 to cover Mr Van Gelder's entire period of service. This amount has been recognised in the column 'Deferred remuneration'. It had also been agreed with Mr Van Gelder that he would not be charged the 'employee contribution' to the pension premium. Because no account had been taken of this in 2012, the comparative figures for 2012 have been restated. The correction amounts to € 10,849.

The company is obliged to pay a 'crisis levy' for a total of € 80,116 in respect of the remuneration paid to board members in 2013. In the above table, this amount has been recognised in the column 'Social security costs'.

In euros	Salary	Variable remuneration	Deferred remuneration ^{*)}	Social security costs ^{**)}	Other benefits ^{***)}
2012					
Executive Board					
P.C. van Gelder, Chairman	266,667	80,638	54,947	44,172	46,766
I.M. Oudejans (as of 1 October 2012)	61,830	17,314	10,140	2,242	4,344
G.H. Graaf	230,151	65,407	44,828	27,132	41,648
H.A.T. Chin Sue (until 1 July 2012)	121,765	32,875	290,764	20,477	87,441

^{*)} Gasunie provides a separate average-salary scheme for members of the Executive Board who were appointed after 1 July 2010. The premium shown in the above table is the average premium for the members of the Executive Board. The premium percentages have changed following the appointment of new members. The scheme itself has not changed.

^{**)} In order to facilitate comparison with 2013, the column 'Social security costs' has been added to the table above.

^{***)} In 2012, Gasunie simplified a number of schemes applying to the workforce as a whole. The most significant of these was the jubilee benefit scheme. To compensate for this, one-off payments were made. The amounts shown in this column also include (as of 2012) the income tax liability of lease cars.

As of 1 July 2012, Mr Chin Sue stepped down from the Executive Board. It had been agreed with him that as of that date he would remain in employment and perform various activities for N.V. Nederlandse Gasunie. The employment contract with Mr Chin Sue was terminated as of 1 July 2013. In respect of the termination of his membership of the Executive Board and of his employment, he was allocated an appropriate payment of one year's salary within the framework of the Corporate Governance Code.

The variable remuneration shown in the table above is based on achieving agreed targets during the financial year. The agreed targets comprise both collective Gasunie targets and individual targets, as described in the section entitled '*Remuneration policy for the Executive Board*'. The collective Gasunie targets relate to achieving agreed financial and operational results over 2012.

The company is obliged to pay a 'crisis levy' for a total of € 70,625 in respect of the remuneration paid to board members in 2012. In the table above, this amount has been recognised in the column 'Social security costs'.

II. Members of the Supervisory Board

In euros	Remuneration
2013	
R. de Jong, Interim Chairman	43,000
M.M. Jonk (as of 1 October 2013)	5,500
M.J. Poots-Bijl	29,093
W.J.A.H. Schoeber (as of 1 October 2013)	6,250
J.P.H.J. Vermeire	30,000
G.J. van Luijk, Chairman (until 23 April 2013)	13,289
H.L.J. Noy, Vice-Chairman (until 23 April 2013)	10,416
A. Lont (until 23 April 2013)	8,979
2012	
G.J. van Luijk, Chairman	39,627
H.L.J. Noy, Vice-Chairman	31,595
R. de Jong (as of 16 May 2012)	15,000
A. Lont	26,775
M.J. Poots-Bijl	28,917
J.P.H.J. Vermeire	30,000
C. Griffioen (until 1 May 2012)	10,353

The remuneration of the members of the Supervisory Board for the 2013 financial year amounts to a total of € 146,527 (2012: € 182,267).

In the period between Mr Van Gelder's departure and the arrival of a new Chairman of the Executive Board, Mr De Jong, in consultation with the shareholder, tightened his supervision. In connection with this, he was awarded a supplement of € 2,500 per month to his remuneration.

III. Former members of the Executive Board

Mr Van Gelder left the company as of 1 September 2013. Upon his departure, no additional agreements were made.

Mr Chin Sue stepped down from the Executive Board as of 1 July 2012 and his employment contract was terminated as of 1 July 2013.

Mr Dam stepped down from the Executive Board as of 1 October 2011. It had been agreed with him that he would remain in employment until 1 August 2012, during which time he would perform various activities for N.V. Nederlandse Gasunie and also spend 50% of his time on secondment with the Energy Delta Institute. Mr Dam retired on 1 August 2012.

<i>In euros</i>	Salary	Variable remuneration	Deferred remuneration	Social security costs ^{*)}	Other benefits ^{**)}
2013					
H.A.T. Chin Sue, for the period					
1 January - 30 June 2013	123,713	32,116	47,866	21,542	36,845
2012					
E. Dam, for the period					
1 January - 31 July 2012	108,324	36,832	41,297	31,001	77,544
H.A.T. Chin Sue, for the period					
1 July - 31 December 2012	123,713	32,875	44,031	20,477	18,722

^{*)} In order to facilitate comparison with 2013, the column 'Social security costs' has been added to the table above.

^{**)} In 2012, Gasunie simplified a number of schemes applying to the workforce as a whole. The most significant of these was the jubilee benefit scheme. To compensate for this, one-off payments were made. The amounts shown in this column also include (as of 2012) the income tax liability of lease cars.

The company is obliged to pay a 'crisis levy' for a total of € 18,323 (2012: € 44,995) in respect of the remuneration paid to former board members in 2013. In the table above, this amount has been recognised in the column 'Social security costs'.

24. Other operating expenses

<i>In millions of euros</i>	2013	2012
Cost of subcontracted work and other external costs	228.5	216.7
Costs of network operations	165.3	181.4
Other operating costs	42.1	66.5
Total other operating expenses	435.9	464.6

Other operating costs include the additions to the provision for clearance costs and redevelopment totalling € 3.3 million (2012: € 9.0 million) and movements in the provision for obsolescence amounting to € 0.1 million positive (2012: € 0.6 million positive).

25. Finance revenue

<i>In millions of euros</i>	2013	2012
Interest income	4.7	2.1
Total finance revenue	4.7	2.1

Interest income relates to loans granted and receivables.

26. Finance costs

<i>In millions of euros</i>	2013	2012
Interest expenses	195.5	225.1
Exchange results	0.1	0.1
Other finance costs	3.4	2.6
Total finance costs	199.0	227.8

The interest expenses on financing liabilities stated at amortised cost amount to € 211.3 million (2012: € 241.1 million), of which in 2012 € 20.1 million relates to the difference between the exercise price and the nominal value of the early repayment on long-term bond loans in July 2012 (see also note 14 to the consolidated balance sheet). The interest expenses relating to short-term financing amount to € 1.8 million (2012: € 1.1 million). Of the interest expenses, a total of € 17.6 million was capitalised in 2013 (2012: € 17.1 million), based on a weighted average interest rate of 3.9% (2012: 4.7%).

27. Taxes

The taxes on the result in the consolidated profit and loss account comprise the following components:

<i>In millions of euros</i>	2013	2012
Corporate income tax payable for the financial year	79.8	25.8
Corporate income tax payable for the previous financial years	(5.0)	-
Movement in deferred taxation	84.3	85.7
Total taxes	159.1	111.5

The reconciliation between the effective tax rate and the applicable tax rate for the consolidated financial statements is:

<i>In percentages</i>	2013	2012
Profit and loss account		
Applicable rate (standard tax rate, the Netherlands)	25.0	25.0
Prior-year adjustments	0.1	-
Effect of tax rate change on deferred taxation	0.1	-
Other differences	0.3	(1.3)
Effective rate	25.5	23.7
Deferred taxation		
Applicable rate (for subsequent financial years)	25.0	25.0
Effective rate (for subsequent financial years)	25.0	25.0

The other differences relate to non-taxable amounts as a result of factors such as the application of the participation exemption and the differences in tax rates between the Netherlands and Germany.

28. Workforce

The average number of employees in full-time equivalents in 2013 totalled 1,686 (2012: 1,684). At year-end 2013, the company employed 1,686 full-time equivalents (2012: 1,685).

29. Dividend paid and proposed

The Executive Board proposes that € 139.3 million of the profit for 2013 be added to the general reserve and € 325.1 million be distributed to the shareholder. This dividend proposal has not been taken into account in the balance sheet as at 31 December 2013 or in the notes. A final dividend of € 215.2 million was distributed in 2013 for 2012.

30. Financial information by segment

The information is segmented in line with the Group's activities. The operating segments reflect the management structure of the Group. The following segments are distinguished:

- ▶ *Gasunie Transport Services*
This segment covers network management in the Netherlands and is responsible for managing transport, developing the pipeline network and related plants, as well as promoting market forces.
- ▶ *Gasunie Deutschland*
This segment covers network management in Germany and is responsible for managing transport, developing the pipeline network and related plants, as well as promoting market forces.
- ▶ *Participations & Business Development*
This segment focuses on facilitating access to the new gas flows for Northwest Europe using an LNG connection and long-distance pipelines, and on utilising the geological infrastructure for the purpose of storing natural gas. Participation in national and international projects relating to the natural gas infrastructure in the Netherlands and Germany is another activity of this segment. This segment also includes joint ventures relating to pipelines that connect the Gasunie transport network with foreign markets, such as the BBL pipeline to the United Kingdom.

The accounting policies used for these segments are the same as those applied to the consolidated and company financial statements.

In line with internal reporting to management with regard to information on assets and liabilities per segment, in 2013, unlike in previous years, information is only given on tangible fixed assets, intangible fixed assets, investments in associates and other equity interests. The comparative figures for 2012 were restated accordingly.

The assets, liabilities, income and results of a segment comprise both items directly related to the segments and items that can reasonably be attributed to them. Transaction prices for inter-segment transactions are determined at arm's length.

I. Information on assets

<i>In millions of euros</i>	Assets	
	31 Dec. 2013	31 Dec. 2012
Segments		
- Gasunie Transport Services	6,897.3	6,721.8
- Gasunie Deutschland	1,213.6	1,037.7
- Participations & Business Development	1,765.8	1,704.7
Segment total	9,876.7	9,464.2
Unallocated assets and liabilities	729.3	1,608.9
Total consolidated assets	10,606.0	11,073.1

Allocated assets relate to tangible fixed assets, intangible fixed assets, investments in associates and other equity interests. Unallocated assets relate to deferred tax assets and current assets.

II. Information on income and result

<i>In millions of euros</i>	Income		Segment result	
	2013	2012	2013	2012
Segments				
- Gasunie Transport Services	1,083.1	1,053.9	531.9	422.6
- Gasunie Deutschland	227.9	239.6	78.3	83.0
- Participations & Business Development	274.7	271.8	188.0	166.5
Inter-segment	(58.7)	(59.2)		
Segment total	1,527.0	1,506.1	798.2	672.1
Financial income and expenses			(174.7)	(201.9)
Result before taxation			623.5	470.2
Taxes			(159.1)	(111.5)
Income and result after taxation for the year	1,527.0	1,506.1	464.4	358.7

During 2013, the Gasunie Transport Services segment provided inter-segment services to the value of € 0.8 million (2012: € 0.8 million), the Gasunie Deutschland segment provided € 0.7 million (2012: € 1.7 million) and the Participations & Business Development segment provided € 57.2 million (2012: € 56.7 million).

III. Other segment information

<i>In millions of euros</i>	Investments in fixed assets	
	2013	2012
Segments		
- Gasunie Transport Services	405.0	370.8
- Gasunie Deutschland	206.5	84.9
- Participations & Business Development	66.6	59.4
Segment total	678.1	515.1

The above fixed assets comprise tangible fixed assets, intangible fixed assets, investments in associates and other equity interests.

<i>In millions of euros</i>	Depreciation		Tangible non-monetary items other than depreciation	
	2013	2012	2013	2012
Segments				
- Gasunie Transport Services	221.4	207.4	(93.0)	32.9
- Gasunie Deutschland	25.1	21.4	7.9	5.2
- Participations & Business Development	44.0	40.5	(6.4)	4.0
Segment total	290.5	269.3	(101.5)	42.1

The 'tangible non-monetary items other than depreciation' relate to additions to and releases of provisions.

<i>In millions of euros</i>	Investments in associates		Share in equity of associates	
	2013	2012	31 Dec. 2013	31 Dec. 2012
Segments				
- Gasunie Transport Services	-	-	0.1	0.1
- Gasunie Deutschland	-	-	116.0	118.5
- Participations & Business Development	0.4	0.1	10.4	10.0
Segment total	0.4	0.1	126.5	128.6

In millions of euros	Acquisitions in associates		Share in result of associates	
	2013	2012	2013	2012
Segments				
- Gasunie Transport Services	-	-	-	-
- Gasunie Deutschland	-	-	19.5	25.7
- Participations & Business Development	- ^{*)}	-	0.0	(1.9)
Segment total	-	-	19.5	23.8

^{*)}The amount relating to the acquisition of a share in an associate has been netted off with the amount of its subsequent disposal.

31. Information on products and services

In millions of euros	Income from third parties	
	2013	2012
Gas transport	1,315.5	1,289.2
Other activities	211.5	216.9
Total	1,527.0	1,506.1

32. Geographical information

Income from third parties and fixed assets by geographical area are determined primarily on the basis of the area where gas transport takes place. As of 1 July 2008, N.V. Nederlandse Gasunie has been operating in two geographical areas: in the Netherlands and outside the Netherlands.

In millions of euros	Income from third parties		Fixed assets	
	2013	2012	31 Dec. 2013	31 Dec. 2012
The Netherlands	1,226.3	1,198.2	7,963.4	7,734.3
Outside the Netherlands	300.7	307.9	1,913.3	1,729.9
Total	1,527.0	1,506.1	9,876.7	9,464.2

In 2013 and 2012, the company generated at least 10% of its external revenues from gas transport from one single external customer.

33. Major customers

In 2013 and 2012, the company generated at least 10% of its external revenues from gas transport from one single external customer.

34. Related parties

Services between N.V. Nederlandse Gasunie and its related parties are provided at arm's length.

GasTerra B.V. is a related party because the Dutch State has significant influence, both directly and indirectly. N.V. Nederlandse Gasunie provides gas transport services to GasTerra B.V. These services are performed in compliance with the Dutch Gas Act, which stipulates that N.V. Nederlandse Gasunie is obliged to act in a non-discriminatory manner and to conduct business as requested. The tariffs charged have been established by the ACM, an independent body with no involvement from the Dutch State. GasTerra B.V. qualifies as a major customer.

Company financial statements

Company balance sheet as at 31 December (before profit appropriation)

<i>In millions of euros</i>	Notes	2013	2012
Assets			
Fixed assets			
- tangible fixed assets	1	6,984.8	6,804.7
- financial fixed assets	2	2,794.0	2,517.9
- deferred tax assets		366.8	458.7
		10,145.6	9,781.3
Current assets			
- stocks		29.7	33.8
- trade and other receivables		170.5	146.4
- receivables from group companies		23.0	25.5
- cash and cash equivalents		19.7	853.5
Total assets		10,388.5	10,840.5
Equity and liabilities			
Equity			
- issued share capital	3	0.2	0.2
- revaluation reserve	4	2,099.5	2,175.9
- statutory reserves for equity interests	5	165.5	115.6
- general reserve	6	2,484.3	2,206.1
- result for the year	7	464.4	358.7
		5,213.9	4,856.5
Provisions	8	92.4	284.1
Long-term liabilities			
- interest-bearing loans		3,878.6	3,750.0
Current liabilities			
- current financing liabilities		384.4	1,115.8
- trade and other payables		297.4	304.3
- liabilities to group companies		521.8	529.8
Total equity and liabilities		10,388.5	10,840.5

Company profit and loss account

<i>In millions of euros</i>	Notes	2013	2012
Gross income		1,432.4	1,409.2
Tariff settlement repayment		(206.4)	(214.8)
Net income		1,226.0	1,194.4
Staff costs		(64.0)	(159.2)
Other operating expenses	11	(382.7)	(395.8)
Depreciation		(227.4)	(211.5)
Total expenses		(674.1)	(766.5)
Operating result		551.9	427.9
Finance revenue and costs	13	(138.2)	(147.8)
Share in result of group companies and associates		175.3	164.4
Result from ordinary activities before taxation		589.0	444.5
Taxes		(124.6)	(85.8)
Result from ordinary activities after taxation		464.4	358.7

Notes to the company financial statements

Accounting policies

The company financial statements have been prepared in accordance with accounting policies generally accepted in the Netherlands and comply with the financial reporting requirements (NL GAAP), using the option provided in Section 362, paragraph 8, of Book 2 of the Dutch Civil Code to apply the accounting policies used in the consolidated financial statements to the company financial statements. These are the IFRS provisions, as adopted by the European Union.

Please refer to the notes to the consolidated balance sheet and profit and loss account for the accounting policies. These notes contain additions to the notes to the consolidated financial statements.

Interests in group companies are stated at net asset value. If and to the extent that N.V. Nederlandse Gasunie is unable to transfer results to itself due to restrictions, the results will be added to a statutory reserve.

Notes to the company balance sheet

1. Tangible fixed assets

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2013	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2013
Land and buildings	98.2	2.3	0.5	3.7	96.3
Compressor stations	694.6	41.1	0.1	36.5	699.1
Installations	885.8	66.4	3.9	56.4	891.9
Main transmission lines and related plant and equipment	3,920.5	199.3	-	87.9	4,031.9
Regional transmission lines and related plant and equipment	734.3	8.5	3.4	15.5	723.9
Other fixed operating assets	137.8	28.6	-	27.4	139.0
Fixed assets under construction	333.5	69.2	-	-	402.7
Total for 2013 financial year	6,804.7	415.4	7.9	227.4	6,984.8

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2012	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2012
Land and buildings	100.8	1.7	0.4	3.9	98.2
Compressor stations	657.3	72.5	0.4	34.8	694.6
Installations	735.6	201.2	1.4	49.6	885.8
Main transmission lines and related plant and equipment	3,951.5	52.5	1.2	82.3	3,920.5
Regional transmission lines and related plant and equipment	694.5	53.7	1.9	12.0	734.3
Other fixed operating assets	133.4	35.4	2.1	28.9	137.8
Fixed assets under construction	362.8	(29.3)	-	-	333.5
Total for 2012 financial year	6,635.9	387.7	7.4	211.5	6,804.7

<i>In millions of euros</i>	Cost as at 31 Dec. 2013	Accumulated depreciation *) as at 31 Dec. 2013	Cost as at 31 Dec. 2012	Accumulated depreciation *) as at 31 Dec. 2012
Land and buildings	166.9	70.6	165.4	67.2
Compressor stations	945.8	246.7	908.4	213.8
Installations	1,316.1	424.2	1,264.8	379.0
Main transmission lines and related plant and equipment	4,899.0	867.1	4,676.0	755.5
Regional transmission lines and related plant and equipment	920.1	196.2	944.3	210.0
Other fixed operating assets	457.0	318.0	428.7	290.9
Fixed assets under construction	402.7	-	333.5	-
Total for 2013 financial year	9,107.6	2,122.8	8,721.1	1,916.4

*) Including any impairments

2. Financial fixed assets

<i>In millions of euros</i>	2013	2012
Group companies		
Equity interest as at 1 January	1,695.0	1,130.8
Movements		
- investments	10.3	280.3
- movements directly in equity	56.4	118.7
- share in result of group companies	175.3	166.2
- repayment of share premium	(11.1)	-
- dividend received	(10.4)	(1.0)
Equity interest as at 31 December	1,915.5	1,695.0
Financing as at 1 January	812.9	696.9
Movements		
- long-term loans granted	143.5	435.5
- repayment of long-term loans	(88.4)	(319.5)
Financing as at 31 December	868.0	812.9
Balance as at 31 December	2,783.5	2,507.9
Investments in associates	10.5	10.0
Total financial fixed assets	2,794.0	2,517.9

The short-term part of the long-term loans totals € 20.0 million at year-end 2013 (year-end 2012: nil). In the above table, this amount has been recognised in the financing of the group companies.

For information on investments in associates, see note 5 to the consolidated balance sheet in the consolidated financial statements.

3. Issued share capital

The authorised share capital amounts to € 756,000 and is divided into 7,560 shares, each having a nominal value of € 100, of which 1,512 have been issued and paid up in full.

All shares issued are held by the Dutch State.

Movements in issued share capital:

<i>In euros</i>	2013	2012
Balance as at 1 January	151,200	151,200
Movements	-	-
Balance as at 31 December	151,200	151,200

4. Revaluation reserve

Movements in the revaluation reserve:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	2,175.9	2,247.3
Realised share of the unrealised revaluation	(75.2)	(70.0)
Transferred to the profit and loss account, of which corporate income tax	(1.6) 0.4	(1.8) 0.4
Balance as at 31 December	2,099.5	2,175.9

The revaluation reserve as at balance sheet date 2013 and 2012 includes the revaluation of tangible fixed assets as at 1 January 2004 and the cash flow hedge reserve of N.V. Nederlandse Gasunie relating to two long-term bond loans.

<i>In millions of euros</i>	31 Dec. 2013	31 Dec. 2012
Revaluation of tangible fixed assets as at 1 January 2004	2,092.9	2,168.1
Cash flow hedge N.V. Nederlandse Gasunie, of which corporate income tax	8.8 (2.2)	10.4 (2.6)
	6.6	7.8
Total	2,099.5	2,175.9

5. Statutory reserves for equity interests

Movements in the statutory reserves for equity interests:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	115.6	(8.4)
Movement in cash flow hedge reserve, of which corporate income tax	25.6 (6.4)	(18.4) 4.6
Movement in other equity interests stated at fair value	31.2	137.6
Share in retained earnings not distributable due to restriction	(0.5)	0.2
Balance as at 31 December	165.5	115.6

The 'actuarial gains and losses on employee benefits' concerning Gasunie Deutschland have been reclassified from the 'statutory reserves for equity interests' to the 'general reserve', because it is a freely distributable reserve. The comparative figures for 2012 were restated accordingly

6. General reserve

Movements in the general reserve:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	2,206.1	2,800.2
Appropriation of result for previous financial year	143.5	(602.0)
Balance of actuarial gains and losses on employee benefits, of which corporate income tax	78.1 (19.8)	(82.9) 21.0
Realised share of the unrealised revaluation	75.2	70.0
Movements in statutory reserves	1.2	(0.2)
Balance as at 31 December	2,484.3	2,206.1

The 'actuarial gains and losses on employee benefits' concerning Gasunie Deutschland have been reclassified from the 'statutory reserves for equity interests' to the 'general reserve', because it is a freely distributable reserve. The comparative figures for 2012 were restated accordingly.

7. Result for the year

Movements in the result for the year are as follows:

<i>In millions of euros</i>	2013	2012
Balance as at 1 January	358.7	(602.0)
Dividend paid	(215.2)	-
Appropriation of result	(143.5)	602.0
Result for the year	464.4	358.7
Balance as at 31 December	464.4	358.7

8. Provisions

<i>In millions of euros</i>	2013	2012
Provision for pension liabilities	-	179.5
Provision for jubilee benefits	5.0	5.1
Provision for post-employment fringe benefits	4.9	5.5
Provision for reorganisation expenses	0.0	0.1
Provision for clearance costs and redevelopment	82.5	93.9
Total provisions	92.4	284.1

For information on these provisions, see notes 16 and 17 to the consolidated balance sheet in the consolidated financial statements.

9. Other items in the company balance sheet

For information on other items in the company balance sheet, see the notes to the relevant consolidated items in the consolidated financial statements.

10. Events after the balance sheet date

As of 1 January 2014, N.V. Nederlandse Gasunie has transferred the ownership of the gas transport network in the Netherlands and the related assets, liabilities and activities to its 100% group company Gasunie Transport Services B.V. The transfer is part of the certification of Gasunie Transport Services B.V. as independent system operator.

At the same time, as of 1 January 2014, the ownership and the related activities of the Peakshaver installation on the Maasvlakte in Rotterdam have been transferred to its 100% group company Gasunie Peakshaver B.V., founded on 1 January 2014. The transfer is intended to simplify the management of the Peakshaver installation within Gasunie.

N.V. Nederlandse Gasunie has financed the transfers of the gas transport network and the Peakshaver installation internally by providing equity and long-term interest-bearing loans to the two group companies.

In the overview below, the indicative financial consequences are given for the balance sheet of the company at 1 January 2014:

<i>In millions of euros</i>	Balance sheet before transfer	Settlement of intercompany positions & contractual agreement *)	Transfer of gas transport network	Transfer of Peakshaver	Granted additional financing	Balance sheet after transfer
Assets						
Fixed assets						
- tangible fixed assets	6,985	4	(6,871)	(118)	-	-
- financial fixed assets	2,794	(1)	-	-	7,461	10,254
- deferred tax assets	367	-	(483)	-	-	(116)
Current assets	243	-	(156)	-	-	87
Total assets	10,389	3	(7,510)	(118)	7,461	10,225
Liabilities						
Equity	5,214	-	-	-	-	5,214
Provisions	92	-	(83)	-	-	9
Long-term liabilities						
- interest-bearing loans	3,879	-	-	-	-	3,879
Current liabilities	1,204	3	(84)	-	-	1,123
Total liabilities	10,389	3	(167)	-	-	10,225

*) The contractual agreement concerns a liability of Gasunie Transport Services B.V. to Gasunie Peakshaver B.V. with regard to supplementing the gas supply in the Peakshaver installation to the agreed volume.

The financial consequences for the company profit and loss account of N.V. Nederlandse Gasunie are reclassifications of income and expenses to 'share in result of group companies'. These reclassifications have no impact on the result after taxation.

Notes to the company profit and loss account

11. Other operating expenses

<i>In millions of euros</i>	2013	2012
Capitalised expenditure	(85.2)	(83.7)
Costs of subcontracted work and other external costs	187.5	172.7
Cost of network operations	163.7	180.8
Other operating costs	116.7	126.0
Total other operating expenses	382.7	395.8

The specification on the remuneration for members of the Executive Board and Supervisory Board can be found in the notes to the consolidated financial statements.

12. External auditor's fees

The following fees relating to the work carried out by the audit firm responsible for auditing these financial statements were charged to the legal entity in the year under review. They include the corresponding fees charged to the consolidated subsidiaries.

<i>In millions of euros</i>	Total		Of which Ernst & Young Accountants LLP	
	2013	2012	2013	2012
Audit of the financial statements	0.7	0.7	0.6	0.6
Other audit engagements	0.3	0.3	0.2	0.3
Tax consultancy	0.2	0.2	0.1	-
Other non-audit services	-	-	-	-
Total external auditor's fees	1.2	1.2	0.9	0.9

13. Finance revenue and costs

<i>In millions of euros</i>	2013	2012
Interest income	46.6	63.2
Finance revenue	<u>46.6</u>	<u>63.2</u>
Interest expenses	(181.4)	(210.5)
Exchange results	-	(0.4)
Other finance costs	(3.4)	(0.1)
Finance costs	<u>(184.8)</u>	<u>(211.0)</u>
Net finance costs	<u>(138.2)</u>	<u>(147.8)</u>

14. Other items in the company profit and loss account

For information on other items in the company profit and loss account, see the notes to the relevant consolidated items in the consolidated financial statements.

List of participations

Company	Registered office	Interest as at 31 Dec. 2013
<i>Group companies</i>		
Gasunie Transport Services B.V.	Groningen	100%
Gastransport Noord-West Europa B.V.	Groningen	100%
Gastransport Noord-West Europa Holding B.V.	Groningen	100%
Gastransport Noord-West Europa Services 1 B.V.	Groningen	100%
Gastransport Noord-West Europa Services 2 B.V.	Groningen	100%
Gastransport Noord-West Europa Services 3 B.V.	Groningen	100%
Gastransport Noord-West Europa Services 4 B.V.	Groningen	100%
Gasunie BBL B.V.	Groningen	100%
Gasunie Engineering B.V.	Groningen	100%
Gasunie Germany B.V.	Groningen	100%
Gasunie LNG BBR B.V.	Groningen	100%
Gasunie LNG Holding B.V.	Groningen	100%
Gasunie Underground Storage (GUUS) B.V.	Groningen	100%
Gasunie Zuidwending B.V.	Groningen	100%
Vertogas B.V.	Groningen	100%
Cupa Holding GmbH	Hanover, Germany	100%
Cupa Transport Services GmbH	Hanover, Germany	100%
Gasunie Deutschland GmbH & Co. KG	Hanover, Germany	100%
Gasunie Deutschland Services GmbH	Hanover, Germany	100%
Gasunie Deutschland Technical Services GmbH	Hanover, Germany	100%
Gasunie Deutschland Transport Services GmbH	Hanover, Germany	100%
Gasunie Deutschland Transport Services Holding GmbH	Hanover, Germany	100%
Gasunie Deutschland Verwaltungs GmbH	Hanover, Germany	100%
Gasunie Ostseeanbindungsleitung (GOAL) GmbH	Hanover, Germany	100%
Gasunie Infrastruktur AG	Zug, Zwitserland	100%
<i>Joint ventures</i>		
BBL Company V.O.F.	Groningen	60%
Gate terminal B.V.	Rotterdam	47.5%
Gate terminal C.V.	Rotterdam	47.5%
Gate terminal Management B.V.	Rotterdam	50%
LBBR Management B.V.	Groningen	50%
LNG Break Bulk Rotterdam C.V.	Rotterdam	50%
Arbeitsgemeinschaft GOAL/Fluxys NEL-Projektphase	Hanover, Germany	51.3%
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH	Handewitt, Germany	75%
DEUDAN - Holding GmbH	Hanover, Germany	51%
<i>Associates</i>		
Energie Data Services Nederland (EDSN) B.V.	Arnhem	25%
ICE Endex Holding B.V.	Amsterdam	20.9%
Rotterdamse Cintra Maatschappij B.V.	Rotterdam	25%
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH & Co. KG	Handewitt, Germany	33.3%
GASPOOL Balancing Services GmbH	Berlin, Germany	16.7%
NETRA GmbH Norddeutsche Erdgas Transversale	Emstek/Schneiderkrug, Germany	33.3%
NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG	Emstek/Schneiderkrug, Germany	28.7%

The Executive Board,

J.J. Fennema, Chairman

I.M. Oudejans

The Supervisory Board,

R. de Jong, Interim Chairman

M.M. Jonk

M.J. Poots-Bijl

W.J.A.H. Schoeber

J.P.H.J. Vermeire

Groningen, the Netherlands

18 March 2014

Other information

Provisions of the Articles of Association governing profit appropriation

The Executive Board does not consider it necessary to add profit to reserves pursuant to Article 39, paragraph 2, of the Articles of Association. As a result, the profit is at the free disposal of the General Meeting of Shareholders.

The company may make distributions to shareholders and other persons entitled to receive part of the distributable profit only insofar as its equity exceeds the total issued share capital plus the reserves that must be maintained by law.

Proposed appropriation of the result

The Executive Board proposes that € 139.3 million of the profit for 2013 be added to the general reserve and € 325.1 million be distributed to the shareholder.

The proposed dividend payment for 2013 is significantly higher than the dividend payment for 2012 (€ 215.2 million). This is partly due to the one-off release of the provision for pension liabilities in the Netherlands in 2013.

Events after the balance sheet date

As of 1 January 2014, N.V. Nederlandse Gasunie has transferred the ownership of the gas transport network in the Netherlands and the related assets, liabilities and activities to its 100% group company Gasunie Transport Services B.V. At the same time, the ownership and the related activities of the Peakshaver installation on the Maasvlakte in Rotterdam have been transferred to its 100% group company Gasunie Peakshaver B.V., founded on 1 January 2014. For more information, see note 10 to the company balance sheet.

Combined independent auditor's report and assurance report

To: the General Meeting of Shareholders and the Supervisory Board of N.V. Nederlandse Gasunie

Report on the financial statements and assurance report regarding the non-financial information

We have audited the financial statements 2013 of N.V. Nederlandse Gasunie in Groningen, the Netherlands as included in this Integrated Annual Report 2013 (hereinafter: Report). The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet position as at 31 December 2013, the consolidated profit and loss account for the year then ended, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated cash flow statement for 2013, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013 and the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

We have also reviewed the non-financial information as included in the chapters *Corporate social responsibility*, *Results in the fields of safety, the environment and supply chain responsibility*, *Employees* and *Gasunie in society* in the Report of N.V. Nederlandse Gasunie. This information contains a representation of the policy of N.V. Nederlandse Gasunie with regard to sustainability and the business operations, performance and events in that field during the year 2013.

The Report contains forward-looking information in the form of ambitions, strategy, plans, forecasts and estimates. The fulfilment of such information is inherently uncertain. For that reason, we do not provide assurance relating to forward-looking information. The comparative amounts and referrals in the Report (to www.gasunie.nl, external websites and other documents) are not included in our assurance-engagement.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report by the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Management is also responsible for the preparation of the non-financial information in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI), the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board and the reporting policies of N.V. Nederlandse Gasunie, including the identification of stakeholders and the selection of material topics. The choices made by management in respect of the scope of the non-financial information and the reporting policies are set out in the section entitled *Annex II: Reporting principles* to the Report.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements and the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements and to give a conclusion regarding the non-financial information as included in the chapters *Corporate social responsibility, Results in the fields of safety, the environment and supply chain responsibility, Employees and Gasunie in society* in the Report of N.V. Nederlandse Gasunie based on the assurance evidence obtained.

We conducted our procedures in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3410N "Assurance engagements with respect to sustainability reports". This requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the financial statements are free from material misstatement and limited assurance about whether the non-financial information as included in the chapters *Corporate social responsibility, Results in the fields of safety, the environment and supply chain responsibility, Employees and Gasunie in society* in the Report of N.V. Nederlandse Gasunie is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The procedures performed in order to obtain limited assurance regarding the non-financial information aim to assess the plausibility of this information and are limited primarily to inquiries of entity's personnel and analytical procedures applied to non-financial data and therefore provide less assurance than assurance engagements aimed at obtaining reasonable assurance.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion and for our conclusion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of N.V. Nederlandse Gasunie as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of N.V. Nederlandse Gasunie as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Conclusion with respect to the non-financial information

Based on our procedures we conclude that nothing came to our attention that causes us to believe that the non-financial information as included in the chapters *Corporate social responsibility*, *Results in the fields of safety, the environment and supply chain responsibility*, *Employees* and *Gasunie in society* in the Report of N.V. Nederlandse Gasunie does not provide, in all material respects, an accurate and adequate representation of the policy of N.V. Nederlandse Gasunie with regard to sustainability and the business operations, performance and events in that field during 2013 in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI), the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board and the reporting policies of N.V. Nederlandse Gasunie as set out in *Annex II: Reporting principles* to the Report.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report by the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Groningen, the Netherlands
18 March 2014

Ernst & Young Accountants LLP

For the selected non-financial information
signed by H. Hollander

For the financial statements
signed by A.E. Wijnsma
external auditor



'We work together with other partners in the energy supply chain to establish a sustainable energy supply'

Annexes

Annex I: Terminology

CH ₄	Methane, the most important component of natural gas.
CO	Carbon monoxide (released upon incomplete combustion of fuels).
CO ₂	Carbon dioxide or carbonic acid gas (released upon complete combustion of fuels).
CO ₂ -equivalent emissions	A measure of the enhanced greenhouse effect, whereby emissions of CO ₂ and CH ₄ are converted into 'CO ₂ -equivalent emissions', on the basis of the Global Warming Potential (GWP) of the emissions. The GWP for CO ₂ is set at 1 and the GWP for CH ₄ at 23.
Collective defined contribution pension scheme	A pension scheme in which the employer makes available a certain percentage of its wage bill (or of the sum of pensionable salaries) in order to finance the costs of pensions for all employees.
ENTSO-G	ENTSO-G, the European Network of Transmission System Operators for Gas, aims to promote and facilitate cooperation between national transmission system operators (TSOs) in Europe.
Frequency index	A measure of safety performance: the number of accidents leading to absence per 100 employees.
Green gas	Biogas that has been upgraded to natural gas quality.
Greenhouse gases	Gases that contribute to the formation of an insulating layer around the earth, causing it to warm up. The most important greenhouse gases are water vapour, carbon dioxide, methane, nitrous oxide and chlorinated hydrocarbons.
HFCs	Hydrofluorocarbons, which are mainly used as refrigerants.
Hydrocarbons	A group of chemical compounds that consist of carbon and hydrogen.
IPPC guideline	The Integrated Pollution Prevention and Control (IPPC) guideline. This seeks to promote the integrated prevention and control of environmental pollution. The IPPC guideline obliges EU member states to regulate the emissions into water, air and soil (including measures for waste materials) of large companies and the intensive livestock industry.
ISO	International Standardisation Organisation, an organisation that establishes international standards.
LNG	Liquefied Natural Gas.
NO _x	A generic term for nitrogen oxides, gases that are released during all combustion processes and which contribute to atmospheric acidification.
Odorant	An odour that for safety reasons is added to natural gas, which is itself inherently odourless.
Olympus	A registration system for registering compressor data.
Reportables	Accidents that are followed by absence, medical treatment, alternative employment or fatalities.
Wobbe Index	An indicator of the interchangeability of different gases on a certain burner. It is calculated by dividing the calorific value (or heating value) of the gas by the square root of the relative density of the gas.

Annex II: Reporting principles

Reporting policy

In this report we follow, as far as possible, the Transparency Criteria of the Dutch Ministry of Economic Affairs, Agriculture and Innovations. The report has been drawn up in accordance with the Criteria for 2014. The GRI guidelines have been applied at level C.

We report on the most relevant performance indicators that follow from our strategy. All aspects that directly affect the realisation of our strategy have been included in this report. These include indicators in the fields of finance, health, safety, the environment and sustainability. Wherever possible, the data with regard to the environment have been placed in a multi-year perspective in order to show long-term developments.

This report is intended for all our stakeholders, both internally and externally. For environmental reasons, it will only be published online, on our website; a printed version can be provided on request. Specific terminology used in this report is explained in Annex I: Terminology.

Reporting process

In collecting the basic data for this report, both internal and external sources (such as manuals, management information systems and third-party data) were consulted. All departments bearing final responsibility for executing our key policy themes were also involved. For the most part, these departments were Safety, Finance, HR, Communications and Public Affairs, both in the Netherlands and Germany. The data they provided were consolidated internally, while the annual accounts were audited by an external expert. The report has been approved by the Executive Board.

Coverage

This report covers Gasunie in the Netherlands, Gasunie in Germany, GTS, and participations such as BBL Company, in which, Gasunie has, in terms of capital provision, a majority shareholding of 60%. In so far as they are available, figures relating to these parts of our company have been included in the overall figures and results. With regard to matters relating to safety, health and the environment, the data recorded in the Netherlands and Germany differ somewhat. Whenever possible, data from the Netherlands and Germany have been combined. Where this was not possible, the data are presented separately. Participations in which we have a minority shareholding in terms of capital provision have not been included in the report. Our subsidiary GTS issues its own annual report, in which the specific results of the TSO are reported in more detail.

Scope

This report gives an account of our efforts in the reporting year 2013, which runs from 1 January 2013 up to and including 31 December 2013. We report on our role as a transporter of natural gas, a supplier of related services in the gas value chain, and as owner and operator of the Dutch national gas transport grid. In this report, we describe our mission, strategy and the principal outcomes of our operational management, as well as sketching the most significant internal and external developments affecting that management. We indicate how we are responding to these developments. And since we take our responsibilities as part of the

supply chain seriously, we also clearly distinguish those activities that we carry out as part of good supply chain management. Finally, safety is a major priority for us, and we encourage safety awareness among our contractors. Given the importance of safety, this report also contains a summary of the safety performance of our contractors. Other performance data, such as those of suppliers, have not been taken into account.

Verification

As required by law, our annual accounts have been audited by an external accountant (Ernst & Young Accountants LLP). Since Ernst & Young have not only audited our accounts but also verified our non-financial data in the field of Corporate Social responsibility, the auditor's letter and the assurance report have been combined in this annual report. This includes verification that the report complies with the GRI Guidelines, 3.1.

Measuring and registration systems

The environment data of Gasunie in the Netherlands are generally measured and recorded as follows:

- ▶ The amount of waste removed is measured by waste collectors and processors. They register this on weighing slips, bills of lading, invoices, quarterly reports and annual overviews, all of which are passed on to us. The processing methodology they use is described in those documents. These annual overviews form the basis of the data reported by Gasunie.
- ▶ Possible soil pollution is recorded in soil inspection reports. The progress of investigations and any clean-up operations are registered centrally in a database, from which we extract data for this report.
- ▶ Data relating to the use of energy and water are derived from the overviews provided by the suppliers of energy and water at our principal locations. The data relating to the other locations are estimated, based on normal usage and/or third-party invoices.
- ▶ Air emissions are mainly registered by the Olympus computer system, developed for registering compressor data. Emissions of CO₂, CH₄ and NO_x are calculated on the basis of the fuel consumption of the machines, which is measured continuously. Each machine has its own emission characteristics, which have been registered in Olympus. The registration is corrected manually before and after operation of the compressors.
- ▶ Data on fugitive emissions are obtained from recent measurements, in accordance with the EPA21 method, and from historical research into the emissions at specific types of locations.
- ▶ HFC emissions are calculated on the basis of amounts (in kg) recorded in the logbooks at the various locations.
- ▶ All deviations from environmental standards are registered according to their cause in an internal database, from which the reported data are derived.
- ▶ Specifications of raw materials are based on purchasing data, with the exception of the usage of odorant, which is calculated.
- ▶ Specifications of nitrogen are based on purchasing data and on the data recorded at the Ommen and Kootstertille locations.

Environmental data relating to Gasunie in Germany have been collected in various ways. These include direct measurement (electricity, water consumption and emissions), indirect measurement (e.g., calculations of CO₂ and NO_x and emissions of fuel gas), and registration (waste collection reported by external suppliers). All data have been entered into our environment database. This database is the source of all forms of environmental reporting. This includes our emissions trading, which is audited and certified each year by an independent third party.

Management systems

Every year, our performance with regard to the main key performance indicators is assessed (including in internal and external audits). On the basis of the results of these assessments and audits, we determine whether our management systems are working properly and whether any adjustments are needed. We also decide whether it is necessary or desirable to sharpen or modify the focus of our policy and targets. We comply with all national and international legislation in so far as it applies to our company. In addition, we have set our own, more stringent requirements. This is because we believe it is important that our performance is based on clear standards and values. Our technical standards are specified in the Gasunie Technical Standards, and our safety, health and environment standards are specified in our Commitment to Safety, Health and Environment Policy. In our Code of Conduct, we explain how we expect our employees to behave with respect to integrity, safety and accountability. We have a whistle-blower policy (for reporting suspicions of improper conduct) and a counsellor has been appointed to deal with any reports. We have also set up a Complaints Committee to which employees can turn with any complaints, and counsellors are available for specific areas (e.g., bullying and harassment). Finally, we always make sure we handle with care any complaints that arise from the local communities in which we work. Our policy with regard to safety and the environment is ISO 14001-certified.

Annex III: Product and supplier information

Markets and customers

Our most important markets are the Netherlands and Germany. In addition, we serve as a transport hub, transporting gas to and from other countries. Our customers consist mainly of shippers, traders and directly connected parties (industries, regional network operators, private network operators, foreign network operators, gas producers, operators of gas storages and operators of LNG plants). More details are given in the annual report of GTS.

Production factors

The most important products and services that enable us to deliver our services are the following:

- ▶ Building, managing and maintaining the pipeline network and installations
- ▶ The supply of materials for the purposes of building, managing and maintaining the pipeline network and equipment
- ▶ Fuel gas, electricity and nitrogen
- ▶ An IT network for efficiently planning the transport of gas
- ▶ Facility services and temporary staff.

Origins of raw materials, materials, products and services

Most of what we buy comes from the European Union. Broken down into countries, 83% of our supplies come from the Netherlands, 10% from Germany, 6% from Belgium and 1% from the UK.

Selecting suppliers

Before entering into a contract with a major new supplier, we investigate its integrity, its solvency and the composition of its customer portfolio (to ensure that it is not unduly dependent on only one or just a few customers).

In making our selection, we apply the legally obligatory Self-Assessment Form to check whether any circumstances exclude a supplier from accepting tenders (e.g., membership of a criminal organisation, bribery, fraud or money laundering). We regularly check suppliers on their safety and quality performance. In the event of persistent underperformance, we cease working with the supplier in question.

Code of Conduct for Suppliers

We have drawn up a Code of Conduct for Suppliers. Amongst other things, the Code covers safety, health and environmental matters. It also forbids dealing in or buying products made using child labour. The Code of Conduct is in line with the Code of Conduct that applies to our own employees, and compliance with it forms part of the selection procedure for new suppliers.

Supplier categories

We divide our product and service groups into the following categories:

- ▶ **Strategic:**
Suppliers of strategic products and/or services are subject to stringent requirements. This is because any interruption of supply entails a high risk for us, and the cost of finding a new supplier is high.
- ▶ **Critical:**
Suppliers of critical products and/or services are subject to relatively light requirements. This is because finding a new supplier incurs costs. Interruption of the order-related supply does not entail a high risk.
- ▶ **Non-strategic/ Non-critical:**
All other products and services are classified as non-critical and non-strategic.

The distribution of orders issued in 2013 was as follows:

Category	Percentage
Building, management and maintenance of the pipeline network	23%
Building, management and maintenance of installations	10%
Materials	15%
Fuel gas, electricity and nitrogen	38%
IT	4%
Facility services and temporary staff	11%

The contractors we engage mainly come from the Netherlands and Germany.

We have no information about indirect suppliers, subcontractors or the provenance of raw materials.

Annex IV: Data regarding safety, supply chain responsibility and the environment

Safety

Monitoring our safety performance

We report on our safety performance periodically and regularly carry out analyses. We believe that this is the best way of monitoring our performance in this field. We learn continuously, and always seek to improve our performance. For example, we have set up KPIs for injuries requiring medical treatment, and for the number of pipeline incidents. The results are included in our collective targets, as we believe that all employees bear responsibility in such matters.

We have a safety support team, which tracks our performance. The team deals with the practical implementation of policy objectives on the work floor. The team is composed of employees who have extensive operational experience and are close to those employed on the work floor.

Safety in the workplace: prevention is better than cure

We take a proactive approach to preventing accidents at work, with regard to both our own employees and employees of third parties. Everyone who works for us is obliged to comply with the applicable working conditions legislation and our own additional requirements. Moreover, when accidents, incidents and dangerous situations are reported, we determine what measures need to be taken to prevent such incidents in the future.

We devote considerable attention to creating a healthy and safe working environment, both in our offices and in the field. Our HRM Manual specifies a number of regulations for this purpose, from rules relating to ergonomic work stations for office staff to procedures to be followed by employees working in the field.

Since we want our employees to be safe not only when they are on our premises but also when they are on the move, we have included a blanket ban on making phone calls (even 'hands-free') while driving. This rule may only be overridden in dire emergencies. Our employees also follow various courses on safety matters.

Promoting safety awareness: an ongoing effort

Golden Rules of Safety


We do our best to ensure that no accidents take place during our working operations. That is why we enforce strict rules regarding safe and responsible working. We place great emphasis on safety awareness, so that our employees apply these rules properly. We have drawn up a Top Ten of the risks that occur most frequently during our operations. For each of these risks we have indicated how they can best be avoided. These are our Golden Rules of Safety, which have to be observed during all working activities and operations. These Rules, which were introduced in 2011, are available in Dutch, German and English. We have summarised them on a handy card that staff can easily refer to at work. We have also launched a special website, not only for our own employees, but also for those of other firms with whom we work.











The Rules help to increase the awareness of risk and safety and to prevent unsafe situations

arising. They make it clear that there are certain types of behaviour that are totally forbidden.

Golden

RULES OF SAFETY



<p>1. GROUNDWORK</p> <p> Dig safely</p> <hr/> <p>2. CONFINED SPACES</p> <p> Be sure that confined spaces can be entered safely</p> <hr/> <p>3. WORKING AT HEIGHT</p> <p> Work safely at height (>2.5 metres)</p> <hr/> <p>4. HOISTING AND LIFTING</p> <p> Never walk under a suspended load</p> <hr/> <p>5. ROAD SAFETY</p> <p> Drive safely</p>	<p>6. WORK PERMIT</p> <p> Only work on equipment which has been isolated and rendered inoperative</p> <hr/> <p>7. MAKING EQUIPMENT SAFE</p> <p> Only work on equipment which has been isolated and rendered inoperative</p> <hr/> <p>8. PERSONAL PROTECTION EQUIPMENT</p> <p> Use the prescribed personal protection equipment (PPE)</p> <hr/> <p>9. ALCOHOL AND DRUGS</p> <p> It is prohibited to work under influence of alcohol and drugs</p> <hr/> <p>10. SMOKING</p> <p> Do not smoke outside designated smoking areas</p>
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gasunie
...THINK SAFETY!

HSE Management Code

Following the publication of our Golden Rules of Safety, it was decided that managers also required guidance in safety matters. After all, they need to take important decisions that require them to weigh aspects of health, safety and environment (HSE) against, for instance, questions of time and money. We have therefore laid down guidelines for managers in the HSE Management Code.

Overview of our policy: Gasunie & Safety brochure

There is considerable public interest in how we deal with safety matters. Government bodies, such as licensing authorities and regulators, find it helpful to gain some insight into our processes and our Health, Safety & Environment policy. In 2013, to share our knowledge and experience in these areas and ensure consistency in our communications on such matters, we published a brochure on this topic called Gasunie & Safety. It focuses on four aspects of safety that are particularly relevant to our industry: occupational safety, process safety, technical safety and external safety.

Value chain responsibility

Risks in the gas value chain

We try to keep the effect of our operations on people and the environment to a minimum. But activities within the gas value chain inevitably have an impact on people, the environment and society. We therefore need to look ahead and anticipate specific risks. For example, we are currently seeing new types of gas, with new properties and a different composition: 'green gas' is a case in point. These new gases may impose different requirements on the network itself and the gas equipment of consumers and industrial users.

To guarantee safety, we need good research into the effects of these new gases. As significant players in the chain, we are keen to play our part. That is why we have set requirements for the composition of green gas, to make sure that it can be safely injected into the national gas transport network and can be used safely. In this way, we have laid down an important basis and precondition for the development of the green gas market.

Another risk in the gas value chain is the fact that, over time, the production of gas in Europe is set to decline, while the demand for natural gas will continue to rise. To be able to guarantee security of supply in the long term, we need to import more gas, from Norway or Russia, for example, where there are still large reserves. In addition, there are increasing opportunities for bringing liquefied natural gas by ship from areas further away, such as Africa or the Middle East. All this gas needs to be transported, so gas transport networks will need to be expanded and modified. We also play a role here, through active participation in international pipeline projects. By carrying out activities like these, we promote the security of supply in the future.

Collaboration within the chain

We participate in various 'vertical' and 'horizontal' collaborations to work on, amongst other things, the transition to a sustainable energy supply, the establishment of international safety and environmental standards, and the exchange of knowledge. Examples of such collaborations are the following:

- ▶ **Gas Infrastructure Europe (GIE)**
GIE is an organisation of some 70 European gas infrastructure companies. Its aim is to find market-based solutions to gas infrastructure problems, whereby the interests of the network users are paramount. For instance, GIE lobbies for a good regulatory climate within Europe, as a precondition for long-term security of supply.
- ▶ **ENTSOG**
We also participate in ENTSOG, the European Network for Transmission System Operators Gas. We are, amongst other things, a member of the Board. All TSOs in the European Union are obliged to join this organisation, some of whose tasks are established in law. These include drawing up European network codes and a ten-year network development plan at European level. These contribute to the stable development of the European gas market.

- ▶ Groen gas Nederland (GGNL)
We also take part in Groen Gas Nederland, set up in 2011. GGNL is a foundation whose aim is to speed up the production and sale of green gas in the Netherlands by bringing together knowledge in the field of production, upgrading and injection. Our participation in GGNL is in line with our sustainability strategy. The foundation's explicit target is to produce a total of 300 million m³ (2,930 million kWh) of green gas with green gas projects in 2014.
- ▶ Other organisations
We are members of various other European organisations, such as Eurogas, Marcogaz and Gas Transport Europe (GTE). We are also a member of the International Gas Union (IGU), which represents the interests of the gas industry worldwide. The active exchange of knowledge is high on the agenda of all these organisations, with the aim of advancing safety, health, the environment and sustainability. We are active in various workgroups.

To meet our chain responsibility in a wider sense, too, we participate in various horizontal collaborations, including:

- ▶ Energy Delta Institute (EDI)
The Energy Delta Institute is one of the organisations with whom we work on spreading knowledge of energy matters. Our partners in EDI are Gazprom, the University of Groningen, GasTerra and Shell. EDI's main goal is to contribute to the professional development of both the current managers in the energy sector and the managers of the future. EDI coordinates research projects and training programmes in the field of energy.
- ▶ Energy Valley
The Energy Valley foundation was set up by government bodies, companies and knowledge institutes. Its aim is to expand the energy economy and associated employment opportunities in the northern provinces of the Netherlands. It focuses on developing sustainable innovation projects. The foundation supports initiators in a variety of ways, by helping them draw up project proposals, for instance, or find appropriate partners to work with.
- ▶ Energy Valley Top Club
Gasunie is also a member of the Energy Valley Top Club. Among other things, this group seeks to promote green energy among the public at large and to enthuse young people about sustainability and technology. Moreover, the Club aims to provide a meeting centre for the energy sector. The Energy Valley Top Club has set up an alliance, under the name of '*Samen duurzaam aan de top*', to combine the various strengths of knowledge institutes, organisations for high-level sports in Groningen, business and social organisations. In this way, in the coming years, members can work together on various projects to make the energy supply ever more sustainable.

The environment

Environmental irregularities

We keep a careful record of environmental irregularities so that we can control them and, where possible, take appropriate measures. The number of reported environmental irregularities per focus area for Gasunie Nederland is as follows:

	2009	2010	2011	2012	2013
Deviation from laws and regulations	0	0	1	2	1
Defects of environmental care system	0	0	0	0	0
Environmental incidents	92	66	66	65	57
Environmental complaints	82	72	72	123	139
Total	174	138	139	190	197

In 2013, a total of 197 environmental irregularities were reported at Gasunie Nederland: one deviation from laws and regulations, 57 environmental incidents and 139 environmental complaints. The total number of environmental incidents and complaints reported in 2013 was approximately the same as in 2012. Of the 139 environmental complaints that were reported in the year under review, 13 had not been caused by us. In 35 other environmental complaints, no irregularities were found at the scene. In 91 of the environmental complaints, irregularities were found and dealt with in accordance with the applicable procedures.

Of the 148 justified environmental irregularities (2012: 156), 71% were related to emissions to the air, 17% to emissions to the soil, 11% noise emissions and 1% emissions to water. These values are therefore of the same order as in 2012. At Gasunie Deutschland, one environmental complaint relating to noise was reported in 2013.

Refrigerants

We use various types of refrigerant in cooling installations for industrial cooling and air conditioning purposes. In accordance with the Montréal protocol, we have modified our policy and we will terminate the use of refrigerant R22 at the latest in 2015. In 2013, small leaks of refrigerants occurred at six locations. The table below gives an overview of these refrigerant leaks:

Location	R134A [kg]	R410A [kg]	R407C [kg]
Beverwijk		6.2	
Wieringermeer			44
Ravenstein	20	4.5	
Schinnen		4.5	
LNG Maasvlakte			11
Total	20	15	55

No refrigerant leaks occurred at Gasunie Deutschland.

Raw materials

The following table gives an overview of raw materials used for the transport of natural gas:

- ▶ Diesel oil: Used as fuel for generators providing emergency power in the event of a power cut
- ▶ Methanol: Used to prevent stoppages in installations as a result of freezing and to dry transport pipelines
- ▶ Lubricating oil: Used for the lubrication systems of compressors, gas motors and gas turbines
- ▶ Glycol: Used as antifreeze in cooling water and heating systems, and as a drying agent in the production of natural gas from underground storage caverns
- ▶ Odorant: Used to add an odour to natural gas for safety reasons.

Raw materials used in absolute quantities, based on purchasing figures:

Description	2009		2010		2011		2012		2013	
	GUN	GUD	GUN	GUD	GUN	GUD	GUN	GUD	GUN	GUD
Diesel oil (x 1,000 litres)*	7	0	74	12	23	0	50	0	192	0
Methanol (x 1,000 litres)**	<1	0	0	0	71	0	60	0	29	0
Lubricant oil (x 1,000 litres)	61	2	142	1	69	2	70	<1	23	3
Bought-in glycol (x 1,000 litres)**	1	0	5	0	0	0	6	0	29	0
Odorant use (x 1,000 kg)**	497	0	551	0	463	0	477	0	489	0

Note: This table has been drawn up on the basis of purchasing figures (with the exception of odorant use). These may differ from the actual use due to changes in stock.

* Diesel oil is used by Gasunie Deutschland only for the emergency power generators and is therefore bought only rarely.

** Methanol, glycol and odorant are not used by Gasunie Deutschland.

Nitrogen

To make high-calorific natural gas of a quality suitable for certain market segments, we add nitrogen to the natural gas at a number of locations in our gas transport network. The nitrogen added at our installations at Wieringermeer, Pernis and the Maasvlakte was procured from third parties. At our installations in Ommen and Kootstertille, the nitrogen added was produced by us. The following table indicates our use of nitrogen:

Description	2009	2010	2011	2012	2013
	ktonnes	ktonnes	ktonnes	ktonnes	ktonnes
Nitrogen purchased from third parties	401	139	68	17	22
Nitrogen from our own production	433	172	40	15	0
Total	834	311	108	32	22

Remarkably, the volume of nitrogen used for the quality conversion of high-calorific gas (H gas) to Groningen gas (G gas) in 2012 and 2013 was considerably lower than in the preceding years. This is because in 2012 and 2013 considerably more G gas was produced, and there was therefore less need to convert H gas to pseudo Groningen (pseudo G gas), a process that involves the addition of nitrogen.

Acidifying substances

In our gas turbines, gas motors and heating installations, we use natural gas as a fuel. During this process, acidifying substances (NO_x) are emitted. The NO_x emissions in 2013 amounted to 466 tonnes (2012: 404 tonnes).

To find out whether our compressor stations meet the new requirements of the European guideline for industrial emissions⁹, we have conducted talks with the Dutch Ministry of Infrastructure & Environment (I&M) about the possible timetable for implementing this legislation. We currently have a number of gas turbines that do not yet meet the NO_x requirements in the new guidelines. We have therefore started the process of enabling our gas-fired compressors to meet the new requirements. One of the measures we intend to take is to install flue gas cleaning in the exhaust gas ducts of two gas turbines at Ravenstein.

Many of our gas turbines are only used for a very limited number of hours (usually less than 500 hours per year), but they are necessary in order to be able to meet the gas demand in extreme weather conditions (severe winters).

The absolute value of NO_x

Description	2009	2010	2011	2012	2013
	[tonnes]	[tonnes]	[tonnes]	[tonnes]	[tonnes]
NO _x emissions at GUN	461	531	244	297	365
NO _x emissions at GUD	63	83	92	107	101
Total NO _x emissions	524	614	336	404	466

The rise in NO_x emissions at Gasunie in the Netherlands was mainly caused by the harsh winter at the start of 2013. In Germany, NO_x emissions in 2013 fell slightly, from 107 to 101 tonnes.

⁹ GUIDELINE 2010/75/EU OF THE EUROPEAN PARLIAMENT AND THE BOARD of 24 November 2010 concerning industrial emissions (integrated prevention and control)

Soil pollution

Gasunie's soil policy aims to prevent or limit soil pollution, to control risks to the soil and to fully rectify any soil incidents that may occur. Typical soil-polluting substances at Gasunie are lubricating oil, diesel oil, polycyclic aromatics and odorant. We perform soil inspections in the following cases:

- ▶ At locations suspected to be contaminated (on-site soil inspection). In consequence of the duty of care imposed by Article 13 of the Dutch Soil Protection Act, the soil must be inspected at locations and installations which are suspected to be at greater risk of soil pollution. We also perform inspections at locations such as pipeline routes, filled-in ditches and the like, which are known to have been contaminated by third parties in the past.
- ▶ At locations where groundwater is extracted.
- ▶ To determine the zero situation at places where there are plans to locate or expand installations or buildings.

Soil decontamination

Soil pollution incidents that took place after 1987 are subject to the duty of care imposed in Article 13 of the Dutch Soil Protection Act. This article requires that such cases of pollution (often called 'duty of care' cases) must be decontaminated immediately, in a number of different ways. Historical instances of soil pollution are decontaminated in the most efficient way, preferably in combination with maintenance activities or new building projects.

If the pollution was caused by Gasunie, we remove the polluted soil. If the pollution was caused by a third party, the polluted soil (if possible and permissible) will be preserved in depot and replaced later.

In 2013, we carried out soil decontaminations at 30 locations. At 8 locations, the decontamination took place in the context of the duty of care; while at 4 locations the polluted soil was removed temporarily. In 2013, we completed the compressed air decontamination started in 2010 at the LNG Maasvlakte site. At 47 locations we monitored the quality of the groundwater; at 8 locations we carried out investigations to establish the situation at the time.

Noise emissions

Dutch law requires that noise reduction measures need to be taken in the case of new-build stations, in the case of major modifications to stations, and in the event of complaints. In 2013, we carried out 29 noise measurements and 12 calculations in connection with applications for environmental permits, projects and other situations in which, as a result of modifications, noise problems could possibly arise. We carried out 10 studies and 8 noise measurements in order to verify whether we were complying with the permit conditions. We noticed two excesses which necessitated measures being carried out. In addition, we took another 21 measurements for internal purposes, 20 of which were for the GNIP programme and one due to a noise complaint.

Description	2009	2010	2011	2012	2013
Total number of measurements and calculations carried out	21	20	32	15	41
Number of measurements carried out whose outcome did not comply with the legal norm	5	0	3	0	21
Number of calculations for requesting environmental permits	12	4	4	9	10

Our policy in Germany with regard to noise emissions is that measures will be taken if complaints have been raised or if noise problems might occur as a consequence of an adjustment. Gasunie Deutschland has a noise register for all relevant systems. Noise measurements will be carried out for all new buildings and in the event of significant changes at existing installations.

Financial penalties

In 2013, we were fined a total of € 6,000 for extracting too much groundwater in connection with new-build projects.

Footprint reduction

It is our aim that our operational activities impose as small a burden on the environment as possible. We are therefore actively trying to reduce our environmental footprint. Ways we are doing this include continuing to improve our energy efficiency, and reducing the emission of greenhouse gases during our activities. Our ambition is, by the year 2020, to reduce emissions of CO₂ equivalents by 20% (compared to 1990). In 2013, we took a number of measures to meet this ambition (described in more detail under Environmental Performance). A complete summary of measures regarding both the process approach in improving energy efficiency and the reduction of methane emissions can be found in our report entitled 'Footprint at Gasunie'. It describes how our ambition originated and the principles on which our footprint strategy is based.

Energy efficiency

One aspect of our footprint reduction efforts includes increasing energy efficiency. This not only involves re-examining our gas transport system process to see how we can save energy there, but also looking at energy efficiency in other aspects of our operations, such as in our offices. Examples of how we may be able to save energy in our operations include the possibility of lowering incoming pressure, installing thermal insulation in heat networks and reducing the temperature at our gas receiving stations. At those stations the pressure of the natural gas is adjusted to the pressure in the regional distribution network. During this process, the gas cools so much that heating is required to bring the gas back to the contractually agreed temperature.

In the Netherlands, this heating requires some 30 million m³ of natural gas per year, which is a considerable amount. We therefore investigated whether this could be done more efficiently – and it could. In a pilot project carried out in the summer of 2013 at the metering and regulation station at Nederweert, pressure was reduced by two bar. This resulted in savings of fuel gas and an associated reduction of CO₂ of about 5%.

Methane emissions

We also took measures to reduce the emission of methane during our activities. Where possible and feasible, we use a mobile recompressor or combustion unit. This limits the venting of gas during operations. In our results section, we explain the savings that we were able to achieve using recompression and describe the specific efforts we are making to improve energy efficiency.

Sustainable transport

One of our collective objectives is to reduce the number of kilometres driven for business purposes. We therefore encourage the use of meeting methods that do not require employees to be physically present in the same room. We do that, for example, by providing good facilities for teleconferencing, videoconferencing and working from home. In 2013, we took a big step forward in facilitating working from home by providing associated technological support. For example, most employees have been provided with a mobile phone or smartphone, and in 2013, we installed a new IT architecture and new computers for all employees. These enable them to work independently of time and location, whether alone or together. This makes for more effective business operations and makes work more enjoyable. Having said that, we do believe that, for the purposes of teamwork, it is good that employees meet regularly in person.

HSE programme 2014

On the basis of the HSE Management Review 2011–2012, which serves as a basis for our HSE policy, we will carry out the following HSE programme in 2014:

External safety

High priority for reaching an agreement with the Ministry of Infrastructure & Environment about the calculation methods.

Continuing vigilance to prevent pipeline damage, especially to pipelines with little cover.

Technical safety

Relieving bottlenecks in pressure control systems.

Improving the process with respect to maintenance concepts.

Implementing KPIs with respect to technical safety and process safety.

Occupational safety

Encouraging employees to adopt behavioural changes on the work floor that will improve occupational safety.

Increasing the level of knowledge about occupational safety.

The environment and sustainable development

Implementing the footprint strategy plan.

Investigating and comparing the measurement methods for fugitive emissions of natural gas.

Starting a programme for measuring and preventing fugitive emissions of natural gas at gas receiving stations.

Applying pressure reduction to a number of metering and regulating stations during the summer to reduce the use of natural gas.

Starting a project for placing flue gas cleaning in the exhaust duct of compressors. This technology is one of the measures to ensure that the compressors comply with the new NO_x emission requirements.

Optimising energy efficiency at gas receiving stations.

Gasunie Deutschland: Setting up a register for recording data on natural gas emissions in various parts of the gas transport system in order to eventually reduce methane emissions.

HSE culture and communication

Continuing to stimulate safety awareness and safety behaviour.

Raising HSE awareness among management and employees.

Awareness

Both in the Netherlands and in Germany, in 2013, we carried out a number of awareness campaigns to make employees more aware of CO₂ compensation of business kilometres and other activities. In 2013, Gasunie Deutschland started a programme for CO₂ compensation of train and air travel.

Safety indicators 2009–2013

Indicators	Unit
Incidents with absence	
Frequency index for Gasunie employees	Incidents with absence per 1 million working hours
Incidents with absence: frequency index third parties	Incidents with absence per 1 million working hours
Incidents with absence: frequency index total	Incidents with absence per 1 million working hours
Reportable ⁴⁾ incidents: frequency index total	Reportable incidents per 1 million working hours
Incidents with absence	
- Gasunie employees	Number
- Third parties	Number
Incidents without absence (incl. replacement work)	
- Gasunie employees	Number
- Third parties	Number
Reportable incidents	Number
Potentially serious situations	Number
Damage to Gasunie pipelines	
- Excavation damage by third parties	Number
- Construction/material defects	Number
- Inaccurate drilling	Number
- Other	Number
Pipeline damage with gas leaks	Number
Reported pipeline damage	Number
Gas leak incidents: comparison Gasunie-EGIG	
- EGIG	Number of incidents per 1,000 km per year
- Gasunie	Number of incidents per 1,000 km per year

Remarks:

(1) Not applicable to GUD.

(2) The indicators of GUN and GUD cannot be combined due to different definitions.

(3) By reportable incidents we mean fatal accidents, incidents with absence and incidents with medical treatment (other than first aid).

(4) Small hole (pinhole) caused by corrosion.

2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012	2013	2013	2013
GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total
0.8	0	- ²⁾	0.4	0	- ²⁾	0.4	0	- ²⁾	0	- ¹⁾	0.4	0.8	0	- ²⁾
2.1	4.9	- ²⁾	2.1	0	- ²⁾	1.5	0	- ²⁾	1.4	- ¹⁾	1.7	1.0	0	- ²⁾
1.6	1.7	- ²⁾	1.4	0	- ²⁾	1.1	0	- ²⁾	0.8	- ¹⁾	1.2	0.9	0	- ²⁾
6.2	-	-	7.2	0	6.7	4.7	0	4.3	2.1	- ¹⁾	2.5	3.9	0	3.6
2	0	2	1	0	1	1	0	1	0	1	1	2	0	2
10	1	11	10	0	10	7	0	7	5	2	7	3	0	3
4	0	4	10	0	10	7	0	7	1	0	1	6	0	6
28	0	28	30	0	30	21	0	24	6	0	6	10	0	10
45	-	45	51	0	51	31	0	31	12	3	15	21	0	21
21	-	21	11	-	11	6	-	6	17	-	17	20	0	20
8	0	8	2	0	2	6	1	7	5	0	5	6	0	6
0	0	0	0	0	0	0	0	0	2	0	2	1	0	1
0	0	0	0	0	0	0	0	0	1	0	1	0	0	0
0	0	0	1 ⁴⁾	0	1 ⁴⁾	0	0	0	0	0	0	0	0	0
0	0	0	1 ⁴⁾	0	1 ⁴⁾	1	0	1	1	0	1	0	0	0
0	- ¹⁾	0	0	- ¹⁾	0	1	- ¹⁾	1	1	- ¹⁾	1	0	0	0
-	- ¹⁾	0.359	-	- ¹⁾	0.352	-	- ¹⁾	0.344	-	- ²⁾	0.344	-	- ²⁾	tbd
0.336	- ¹⁾	0.336	0.327	- ¹⁾	0.327	0.320	- ¹⁾	0.320	0.316	- ²⁾	0.316	0.308	- ²⁾	0.308

Health indicators 2009–2013

Indicator	Unit	2009	2009	2009
		GUN	GUD	Total
Absence due to sickness (total)	Percentages	3.3	1.9	- ⁽²⁾
- short-term absence	Percentages	0.9	1.2	- ⁽²⁾
- medium-term absence	Percentages	0.8	0.5	- ⁽²⁾
- long-term absence	Percentages	1.7	0.2	- ⁽²⁾
Zero absence	Percentages	40	41	- ⁽²⁾
Absence frequency	Frequency	1.2	1.3	- ⁽²⁾
Work-related absence (reported by employee)	Number	1	0	1
Reported to the Netherlands Centre for Occupational Diseases (NCB)	Number	0	- ⁽¹⁾	0
Entering WIA ⁽³⁾ (incl. partial)	Number	2	- ⁽¹⁾	2
Leaving WIA ⁽³⁾	Number	0	- ⁽¹⁾	0

Remarks:

(1) Not applicable to GUD.

(2) The indicators of GUN and GUD cannot be combined due to different definitions.

(3) WIA = Capacity for Work Act.

	2010	2010	2010	2011	2011	2011	2012	2012	2012	2013	2013	2013
	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total
	2.8	2.7	- ²⁾	3.3	2.6	- ²⁾	3.3	-	- ²⁾	3.1	3.5	- ²⁾
	0.8	1.2	- ²⁾	0.8	- ¹⁾	- ²⁾	0.8	- ¹⁾	- ²⁾	0.8	- ¹⁾	- ²⁾
	0.6	0.9	- ²⁾	0.7	- ¹⁾	- ²⁾	0.6	- ¹⁾	- ²⁾	0.7	- ¹⁾	- ²⁾
	1.4	0.6	- ²⁾	1.8	- ¹⁾	- ²⁾	1.8	- ¹⁾	- ²⁾	1.5	- ¹⁾	- ²⁾
	46.6	-	- ²⁾	46.5	-	- ²⁾	44.4	-	- ²⁾	43.0	-	- ²⁾
	1.1	1.6	- ²⁾	1.1	- ²⁾	- ²⁾	1.1	- ²⁾	- ²⁾	0.9	- ²⁾	- ²⁾
	10	0	10	9	0	9	14	0	14	9	0	9
	0	- ¹⁾	0	1	- ¹⁾	1	1	- ¹⁾	1	1	- ¹⁾	1
	2	- ¹⁾	2	3	- ¹⁾	3	3	- ¹⁾	3	2	- ¹⁾	2
	0	- ¹⁾	0	0	- ¹⁾	0	0	- ¹⁾	0	0	- ¹⁾	0

Environmental indicators 2009–2013

Indicator	Unit	2009	2009	2009
		GUN	GUD	Total
Quantities of transported natural gas	Billion m ³	99	22.6	121.6
Methane emissions	Tonnes	6,111	741	6,852
CO₂-equivalent emissions				
Scope 1				
Lease cars	Ktonnes	-	-	-
Company cars	Ktonnes	-	-	-
Gas usage in buildings	Ktonnes	-	-	-
Network losses	Ktonnes	-	-	-
SF6	Ktonnes	-	-	-
Gas usage in installations	Ktonnes	-	-	-
Emergency generators	Ktonnes	-	-	-
Refrigerants	Ktonnes	-	-	-
Total for Scope 1	Ktonnes	361	87	448
Scope 2				
Heating in buildings	Ktonnes	-	-	-
Electricity usage in buildings	Ktonnes	-	-	-
Electricity usage in installations	Ktonnes	-	-	-
Total for Scope 2	Ktonnes	141	4	145
Scope 3				
Train travel	Ktonnes	-	-	-
Business travel	Ktonnes	-	-	-
Commuting	Ktonnes	-	-	-
Air travel	Ktonnes	-	-	-
Procurement of N ₂	Ktonnes	-	-	-
Total for Scope 3	Ktonnes	46		46
Total for Scope 1 + 2 + 3	Ktonnes	548	91	639
Natural gas use	Million m ³	115.4	34.2	149.6
Electricity use	Million kWh	299.0	5.8	304.8
Mains water consumption	Thousand m ³	41.9	2.1	44.0
NO_x emission				
NO_x emission (absolute)	Tonnes	461	63	524

	2010	2010	2010	2011	2011	2011	2012	2012	2012	2013	2013	2013
	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total
	111	24.6	135.6	102	24.5	126.5	105.0	24.2	129.2	116.0	23.9	139.9
	6,480	741	7,221	6,740	436	7,176	6,705	363	7,068	9,514	690	10,204
	-	-	-	-	-	-	-	-	-	2.8	-	2.8
	-	-	-	-	-	-	-	-	-	1.2	-	1.2
	-	-	-	-	-	-	-	-	-	1.6	-	1.6
	-	-	-	-	-	-	-	-	-	238	17	255
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	200	113	313
	-	-	-	-	-	-	-	-	-	0.04	-	0.04
	-	-	-	-	-	-	-	-	-	0.2	-	0.2
	404	106	510	316	106	422	332	121	453	444	131	575
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	3.3	-	3.3
	-	-	-	-	-	-	-	-	-	164	-	164
	135	4	139	160	4	164	138	5	143	167	5	172
	-	-	-	-	-	-	-	-	-	0.01	-	0.01
	-	-	-	-	-	-	-	-	-	0.3	-	0.3
	-	-	-	-	-	-	-	-	-	1.3	-	1.3
	-	-	-	-	-	-	-	-	-	0.3	-	0.3
	-	-	-	-	-	-	-	-	-	2.0	-	2.0
	16		16	7		7	2		2	4	-	4
	555	110	665	483	110	593	472	126	598	615	136	751
	132.0	44.6	176.6	82.7	59.0	141.7	89.4	64.7	154.1	104.4	64.3	168.7
	284.5	6.5	291.0	338.9	6.7	345.6	382.5	7.3	389.8	441.2	7.4	448.6
	50.7	2.1	52.7	39.0	3.2	42.2	33.1	1.7	34.8	46.5	1.8	48.3
	531	83	614	244	921	336	297	107	404	365	101	466

Environmental indicators 2009–2013 (continued)

Indicator	Unit	2009 GUN	2009 GUD	2009 Total
Purchasing details auxiliary substances				
Diesel oil	Litres x 1,000	7	- ²⁾	- ²⁾
Methanol	Litres x 1,000	0.1	0	0.1
Lubricating oil	Litres x 1,000	61	2.4	63.4
Glycol	Litres x 1,000	1	0	1
Odorant	Litres x 1,000	497	0	497
Nitrogen purchased from third parties	Tonnes x 1,000	401	- ¹⁾	401
Nitrogen from own production	Tonnes x 1,000	433	- ¹⁾	433
Nitrogen Total	Tonnes x 1,000	834	- ¹⁾	834
Total number of reported environmental irregularities				
Number of justified environmental irregularities per focus area				
- Soil	Number	44	0	44
- Water	Number	0	0	0
- Air	Number	96	0	96
- Other	Number	4	0	4
Amount of hazardous waste				
	Tonnes	1,804	-	1,804
Amount of non-hazardous waste				
	Tonnes	14,072	-	14,072
Waste disposal				
- Reuse	Percentages	88.2	- ²⁾	88.2
- Incineration	Percentages	7.5	- ²⁾	7.5
- Landfill	Percentages	4.3	- ²⁾	4.3

Remarks:

(1) Not applicable to GUD.

	2010	2010	2010	2011	2011	2011	2012	2012	2012	2013	2013	2013
	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total	GUN	GUD	Total
	74	12	86	23	0	23	50	13	63	192	0	192
	0	0	0	71	0	71	60	0	60	29	0	29
	142	1.4	143.4	69	1.5	70.5	70	4	74	23	3	26
	5.2	0	5.2	0	0	0	6	0	6	29	0	29
	551	-	551	463	0	463	477	0	477	489	0	489
	139	- ¹⁾	139	68	- ¹⁾	68	17	- ¹⁾	17	22	- ¹⁾	22
	172	- ¹⁾	172	40	- ¹⁾	40	15	- ¹⁾	15	0	- ¹⁾	0
	311	- ¹⁾	311	108	- ¹⁾	108	32	- ¹⁾	32	22	- ¹⁾	22
	124	1	125	120	0	120	190	2	192	197	1	198
	23	0	23	21	0	21	27	1	28	25	0	25
	2	0	2	0	0	0	3	0	3	2	0	2
	94	0	94	90	0	90	105	0	105	105	0	105
	5	1	6	9	0	9	22	1	23	16	1	17
	1,494	22	1,516	3,135	59	3,194	2,632	50	2,682	4,233	41	4,274
	14,316	219	14,535	15,678	290	15,968	22,495	585	23,080	16,029	127	16,156
	90.5	83.8	90.4	85.1	83.2	85.1	89.2	92.0	89.3	89.1	75.8	89.0
	6.3	9.5	6.3	6.5	16.8	6.7	4.4	7.9	4.5	1.7	24.2	1.8
	3.2	7.7	3.3	8.4	0.0	8.2	6.4	0.0	6.2	9.2	0.0	9.2

Environmental performance of Gasunie locations 2009–2013

The tables below show the legally required breakdown of energy and water consumption and emissions of large locations in the Netherlands.

Overview of energy and water consumption in 2009, 2010, 2011, 2012 and 2013					
Location	Gas [m ³ x 1,000]				
	2009	2010	2011	2012	2013
Alphen	63	151	47	48	43
Beverwijk	6,376	12,142	2,077	2,969	4,882
Kootstertille	10	11	11	7	6
LNG	1,041	523	8,426	2,135	8,003
Oldeboorn	483	6,216	2,492	5,797	8,889
Ommen	13,950	12,515	4,122	15,058	16,798
Ravenstein	25,078	26,149	8,382	9,588,008	13,278,348
Spijk	24,084	17,113	6,306	4,833	3,419
Wieringermeer	2,832	4,922	4,713	3,260	4,613
ZweeThorst	5,304	20,325	11,400	9,980	15,009
Grijpskerk	3	4	4	4	4
Anna Paulowna	0	10	8	13	16
Scheemda	-	-	-	-	0
Wijngaarden	-	-	-	-	0
Zuidwending	-	-	-	3,414	2,880

Overview of energy and water consumption in 2009, 2010, 2011, 2012 and 2013					
Location	Electricity [MWh]				
	2009	2010	2011	2012	2013
Alphen	209	318	249	269	305
Beverwijk	1,487	1,602	1,423	1,455	1,470
Kootstertille	8,196	8,430	9,088	3,582	2,070
LNG	28,965	19,971	17,738	6,177	23,604
Oldeboorn	762	838	801	810	766
Ommen	106,080	50,037	21,806	12,124	9,564
Ravenstein	2,285	2,095	2,055	2,012	2,070
Spijk	1,708	1,627	1,383	1,334	1,251
Wieringermeer	1,857	1,948	1,999	1,869	1,822
ZweeThorst	849	981	1,056	1,052	1,130
Grijpskerk	1,260	1,420	1,714	1,625	2,182
Anna Paulowna	126,313	163,691	117,615	133,674	158,216
Scheemda	-	12,121	70,557	94,127	97,971
Wijngaarden	-	-	2,707	19,405	48,418
Zuidwending	-	-	70,374	78,105	71,851

Overview of energy and water consumption in 2009, 2010, 2011, 2012 and 2013					
Location	Water [m ³ x 1,000]				
	2009	2010	2011	2012	2013
Alphen	0.1	0.1	0.2	0.1	0.2
Beverwijk	0.4	0.5	0.4	0.2	0.6
Kootstertille	0.0	0.0	0.1	0.0	0.0
LNG	23.3	33.5	17.0	15.0	26.9
Oldeboorn	0.2	0.2	0.5	0.2	0.0
Ommen	1.5	1.7	2.0	1.6	1.3
Ravenstein	0.6	0.6	0.6	1.4	0.9
Spijk	0.2	0.2	0.2	0.2	0.2
Wieringermeer	0.8	0.4	0.8	0.2	0.4
Zweeohorst	0.1	0.1	0.5	0.6	0.4
Grijpskerk	0.0	0.0	0.1	0.1	0.6
Anna Paulowna	0.1	0.8	0.2	0.4	0.0
Scheemda	-	-	-	-	0.0
Wijngaarden	-	-	-	-	0.9
Zuidwending	-	-	-	0	0.3

Overview of emissions in 2009, 2010, 2011, 2012 and 2013					
Location	NO _x [tonnes]				
	2009	2010	2011	2012	2013
Alphen	0	1	0	0	0
Beverwijk	14	32	6	7	15
Kootstertille	0	0	0	0	0
LNG	1	1	1	0	1
Oldeboorn	1	16	7	18	26
Ommen	44	45	12	71	77
Ravenstein	77	83	20	29	41
Spijk	248	175	70	50	34
Wieringermeer	11	21	23	14	23
ZweeHORST	31	127	74	68	107
Grijpskerk	0	0	0	0	0
Anna Paulowna	0	0	0	0	0
Scheemda	-	-	-	-	0
Wijngaarden	-	-	-	-	0
Zuidwending	-	-	-	3	0

Overview of emissions in 2009, 2010, 2011, 2012 and 2013					
Location	Methane [tonnes]				
	2009	2010	2011	2012	2013
Alphen	6	12	7	12	13
Beverwijk	213	239	145	334	358
Kootstertille	61	0	0	12	15
LNG	386	216	1,007	401	525
Oldeboorn	99	147	111	178	143
Ommen	637	897	662	970	931
Ravenstein	375	366	325	210	294
Spijk	512	454	274	292	242
Wieringermeer	122	168	150	372	423
ZweeHORST	150	153	201	152	170
Grijpskerk	0	0	0	9	34
Anna Paulowna	21	5	23	33	27
Scheemda	-	-	-	33	18
Wijngaarden	-	-	-	46	21
Zuidwending	-	-	244	801	70

Overview of emissions in 2009, 2010, 2011, 2012 and 2013					
Location	Carbon dioxide [tonnes]				
	2009	2010	2011	2012	2013
Alphen	115	272	86	88	80
Beverwijk	11,465	21,754	3,724	5,311	8,732
Kootstertille	17	20	20	12	11
LNG	1,874	942	15,097	4,170	14,313
Oldeboorn	871	11,137	4,466	10,368	15,897
Ommen	25,093	22,432	7,398	26,940	30,050
Ravenstein	45,088	46,848	15,020	17,151	23,743
Spijk	51,683	36,214	11,328	10,216	7,708
Wieringermeer	5,096	8,822	8,448	5,835	8,254
Zweckhorst	9,539	36,412	20,425	17,850	26,840
Grijpskerk	5	8	7	7	8
Anna Paulowna	3	20	17	26	28
Scheemda	-	-	-	-	0
Wijngaarden	-	-	-	-	0
Zuidwending	-	-	5,745	6,120	5,150

The table below shows the breakdown of energy consumption and emissions of large locations in Germany.

Location	Gas m ³ x 1,000				
	2009	2010	2011	2012	2013
Rysum	26,106	22,025	32,960	41,761	28,975
Bunder Tief	1,309	1,537	327	90	73
Folmhusen	3,308	7,489	5,810	2,902	4,145
Wardenburg	614,000	2,902	5,122	5,253	7,613
Achim	1,794	8,155	9,494	9,558	14,330
Holtum	122,000	102	184	1,844	142
Ellund	626,000	937	3,674	2,145	5,020
Quarnstedt	52,500	1,060	1,140	1,070	3,066
Total	33,931	44,206	58,712	64,623	63,364
Pipeline network	4,279	4,279	245	85	910
Biogas installations					6
Total	38,210	48,485	58,958	64,708	64,280

Location	NO _x [tonnes]				
	2009	2010	2011	2012	2013
Rysum	49.2	42.0	52.0	66.5	45.0
Bunder Tief	2.4	3.0	0.0	0.1	0.0
Folmhusen	6.0	14.0	4.0	5.3	5.4
Wardenburg	0.9	5.0	9.0	9.2	11.6
Achim	3.0	15.0	18.0	17.7	25.7
Holtum	0.1	0.0	0.0	2.8	0.1
Ellund	1.1	2.0	6.0	3.4	8.1
Quarnstedt	0.0	2.0	2.0	1.7	4.9
Total	63.0	83.0	92.0	107.0	100.8
Pipeline network	-	-	-	-	0.2
Biogas installations					0.0
Total	63.0	83.0	92.0	107.0	101.1

Location	Methane [tonnes]				
	2009	2010	2011	2012	2013
Rysum	84.9	59	74	76	49
BunderTief	24.8	23	12	7	7
Folmhusen	75.4	62	59	56	82
Wardenburg	73.6	58	54	47	54
Achim	132.6	208	117	115	127
Holtum	22.5	3	21	37	32
Ellund	10.6	31	41	11	13
Quarnstedt	16.6	60	12	11	16
Total	0	504	390	359	380
Pipeline network		-	-		310
Biogas installations					
Total	741	504	781	359	690

Location	CO ₂ [tonnes]				
	2009	2010	2011	2012	2013
Rysum	55,562	47,179	54,191	68,896	52,025
BunderTief	2,510	2,965	455	69	94
Folmhusen	5,912	13,727	4,329	5,395	6,927
Wardenburg	940,000	5,230	9,795	9,565	12,934
Achim	2,986	14,566	18,268	18,328	25,787
Holtum	181,000	196	186	2,936	170
Ellund	1,244	1,868	6,083	3,486	8,662
Quarnstedt	60,000	1,923	1,847	1,754	5,931
Total	69,397	87,654	95,155	110,428	112,530
Pipeline network	17,000	-	-	-	767
Biogas installations					12
Total	69,414	87,654	95,155	110,428	113,308

Annex V: GRI tracking table

Strategy and analysis			
Indicator	Description	Reference	Page
1.1	SB and Management about the relevance of sustainability to the organisation and its strategy	Foreword by the EB, Strategy, Report of the SB	5 ff., 79 ff.
1.2	Description of key impacts, risks and opportunities	Foreword by the EB, Strategy, Risk Management, Our results in 2013, Financial risks (annual financial statements)	5 ff., 21 ff., 73, 27, 152 ff.
Organisational profile			
Indicator	Description	Reference	Page
2.1	Name of the organisation	About Gasunie (Profile)	9 ff.
2.2	Primary products and services	About Gasunie (Profile)	9 ff.
2.3	Operational structure	About Gasunie (Profile)	9 ff.
2.4	Location of the head office	About Gasunie (Profile)	9 ff.
2.5	Number of countries where the organisation operates	About Gasunie (Profile)	9 ff.
2.6	Nature of ownership and legal form	Governance	89
2.7	Markets served	Annex III: Product and supplier information	197 ff.
2.8	Scale of the organisation	About Gasunie (Profile)	9 ff.
2.9	Changes regarding size, structure or ownership	About Gasunie (Profile), Report of the Supervisory Board	9 ff., 87 ff.
2.10	Awards received in the reporting period	None	
Report parameters			
Indicator	Description	Reference	Page
3.1	Reporting period	Annex II: Reporting principles	194 ff.
3.2	Date of most recent previous report	April 2013	194 ff.
3.3	Reporting cycle (annual, biannual, etc.)	Annex II: Reporting principles (annual)	194 ff.
3.4	Contact point for question regarding the report or its contents	Back cover	232
3.5	Process for defining report content	Annex II: Reporting principles (Reporting policy)	194 ff.
3.6	Boundary of the report	Annex II: Reporting principles (Coverage & Scope)	194 ff.
3.7	Limitations on the scope or boundary of the report	Annex II: Reporting principles (Coverage & Scope)	194 ff.
3.8	Entities that can significantly affect comparability from period to period and/or between organisations	Results in the fields of safety, the environment and supply chain responsibility, and Annex II: Reporting principles	43 ff., 194 ff.
3.9	Data measurement techniques and the bases of calculations	Annex II: Reporting principles (Measuring and registration systems)	194 ff.
3.10	Re-statements of information provided in earlier reports	About Gasunie (Profile); footnote to Key figures	9, 50/51
3.11	Environmental performance (GHG scopes)	Environmental performance (GHG scopes)	50/51
3.12	GRI content index	Annex V	224 ff.
3.13	Policy and current practice with regard to seeking external assurance for the report	Annex II: Reporting principles (verification), and 'Combined auditor's statement and assurance report'	194 ff., 188

Governance, commitments and engagement			
Indicator	Description	Reference	Page
4.1	Governance structure of the organisation	Profile (Organisational chart)	9 ff.
4.2	Is the Chairman of the highest governance body also an executive officer?	Governance (Composition of EB)	87 ff.
4.3	Number of members of the highest governance body that are independent and/or non-executive members	None. Governance (Composition of EB)	87 ff.
4.4	Mechanisms to provide recommendations or direction to the highest governance body	Governance (Composition of Works Councils), Employees (Employee participation)	89 ff., 64
4.5	Linkage between compensation and the organisation's performance	Employees (collective targets), Governance (Remuneration policy for the EB)	57 ff., 79 ff.
4.6	Processes to ensure conflicts of interest are avoided	Governance	79 ff.
4.7	Determining the qualifications and expertise of the members of the highest governance body	Governance (Report of the SB)	79 ff.
4.8	Internally developed statements of mission or values, codes of conduct and principles	Governance, Strategy	79 ff., 21 ff.
4.9	Procedures of the highest governance body for overseeing the economic, environmental and social performance	Governance (Report of the SB)	79 ff.
4.10	Processes for evaluating the highest governance body's own performance	Governance (Report of the SB)	79 ff.
4.11	Addressing the precautionary principle	-	-
4.12	Externally developed economic, environmental and social initiatives	Results in the fields of safety, the environment and supply chain responsibility (Supply chain management)	43 ff.
4.13	Memberships in associations and/or international advocacy organisations	Results in the fields of safety, the environment and supply chain responsibility (Supply chain management)	43 ff.
4.14	Stakeholder groups engaged by the organisation	Gasunie in society (Relationship with stakeholders)	65 ff.
4.16	Approaches to stakeholder engagement	Gasunie in society (Relationship with stakeholders)	65 ff.
4.17	Topics and concerns that have been raised through stakeholder engagement	Gasunie in society (Relationship with stakeholders)	65 ff.
Economic			
Indicator	Description	Reference	Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Consolidated financial statements	100 ff.
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance, Supply Chain Management)	43 ff.

EC3	Coverage of pension obligations	Consolidated financial statements	100 ff.
EC4	Significant financial assistance received from the government	-	-

Environmental			
Indicator	Description	Reference	Page
EN1	Materials used by weight or volume	-	-
EN3	Direct energy consumption by primary energy source	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance)	43 ff.
EN5	Energy saved due to conservation and efficiency improvements	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance, Recompression for work on pipelines)	43 ff.
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	Our results in 2013 (Transition towards more sustainable use of energy)	27 ff.
EN7	Initiatives resulting in reduction of energy requirements/usage	Our results in 2013 (Transition towards more sustainable use of energy)	27 ff.
EN8	Total water withdrawal by source	-	-
EN9	Water sources significantly affected by withdrawal of water	-	-
EN10	Percentage and total volume of water recycled and reused	-	-
EN11	Location and size of the land owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	-	-
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	-
EN13	Habitats protected or restored	-	-
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	-	-
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	-
EN16	Total direct and indirect greenhouse gas emissions by weight	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance), Annex IV Data regarding safety, the environment and supply chain responsibility	43 ff.
EN17	Other relevant greenhouse gas emissions	Annex IV: Data regarding safety, the environment and supply chain responsibility (The environment)	199 ff.

EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance)	43 ff.
EN19	Emissions of ozone-depleting substances by weight	Annex IV: Data regarding safety, the environment and supply chain responsibility (The environment)	199 ff.
EN20	NO _x , SO _x and other significant air emissions by type and weight	Annex IV: Data regarding safety, the environment and supply chain responsibility (The environment)	199 ff.
EN21	Total water discharge by quality and destination	-	-
EN22	Total weight of waste by type and disposal method	Results in the fields of safety, the environment and chain responsibility (Environmental performance)	43 ff.
EN23	Total number and volume of significant spills	Results in the fields of safety, the environment and chain responsibility (Environmental performance), Annex IV: Data regarding safety, the environment and supply chain responsibility (The environment)	43 ff., 199 ff.
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance)	43 ff.
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	-	-
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	-	-
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	-	-
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Annex IV: Data regarding safety, the environment and supply chain responsibility (The environment)	199 ff.
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	-
EN30	Total environmental protection expenditures and investments by type	-	-

Labour practices and decent work			
Indicator	Description	Reference	Page
LA1	Total workforce by employment type, employment contract and region, broken down by gender	Employees	57 ff.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Employees	57 ff.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	-	-
LA4	Percentage of employees covered by collective labour agreements	Employees (Terms of employment)	
LA5	Minimum notice period regarding operational changes	-	-
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	-	-
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	Annex IV: Data regarding safety, the environment and supply chain responsibility (Health indicators table)	199 ff.
LA8	Education, training, counselling, prevention and risk-control programmes	Employees (Organisational development)	57 ff.
LA9	Health and safety topics covered in formal agreements with trade unions	-	-
LA10	Average hours of training per year per employee	Employees (Organisational development)	57 ff.
LA11	Programmes for skills management and lifelong learning	Employees (Sustainable employability)	57 ff.
LA12	Percentage of employees receiving regular performance and career development reviews	Employees (Performance and career development)	57 ff.
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	-	-
LA14	Ratio of basic salary of women to men	Employees (Terms of employment)	57 ff.
LA15	Return to work after parental leave, by gender	-	-
Human rights			
Indicator	Description	Reference	Page
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns	-	-
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	-	-
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	-	-
HR4	Total number of incidents of discrimination and corrective actions taken	-	-

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	-	-
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Results in the fields of safety, the environment and supply chain responsibility (Environmental performance, waste management)	43 ff.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	-	-
HR8	Percentage of security personnel trained in the organisation's policies or procedures, concerning aspects of human rights that are relevant to operations	-	-
HR9	Total number of incidents of violations involving rights of indigenous people, and actions taken	-	-
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	-
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	-	-
Society			
Indicator	Description	Reference	Page
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	-	-
SO2	Percentage and total number of business units analysed for risks related to corruption	-	-
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	Employees (Code of Conduct)	57 ff.
SO4	Actions taken in response to corruption	Employees (Code of Conduct)	57 ff.
SO5	Public policy positions and participation in public policy development and lobbying	Foreword by the EB, Strategy	5 ff.
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions, by country	-	-
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	-	-
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Annex IV: Data regarding safety, the environment and supply chain responsibility (Financial penalties)	207
SO9	Operations with significant potential or actual negative impacts on local communities	-	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	-	-

Product responsibility			
Indicator	Description	Reference	Page
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	-	-
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	-	-
PR3	Type of product and service information required by procedures	-	-
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	-	-
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Gasunie in society (Stakeholder feedback)	65 ff.
PR6	Programmes for adherence to laws, standards and voluntary codes concerning marketing communications	-	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	-	-
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	-
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Annex IV: Data regarding safety, the environment and supply chain responsibility (Financial penalties)	199 ff.

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