

Annual Report

From gas transmission company
to energy infrastructure company



Index

Management summary	7
From gas transmission company to energy infrastructure company	7
Financial results	11
MANAGEMENT REPORT	
01 About Gasunie	17
Our role in the energy supply chain	17
How we are organised	18
Vision 2030	20
Our strategy	28
How we create value	30
What we see around us	31
What matters to our stakeholders	32
02 Optimising infrastructure	34
We facilitate our customers as much as possible with our gas infrastructure	34
We minimise our costs while retaining our licence to operate	39
03 Connecting Europe	52
We strengthen our position in our core area through partnerships and new initiatives	53
We advise on how to maintain and facilitate security of supply and a liquid gas market to reduce production from the Groningen gas field as quickly as possible	55
04 Accelerating the energy transition	59
We lead the way in hydrogen and green gas	59
We play an active role in the development of infrastructure for heat transport and CO ₂ transport and storage	67
05 Foundations of our organisation	73
We create a workforce with the right proportions and skills	73
We create a work environment and working conditions geared towards increasing focus, performance, a sense of purpose and job satisfaction	75
We continuously improve our governance, processes and collaboration	78
06 Our dilemmas	87

07 Governance	88
Governance	88
Report from the Supervisory Board	98
Remuneration policy for the Executive Board	105
Composition of the Supervisory Board	110
Composition of the Executive Board	112
Statement of the Executive Board	115
08 Interviews	116
Natural gas and hydrogen in Germany's energy transition	116
Sustainable financing for our energy transition projects	119
NorthH2 accelerates the energy transition and strengthens the north	121
Joining forces for an integrated climate-neutral energy system	123
Talent energised by energy transition	125
FINANCIAL STATEMENTS	
09 Consolidated financial statements	128
Consolidated statement of financial position as at 31 December 2020	128
Consolidated statement of profit and loss for 2020	130
Consolidated statement of other comprehensive income for 2020	131
Consolidated statement of changes in equity for 2020	132
Consolidated cash flow statement for 2020	133
10 Notes to the consolidated financial statements	135
Notes to the consolidated financial statements	135

11 Additional notes to the consolidated financial statements	150
1. Significant matters and events in 2020	150
2. Business combinations and new entities	151
3. Financial information by operating segment	151
4. Impairment tests	155
5. Tangible fixed assets	158
6. Investments in joint operations	161
7. Investments in joint ventures	163
8. Investments in associates	166
9. Other participating interests	166
10. Deferred tax assets	168
11. Inventories	170
12. Trade and other receivables	171
13. Corporate income tax	172
14. Cash and cash equivalents	172
15. Equity	172
16. Interest-bearing loans	173
17. Lease liabilities	176
18. Contract liabilities	177
19. Deferred tax liabilities	177
20. Employee benefits	179
21. Other provisions	181
22. Current financing liabilities	182
23. Trade and other payables	183
24. Financial instruments	183
25. Off-balance sheet obligations	189
26. Net revenue	190
27. Personnel expenses	191
28. Other costs	194
29. Financial income	194
30. Financial expenses	195

31. Income taxes	195
32. Workforce	196
33. Related parties	196
34. External auditor's fees	197
35. Events after the balance sheet date	197
12 Company financial statements	198
Company statement of financial position as at 31 December 2020	198
Company statement of profit and loss for 2020	200
13 Notes to the company financial statements	201
Notes to the company financial statements	201
14 Additional notes to the company financial statements	203
36. Tangible fixed assets	203
37. Financial fixed assets	204
38. Receivables from group companies	206
39. Issued share capital	206
40. Revaluation reserve	206
41. Legal reserve	207
42. Other reserves	208
43. Unappropriated result	209
44. Provisions	209
45. Trade and other payables	210
46. Liabilities to group companies	210
47. Net revenue	210
48. Personnel expenses	211
49. Other expenses	211
50. Financial income and expenses	212
51. Income taxes	212
52. Other items	213
53. List of group companies and participating interests	213
15 Signature	215

16 Other information	217
Provisions of the articles of association governing profit appropriation	217
Independent auditor's report	217
Assurance report of the independent auditor	217
ANNEXES	
17 Annexes	219
Report of the Works Council	219
Other data – employees	221
Other data – stakeholders	221
Other data regarding safety and the environment	223
Product and supplier information & Socially responsible procurement	229
Reporting principles	233
2020 management agenda	239
Connectivity table	240
GRI index	242
Definitions	246
Disclaimer	253
Contact	253

Management summary

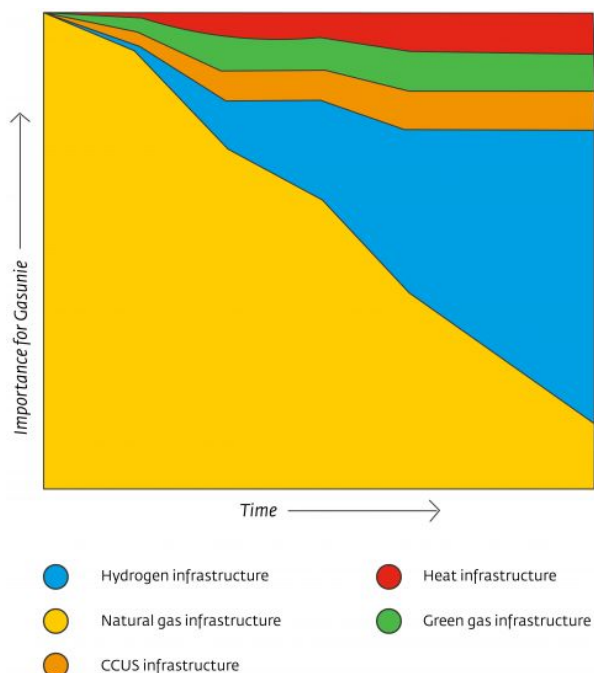
From gas transmission company to energy infrastructure company

While the COVID-19 pandemic kept a tight grip on all of our lives, 2020 at Gasunie was also about 2030. At the start of the year, we launched Vision 2030, which captures our existing strategy for the coming ten years. Over this period, we will transform from a gas transmission company into an energy infrastructure company.

The European Union aims to be climate-neutral by 2050, which it intends to achieve through an energy transition. We at Gasunie believe this is possible. As an infrastructure operator that matches energy supply to demand, we are in a unique position to accelerate the energy transition. This is a responsibility we want to take.

Molecules

The energy that we all use is transported and supplied either in the form of electrons (electricity) or in the form of molecules (fuels or hot water). In a climate-neutral society, energy will consist of molecules for 30% to 50%. And we operate one of north-western Europe's densest transmission networks for molecules. In thirty years' time, this network will no longer transport natural gas, instead transporting hydrogen, green gas, heat and CO₂, without compromising on reliability and safety.



Investment plans

We are ambitious in our plans. Over the coming ten years, we intend to invest billions in the energy transition, both on our own and with partners. Not all of the plans are set in stone, but in all of the transition scenarios imaginable, we are part of the solution as a public open-access service provider. And that solution is an integrated energy infrastructure where electrons and molecules reinforce each other.

'Groningen' on stand-by

In the meantime, we will continue to do what we have been good at since the 1960s: provide accessible and cost-effective natural gas transmission and storage. This, however, is also an area where we face a challenging task over the coming years. The Groningen gas field, which has for so long been the central source of our gas network, will be switched to stand-by in 2022 and closed permanently over the 2025-2028 period. One or several gas storage facilities in the Netherlands may also be closed.

COVID-19

Like society as a whole, Gasunie felt the strain of COVID-19. The virus hit a number of our colleagues and their loved ones hard. Our colleagues working out in the field continued their activities, as safely as possible. Most of the staff at our offices managed to switch to home working relatively quickly and smoothly. Our customers could rely on an uninterrupted supply. We are hugely proud of all the colleagues who have pulled together to make this possible.

Due to economic stagnation and the warm winter, demand for natural gas fell slightly in north-western Europe. Combined with the global excess supply of LNG, this led to low gas prices and full gas storage facilities. Gasunie transported 1,085 TWh in 2020, a 1.9% drop compared to 2019. Revenue from our gas transmission networks in the Netherlands and Germany is subject to regulation, which means that revenue for the current year will be determined by the capacity booked over the year at the tariffs set by the regulator. If the capacities booked in any year exceed or stay below the level assumed by the regulator, we will offset the difference in subsequent years. Given that the transported volume does not relate to capacity booked on a 1-on-1 basis, lower transported volume does not affect our revenue to the same proportion.

The changing role of natural gas

Over the past years, the world in which Gasunie operates has changed fundamentally. In the Netherlands, public opinion on natural gas has changed drastically, partly on the back of the public debate about the energy transition. By 2030, domestic demand for natural gas will have dropped by a quarter, according to our current projections. We expect the role of natural gas to partly be taken over by green gas and hydrogen. You need a good reputation based on good performance in safe, reliable and sustainable transmission of natural gas to be able to claim a role in building and operating new energy infrastructure.

In Germany, natural gas is clearly in a better position than in the Netherlands. Natural gas is still very much in an excellent position there. As Germany is phasing out coal and nuclear ('Kohleausstieg' and 'Atomausstieg'), demand for natural gas is expected to increase slightly over the coming ten years. There is currently broad political support for investments in LNG infrastructure in Germany, on the back of growing demand for natural gas and the need to diversify supply streams, also in light of the closure of the Groningen gas field.

Serving the transition

In this changing environment, Gasunie sees a lot of opportunities and a key servient role for itself in the energy transition. Gasunie has decades' worth of knowledge and experience in the area of natural gas transmission and storage. We harness this knowledge, in close collaboration with other parties, for the transport and storage of other molecules, i.e. hydrogen, green gas, heat and CO₂. We will also be able to use part of our existing infrastructure for that, especially since demand for gas is set to slowly decline and the need for a double gas network (for Groningen gas and high-calorific gas) with the current scale is reducing.

This is how we intend to gradually build a hydrogen transmission and storage infrastructure with nationwide coverage that branches off to future hydrogen networks in our neighbouring countries. This hydrogen backbone will be built cost-effectively: most of the backbone will be made up of adapted natural

gas pipelines. In the province of Zeeland we have already shown that it can be done, safely and reliably. We are also set to scale up green gas feed-in to our gas grid over the coming years. In Rotterdam and Amsterdam, we are, as a transport pipeline operator, part of consortia that have set out to inject industrially captured CO₂ into empty gas fields in the North Sea. In the province of Zuid-Holland, we want to build WarmtelinQ, a large-scale regional heat grid that transports residual heat from the Rijnmond industrial area to the cities of The Hague and Leiden.

Innovation and taking initiative are anchored in our corporate culture. Last year, for example, we took the first steps in setting up a virtual hydrogen exchange. Our TTF gas trading platform is Europe's largest virtual natural gas exchange, and we believe a similar exchange for hydrogen can play the same role in kickstarting the hydrogen market. Our Vertogas subsidiary currently issues guarantees of origin for green gas, and it will soon start doing the same for green and blue hydrogen. Internally, we laid the foundations for our revamped CSR policy in 2020, which is intended to make our operations more sustainable to ensure the most positive impact on society possible.

Investing ahead of the market curve

We have already gotten a lot done in 2020. With the knowledge and projects that we have now, we will be able to start seizing the transition opportunities for the Netherlands and north-western Europe. The energy transition will be the fastest, most effective and most cost-efficient it can be if we interconnect systems for electricity and gases in a smart way. Our plans for adaptations and expansions are financially attractive in this respect.

While Gasunie is in good financial health and has resources, our investment criteria mean that we still need grants and other forms of government support. As a network operator, we have to stay ahead of the market in our investments, while the scope and timing of future cash flows from these new projects are often still unclear.

Gasunie cannot bear these risks on its own. Part of the funds will have to come from the government in the form of grants. Another part will come from consortium partners, and yet another part from Gasunie itself. This requires mutual trust, which we have undeniably seen increase over the past year. Hydrogen is high on the political agenda. High-profile commercial partners are joining the NorthH₂ hydrogen project. Carbon storage projects can now also apply for the SDE++ grant. European support funds are becoming available.

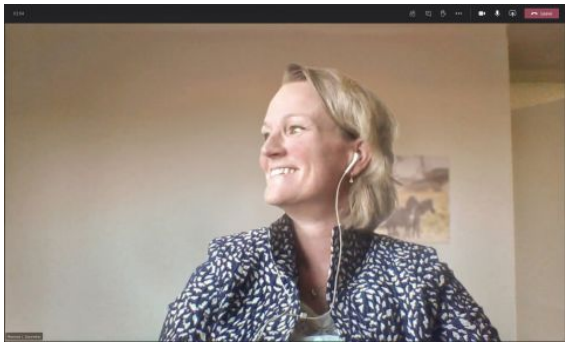
Confidence

The [Dutch Climate Agreement](#) shows that both politicians and the market recognise the importance of molecules for the Netherlands' future energy supply, as well as the importance of integrating the energy systems for electrons and molecules. Nonetheless, considerable effort is still required to garner sufficiently broad support, both on a domestic and a European level. Our plans are not set in stone, but move with our stakeholders' willingness and convictions. We are confident that the government, market and society at large will enable us to go ahead with a significant part of our intended investments. The more we succeed in doing that, the greater the opportunities to hit Dutch and European climate targets on time and in a cost-effective way and the greater the economic benefits our European region will reap from the energy transition. Up and onwards to 2030!

Han Fennema, Janneke Hermes, Bart Jan Hoevers and Ulco Vermeulen



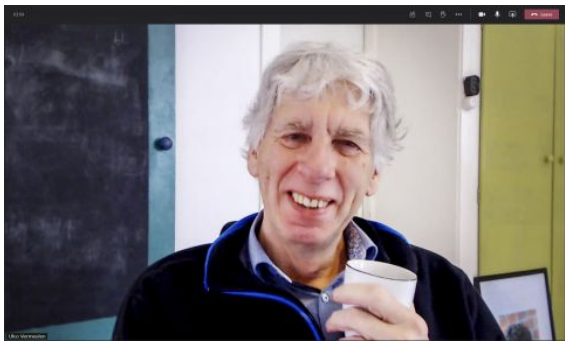
Han Fennema



Janneke Hermes



Bart Jan Hoevers



Ulco Vermeulen

Financial results

<i>In millions of euros</i>	2020	2019
Reported		
Revenues	1,372	1,278
Total expenses	-513	-775
Operating result (EBIT)	859	504
Financial income and expenses	-68	-81
Share in result of associates	62	94
Result before taxation	853	517
Taxes	-253	-105
Result after taxation	600	412

Revenues

Gasunie saw its revenue rise by € 94 million in 2020. This increase was largely due to the first pipeline of the EUGAL pipeline project being commissioned and shifting gas flows in Germany, which results in greater demand for transport capacity at Gasunie Deutschland (GUD). Revenue from regulated activities in Germany was over € 60 million higher than in 2019.

Gasunie Transport Services' (GTS) revenue came in over € 20 million higher than in 2019, despite less transport capacity being booked. This is related to higher tariffs than in 2019, mainly due to a ruling by the Dutch Trade and Industry Appeals Tribunal.

Revenue from non-regulated or (partly) exempted activities totalled € 149 million and was slightly higher than last year.

The method of regulation in both the Netherlands and Germany includes various regular post-calculations. When actual revenues deviate from the permitted revenues, the difference is settled in the tariffs for subsequent years. A post-calculation mechanism also applies to part of the energy costs for gas transport. For the effects of this mechanism, please refer to the 'Regulated revenue and tariffs' section.

Operating result

The operating result increased by € 355 million compared to last year. The main reason for the increase is a reversal of an impairment loss of € 300 million recognised in the past. This reversal is mainly due to the lower IFRS discount rate. Without this reversal, the increase is € 55 million. To be able to adequately compare our performance in 2020 and 2019, the normalised results are shown below. The normalised results have been corrected for the one-off effect of the aforementioned valuation effect.

<i>In millions of euros</i>	2020	2019
Normalised		
Revenues	1,372	1,278
Total expenses	-813	-775
Operating result (EBIT)	559	504
Financial income and expenses	-68	-81
Share in result of associates	62	94
Result before taxation	553	517
Taxes	-178	-105
Result after taxation	375	412

Operating expenses were up € 21 million on last year, mainly due to personnel-related costs and the increase in activities as part of the energy transition.

Energy costs of gas transport were up € 26 million on last year. Energy usage by nitrogen installations in particular increased because they were used more. We have furthermore expanded the Wieringermeer conversion plant and a new nitrogen contract with an external supplier came into force. Another factor that drove up the costs of gas transport is the increase in energy prices.

Our depreciation costs were down € 8 million on 2019. On the one hand, the effects of the (temporary) decommissioning of installations in 2019 resulted in lower depreciation costs in 2020.

On the other hand, the commissioning of new assets, such as the EUGAL pipeline in Germany, pushed up depreciation costs.

Result after taxation

Despite the increase in the operating result, the normalised result after taxation was down € 37 million on 2019. The balance of financial income and expenses fell by € 13 million due to the refinancing of two bond loans at a lower rate of interest in late 2019. The result of participating interests was down € 32 million as a result of a one-off effect in 2019. In 2019, dividend paid by Nord Stream was higher on a one-off basis because of a shift from 2018 to 2019.

The normalised tax expense increased by € 73 million compared to 2019. One important reason for that is that the tax expense was substantially affected by the adjustments to corporate income tax rates in the Netherlands in both 2019 and 2020. Another effect is the higher normalised taxable result in 2020.

<i>In millions of euros</i>	2020	2019
Balance sheet		
Fixed assets	10,143	9,817
Equity	6,341	5,935
Balance sheet total	10,386	10,126
Invested capital	9,876	9,494
Cash flow statement		
Cash flow from operating activities	816	658
Cash flow from investing activities	-354	-418
Cash flow from financing activities	-489	-222
Net cash flow	-27	18
Ratio's		
ROIC normalised	5.2%	5.1%
ROE normalised	6.1%	6.9%
FFO / interest ratio	11.0	8.5
Net debt including guarantees/tangible fixed assets	39%	42%

Investments

The total investment value in the EUGAL pipeline project is approximately € 475 million for GUD, € 360 million of which was expended as of year-end 2020. The expected investments for the nitrogen plant in Zuidbroek are approximately € 500 million, € 325 million of which was expended as of year-end 2020.

Investments relating to renewable energy totalled approximately € 20 million in 2020 and included investments in WarmtelinQ (heat grid in the province of Zuid-Holland), Porthos (CCS) and a number of green gas initiatives.

Financial outlook

The operating result is expected to drop to the normalised operating result for 2020 over the coming years, due in particular to falling regulated revenue. Besides that, energy costs of gas transport are expected to rise on the back of the upward trend in energy prices and the increase in energy usage by our installations as they are used more.

Over the next two years, we expect an investment level of approximately € 300 million a year, without factoring in investment decisions on major energy transition projects. The investment level in 2020 was approximately € 400 million.

Regulatory settlements

The regulatory methods may lead to settlements in years to come. Current IFRS accounting rules do not allow regulatory settlements to be recognised on the balance sheet as a receivable or debt. Consequently, under IFRS, we do not recognise regulatory settlements in the year in which they arise, but in the year in which the settlements take place in the tariffs. This causes timing differences between IFRS and the regulatory revenue model, which can result in periodic impairment.

German regulations provide for network operators to receive an investment allowance during the construction phase of an expansion investment. After the investment is put into operation, this investment allowance must be repaid over a period of twenty years. This repayment takes place by

settlement through the tariffs. This arrangement is nominally neutral; however, by bringing the investment allowances forward, a positive net present value effect arises. Over the past decade, GUD has made major expansion investments and therefore received significant investment allowances. The focal point of the repayment obligation lies in the period from 2023 onwards, resulting in a substantial decrease in revenues.

In the tables below, revenues are shown corrected for regulatory settlements resulting from differences between the permitted and actual revenues and energy costs (ENF). GUD's revenues have been corrected for investment allowances received. In the tables below, we have not taken into account special settlements, such as settlements resulting from appeal procedures.

Gasunie Transport Services	2020	2019
<i>In millions of euros</i>		
Revenues based on IFRS policies	946	921
This year paid for regulatory settlements to compensate for previous years	5	5
Settlement to be received for revenue / ENF achieved (versus permitted revenue-ENF) for this year	36	10
Investment allowances	-	-
Revenues corrected for regulatory settlements	986	936

Gasunie Deutschland	2020	2019
<i>In millions of euros</i>		
Revenues based on IFRS policies	311	247
This year paid for regulatory settlements to compensate for previous years	-25	-19
Settlement to be received for revenue / ENF achieved (versus permitted revenue-ENF) for this year	-41	21
Investment allowances	-20	-29
Revenues corrected for regulatory settlements	225	220

The normalised EBITDA corrected for the aforementioned regulatory settlements (the underlying result) was € 832 million in 2020 (€ 818 million in 2019) and is made up of EBITDA (€ 877 million), regulatory settlements at GTS (€ 5 million and € 36 million) and regulatory settlements at GUD (€ -25 million, € -41 million and € -20 million).

The tariffs for 2020 included set-off of an amount of € 20 million from previous years. This sum consists of a negative settlement of € 5 million for GTS and a positive settlement of € 25 million for GUD.

In 2020, the difference between the permitted revenues and energy costs and actual revenues and energy costs amounted to € 5 million. For GTS, this difference was € 36 million and for GUD, € 41 million. These amounts will be set off in the tariffs in subsequent years.

GUD received approximately € 21 million in investment allowances in 2020 and repaid € 1 million. The amount received will have to be repaid again in future years.

The tables below show the movements in the regulatory receivables and debts to be settled which, on the basis of IFRS policies, have not been included on the balance sheet. We have also not taken the special settlements into account in the tables below.

Overview of regulatory amounts to be settled	2020	2019
<i>In millions of euros</i>		
Gasunie Transport Services		
To be settled on 1 January	21	6
This year paid for regulatory settlements to compensate for previous years	5	5
Settlement to be received for revenue / ENF achieved (versus permitted revenue-ENF) for this year	36	10
Investment allowances	-	-
To be settled on 31 December	61	21
Gasunie Deutschland		
To be settled on 1 January	-45	-47
This year paid for regulatory settlements to compensate for previous years	-25	-19
Settlement to be received for revenue / ENF achieved (versus permitted revenue-ENF) for this year	-41	21
Investment allowances	-20	-29
To be settled on 31 December	-131	-74

A regulatory settlement for a sum of € 70 million (debt) had to be made at year-end 2020. This sum consists of an estimated € 61 million to be received for GTS and an estimated amount repayable for GUD of € 131 million. The final amounts will ultimately be set by the regulatory authorities. In the table below, we have broken this amount down by the periods in which the amounts will be settled in the tariffs and recognised in the financial statements on the basis of IFRS policies:

Amounts to be settled at year-end 2020 according to term	Total	0-1 year	2-5 year	> 5 year
<i>In millions of euros</i>				
Gasunie Transport Services	61	25	36	0
Gasunie Deutschland	-131	26	-41	-117
Total to be settled	-70	51	-5	-117
of which investment allowances to be settled	-139	-1	-22	-117

Tax payments

In 2009, Gasunie entered into a 'compliance covenant' with the Dutch tax authorities to lay down mutual agreements. In line with this covenant, an internal Tax Control Framework (TCF) was set up, on the basis of which the tax policy, tax processes and control measures were drawn up and implemented.

The table below shows how much we paid in taxes or received as a rebate for the most important types of taxes.

Tax payments	2020	2019
<i>In millions of euros</i>		
Netherlands		
Corporate income tax	-26	-45
VAT	48	48
Wage tax	-57	-102
Dividend tax	-43	-34
Total	-78	-133
Germany		
Corporate income tax	-33	-26
VAT	-2	29
Wage tax	-12	-11
Total	-47	-8

Our wage tax payment was higher in 2019 due to a one-off effect of the voluntary severance scheme and the buyout of a number of secondary employee benefits in that year. The VAT payment in Germany was negative in 2019, due to expenditure on the EUGAL project. The relatively low payment in 2020 was also due to expenditure on the EUGAL project.

01 About Gasunie

Our role in the energy supply chain

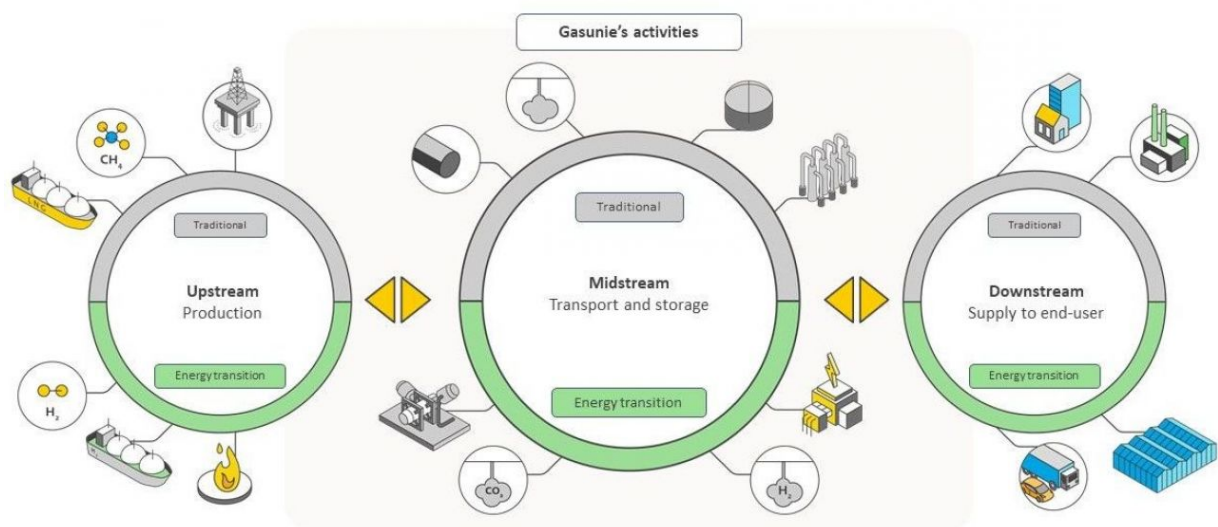
Gasunie is an energy infrastructure company. In the Netherlands and the northern part of Germany, we operate the infrastructure for the large-scale transport, storage and conversion of gas. At the moment, this is mainly natural gas, but the energy transition is increasingly bringing about a shift towards green gas and hydrogen. We also work on the construction and operation of heat and CO₂ networks.

Our task is to ensure safe, reliable, affordable and sustainable energy infrastructure services, ensuring that everyone has access to energy, always. This is of crucial importance to the economy and society. Our infrastructure, services and geographical position mean that we are at the heart of the north-western European gas market.

Gasunie has two principal activities:

- we provide regulated, open-access transport services through the gas transport network in the Netherlands and Germany,
- and we offer energy infrastructure services, either independently or in partnership with other parties.

Gasunie is a connecting factor in the energy value chain



Our transport and infrastructure services connect the producers of energy to the (end) users of energy. We give third parties non-discriminatory access to our services.

We operate and develop energy infrastructure and energy trading platforms: gas transport networks, international transit pipelines, gas storage, gas conversion, LNG infrastructure and virtual gas trading platforms.

Our infrastructure functions as an international hub for the supply and transit of gas. This enables us to contribute to a liquid, competitive and reliable European energy market.

We work to accelerate climate-neutral energy supply by developing transitional energy supply chains and sustainable energy supply chains. We do so by striking up new partnerships and creating new business models. We invest in projects in the areas of green gas, hydrogen, heating, CCUS and LNG.

The Dutch state is our sole shareholder. Our employees are spread over more than thirty locations in the Netherlands and northern Germany, with delegations in Brussels and Moscow. Our headquarters are in Groningen (the Netherlands), and our main German office is located in Hanover.

How we are organised

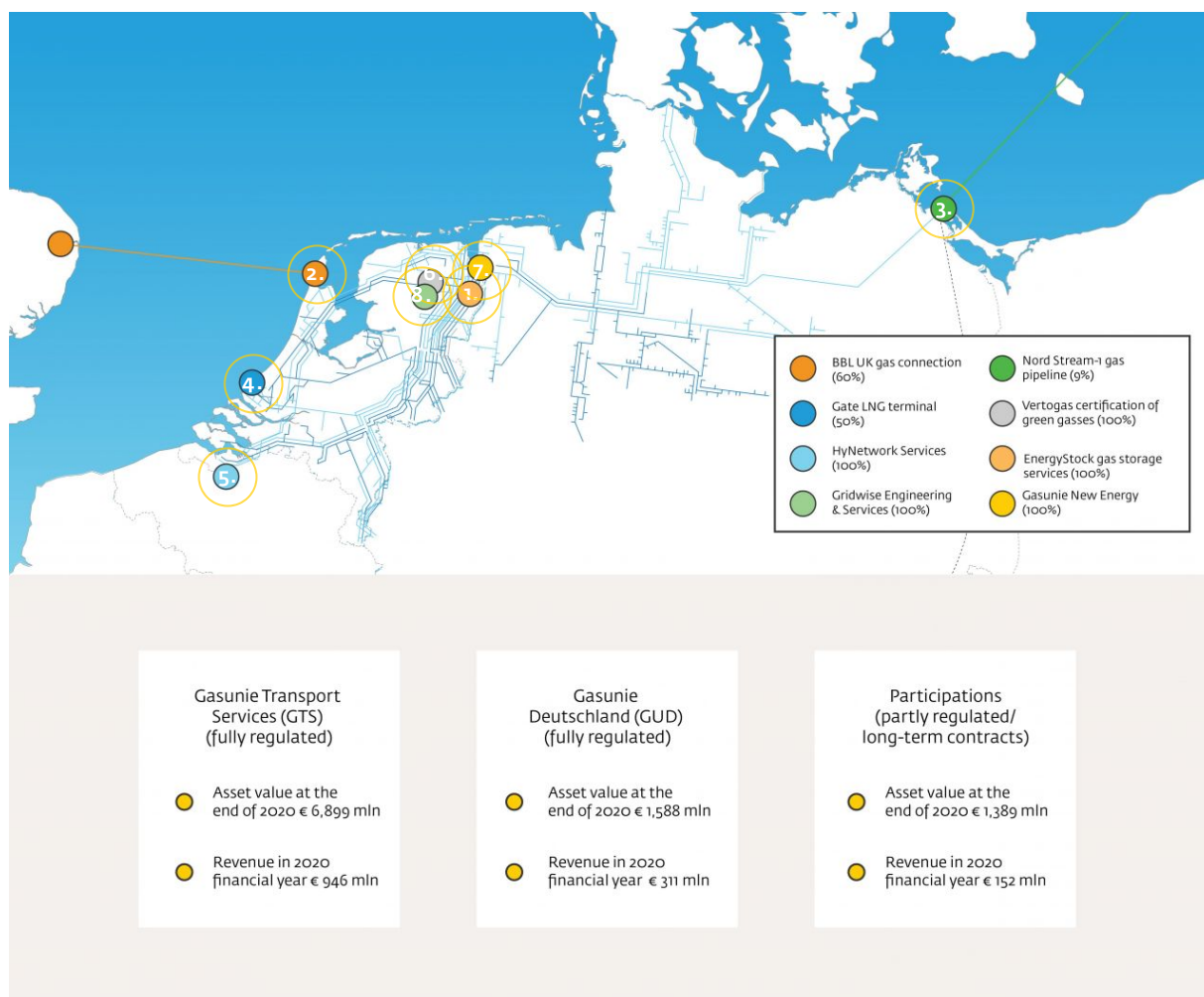
Gasunie has three business units, two of which operate a gas transport network. The latter two business units, Gasunie Transport Services (GTS) in the Netherlands and Gasunie Deutschland (GUD) in Germany, are network operators that offer their services in a transparent manner and sell the available capacity on non-discriminatory terms.

Gas can be fed into the network at entry points, and customers can draw gas from the network at exit points. Customers enter into contracts to reserve capacity at specific network entry or exit points over a specific period (year, quarter, month or day). The tariffs that GTS and GUD charge their customers and the resulting revenue [see illustration] are regulated by the Authority for Consumers & Markets (ACM) in the Netherlands and by the Bundesnetzagentur (BNetzA) in Germany.

Our third business unit, Participations, is responsible for the sale and delivery of energy infrastructure services. The tariffs for these services are not regulated. Customers buy capacity, which entitles them to use the relevant infrastructure during a certain period. The services are open access. The tariffs for these services are non-discriminatory and mainly determined by supply and demand. The Participations business unit is exposed to greater risk and generates greater revenue than GTS and GUD.

Our Participations unit's operations support the functioning and liquidity of the energy market. They position the Netherlands and Germany as a hub in international gas flows. In this way, they contribute to the utilisation of our gas transport networks in the Netherlands and Germany. We have both wholly-owned and partly-owned subsidiaries.

The transport networks operated by our GTS and GUD business units and the principal subsidiaries of our Participations business unit



1. EnergyStock (100%)

EnergyStock (100%) is an underground gas storage facility that can cover short-term differences between supply and demand, which makes it an important resource in balancing the portfolios of EnergyStock customers. In addition, EnergyStock is used by traders who want to take advantage of price fluctuations in the energy market. Under the HyStock trade name, EnergyStock is also looking to branch out into underground hydrogen storage.

2. BBL

BBL (60%) is a two-way gas pipeline that runs from Balgzand in the Netherlands to Bacton in the United Kingdom. It increases security of supply in both countries and is part of the integration of the European gas market, while also strengthening the Netherlands' position as a leading player in the European gas market. BBL furthermore interconnects the TTF and NBP virtual gas trading points.

3. Nord Stream

Nord Stream (9%) is a double natural gas pipeline through the Baltic Sea, which provides the European pipeline network with an extra connection to gas flows from Russia. Since 2012, Nord Stream has been delivering additional gas supply capacity on the north-western European gas market.

5. HyNetwork Services

HyNetwork Services operates the hydrogen pipeline between Dow Chemical's plant and the plant of fertiliser producer Yara, both in the province of Zeeland. At Dow, hydrogen is a by-product, while Yara needs it for its production. Since being taken into operation in October 2018, this pipeline has transported hydrogen without interruption in a safe, sustainable and reliable way.

7. Gasunie New Energy

Gasunie New Energy develops - together with partners - sustainable energy infrastructure for third parties. Examples include WarmtelinQ (residual heat transport), Porthos (CO₂ transport and storage), Biogas Network Twente (green gas feed-in to regional network) and SKW Assets (supercritical water gasification in a demo system made available to third parties).

4. Gate

Gate (50%) is a gas access terminal at Maasvlakte in Rotterdam that is the Netherlands' only import terminal for liquefied natural gas (LNG). Gate receives LNG for its customers, stores the LNG and converts it back into gaseous form, and then introduces it into the gas transport network for distribution to domestic households and industry. Part of the LNG Gate processes is stored in bunkering ships or tank lorries for transport to customers.

6. Vertogas

Vertogas works by order of the Ministry of Economic Affairs and Climate as a certification authority for green gas. Vertogas issues certificates (Guarantees of Origin) certifying the sustainable origin of green gas. In the future, Vertogas will also start certifying 'blue' and 'green' hydrogen, at the request of the Ministry of Economic Affairs and Climate.

8. Gridwise Engineering & Services

Gridwise Engineering & Services offers commercial services to organisations with an underground transport system, such as network companies, industrial parties and public and semi-public organisations. To be able to provide these services, Gridwise insources Gasunie expertise. Gridwise services include reviewing design documents, making safety calculations and cost calculations, costing checks, and issuing advice on pipeline routing.

Vision 2030

In early 2020, Gasunie captured its strategy in an outlook for the coming ten years. Our ambitions are clear. By 2030, we will have transformed from a gas transmission company into a broad energy infrastructure company. By then, we will be storing and transporting natural gas, green gas, hydrogen, CO₂ and heat in a safe, reliable, affordable and sustainable way. We will play a key role in achieving the ambitious climate goals set in the Netherlands, Germany and the European Union.

Here is how Gasunie sees the world ten years from now:



1. In 2030, we facilitate the energy market in the way we have always facilitated the natural gas market

3. In 2030, natural gas production in Groningen has ceased

5. In 2030, pipelines and ships transport ever greater volumes of foreign natural gas to our region

7. In 2030, Dutch natural gas storage facilities are still important

9. In 2030, we operate our open-access regulated hydrogen backbone in the Netherlands after having repurposed our existing natural gas pipelines

11. In 2030, we offer storage capacity in hydrogen caverns

2. By 2030, we have developed into a broadly oriented energy infrastructure company

4. In 2030, total domestic demand for natural gas has reduced by 25%

6. In 2030, our N₂ plants convert sufficient quantities of natural gas into Groningen-quality gas

8. In 2030, the domestic hydrogen market is up and running

10. In 2030, this national hydrogen backbone is connected to similar networks in neighbouring countries

12. By 2030, we have contributed to the development of electrolysis plants, enabling the market to produce hydrogen

13. In 2030, we run a successful hydrogen exchange

15. In 2030, we play an active role in the transport and storage of CO₂

14. In 2030, the market injects considerably greater volumes of green gas into our grid

16. In 2030, we play an active role in heat grids

These are the industries in which we want to operate in 2030:

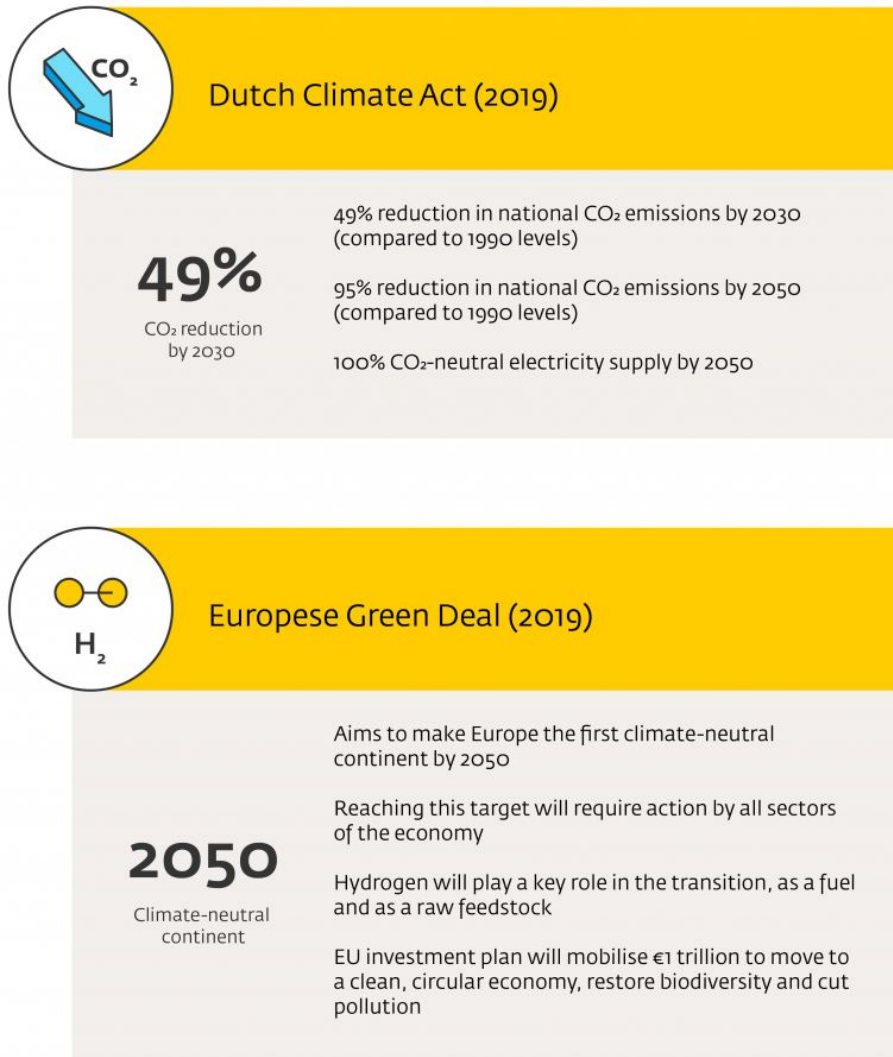
	Production	Conversion	Transport	Storage	Certification	Services	Distribution
Natural gas		✓	✓	✓		✓	
LNG		✓		✓		✓	
Green gas		✓	✓	✓	✓		
Hydrogen		✓	✓	✓	✓		
CCUS			✓	✓			
Heat			✓				

If we actually manage to implement all our energy transition projects and the tariffs for our hydrogen and heat operations are set by the regulatory authority or authorities, 75%-80% of our asset portfolio will be regulated and 20%-25% unregulated in 2030. This ratio is currently 85%-15% (2020).

Why look ahead ten years?

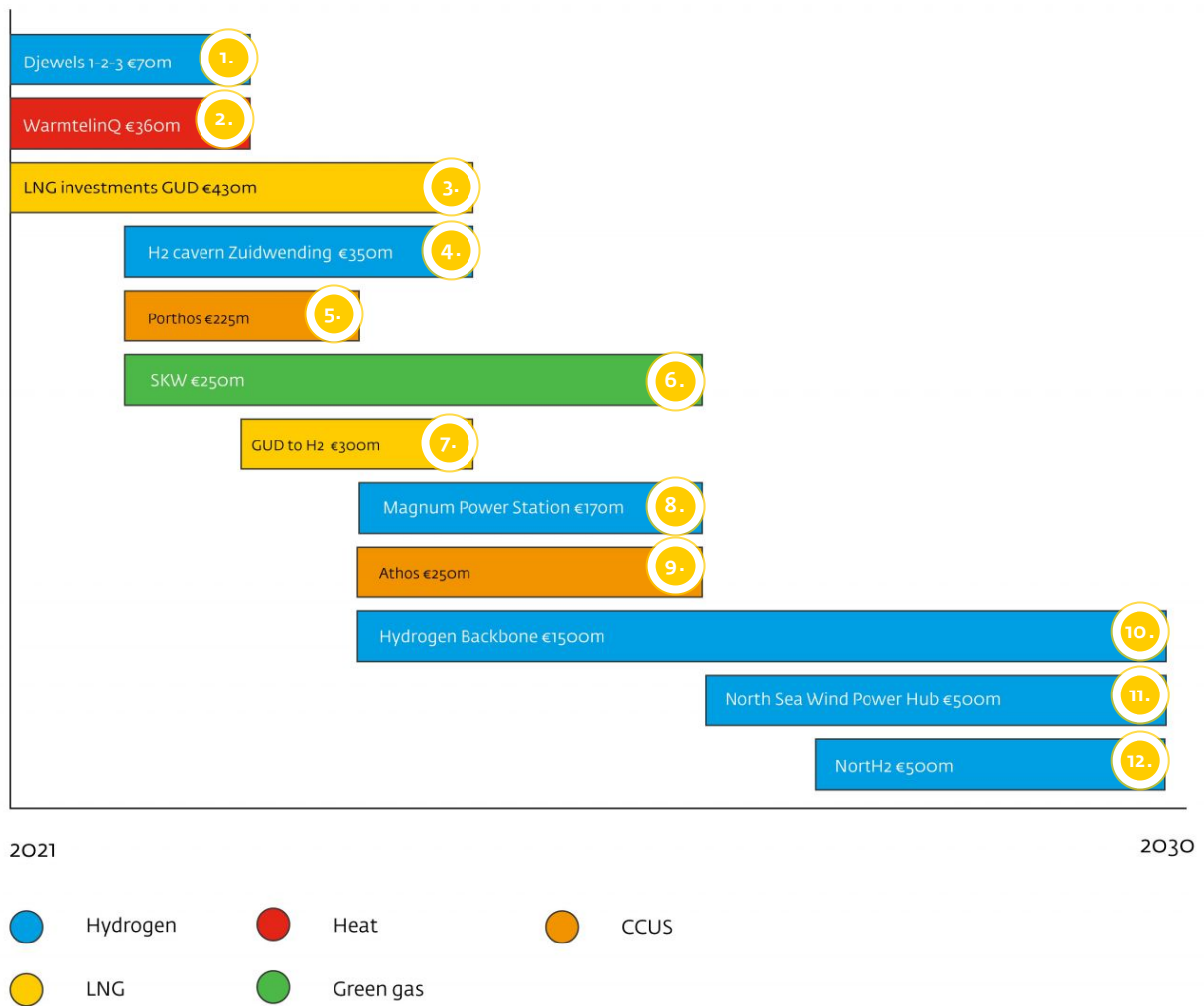
Ten years may seem like a long time away, but for a company such as Gasunie it is a logical time span to use. In our line of business, we have to deal with long lead times. When building infrastructure, you need a lot of time for things such as engineering, permits and legislation and regulations. In fact, we are currently about to get started on things we are going to need five or ten years from now. And secondly, 2030 is the year when the EU's interim climate targets have to have been achieved.

Gasunie has committed to the ambitious Dutch and European climate policy and is an active player in the energy transition



Our Vision 2030 includes large-scale energy transition projects that are in line with our strategy and for which we intend to make an investment decision in the coming years. We expect most of these projects to immediately or gradually be made subject to regulation, meaning that we will market these assets at regulated tariffs and on the same contract terms. For projects that are not subject to regulation, we hedge our risk by entering into long-term supply contracts with market players.

What we intend to do



1. Djewels-1

Together with Nobian, we are exploring the potential for large-scale conversion (20MW) of renewable power into green hydrogen at Delfzijl Chemical Park. Year of completion: 2023. Djewels 2 and Djewels 3 will subsequently further scale up this electrolysis capacity.

2. WarmtelinQ

Together with the Port of Rotterdam Authority, we are investing in WarmtelinQ, a heating mains that transports residual heat from the port area to consumers across the province of Zuid-Holland. We are doing this at the request of the Dutch Ministry of Economic Affairs and Climate.

3. LNG Germany

Germany needs LNG import capacity. With our partners Vopak and Oiltanking GmbH, we will make a decision in 2021 on the construction of an LNG terminal in Brunsbüttel in northern Germany. Other parties are also looking to build an LNG terminal in northern Germany, near the town of Stade. GUD will subsequently be tasked with connecting both these terminals to the gas grid.

5. Porthos

As a member of the Porthos consortium, we have set out, together with our partners EBN and the Port of Rotterdam Authority, to make it possible to store CO₂ in empty gas fields deep in the sea bed. In early 2021, we will make an investment decision on Porthos.

7. German hydrogen backbone

GUD is involved in the development of the German hydrogen backbone, which will be connected to its Dutch and Danish counterparts by GUD pipelines. The German hydrogen backbone will be a key part of Europe's future hydrogen network. GUD is furthermore an active member of various regional hydrogen projects and partnerships.

9. Athos

As a member of the Athos consortium, we have set out, together with our partners EBN, Tata Steel and the Port of Amsterdam, to make it possible to store CO₂ in empty gas fields deep in the sea bed. In early 2023, we will make an investment decision on Athos.

4. Hydrogen storage

We are studying the feasibility of large-scale underground hydrogen storage in four new caverns at our Zuidwending storage site. Worldwide, there are four sites where hydrogen is already stored underground in salt caverns. The first hydrogen-filled cavern could be operational around 2026.

6. SKW

Gasunie is one of the partners in SKW Assets Alkmaar, a supercritical water gasification plant that produces renewable gas and reusable materials from wet biomass. In 2020, preparations started for a project-based run-up to the commissioning of the 18MW plant in the summer of 2021.

8. Magnum Power Station

Together with Vattenfall and Equinor, we are looking into the large-scale production and use of carbon-neutral hydrogen in the Eems Delta region. In 2020, the consortium partners carried out further studies into the feasibility of the project.

10. Hydrogen backbone

We want to provide access to hydrogen from various future providers and transport it to the large industrial clusters in the Netherlands through a newly-developed backbone. By making maximum use of our existing infrastructure, this network can have a capacity of between 10GW and 15GW by 2030.

11. North Sea Wind Power Hub

A joint venture of TenneT, Energinet and Gasunie for large-scale off-shore wind power production in the North Sea. Part of the power generated will be converted into hydrogen or other gas forms. The hydrogen can subsequently be transported further onshore using our envisaged hydrogen backbone.

12. NorthH2

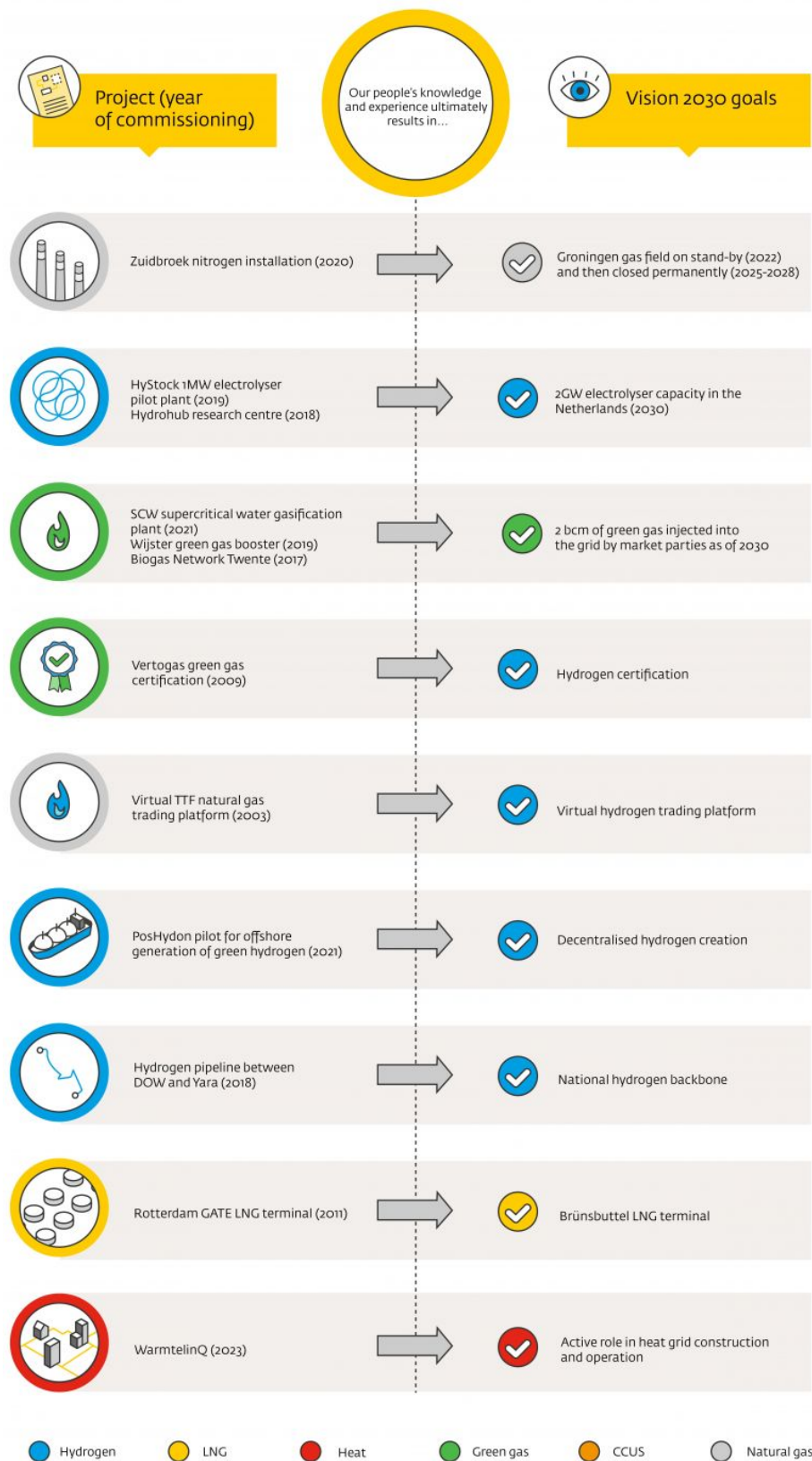
A mega off-shore wind farm that is to produce 4GW (by 2040: 10GW) of green power to supply to electrolyzers in Eemshaven. The green hydrogen will be transported to the main industrial hubs of north-western Europe through our hydrogen backbone.

Gasunie's total investment agenda for the coming ten years can run up to around € 7 billion. The above list shows the main investments we currently foresee, and the order in which they are likely to be made. On most of these projects, we work together with partners. Only Gasunie's part of the total investment is shown. There is a separate decision-making process for each project.

We are well-positioned

Gasunie has been investing in natural gas infrastructure for nearly sixty years and in energy transition projects for over a decade. The knowledge and experience we have gained along the way now put us in an ideal position to scale up and contribute materially to the energy transition. Our people can make a difference in the new energy world.

Current energy projects give us the opportunity to scale up



Thanks to their unique geographical location, our core markets of the Netherlands and northern Germany are ideally suited for the processing of large volumes of wind power generated at sea. This wind power can be used to make hydrogen. Hydrogen and LNG can be shipped overseas in tankers. Both in the Netherlands and Germany, our gas transmission networks interconnect major industrial hubs.

As demand for natural gas reduces over the coming years, we can switch industrial users from natural gas to hydrogen in phases. Green gas can also be fed into the existing gas pipelines. And finally, our know-how in the area of gas molecule transport and storage makes us an interesting partner for the construction and operation of transmission networks for heat and CO₂.

What we still need

In order to be able to scale up, we need long-term commitments, both from governments in the form of grants and specific policy and from consumers (industry, energy companies, market gardening cooperatives) in the form of co-investments and long-term contracts. This will allow green energy carriers to compete with fossil energy carriers.

Although we do not know if we will be able to complete all the above energy transition projects, we do know that we have picked up momentum over the past year. COVID-19 is leading to increasing European support for economic recovery through investment in renewable energy, and in hydrogen in particular. The hydrogen backbone project is the most important bridge between present and future, making it the biggest challenge that Gasunie currently faces.

How we finance it

We finance most projects together with customers and other partners, with additional help from government grants to cover start-up risks and punitively high front-end costs. We have earmarked a total amount of € 7 billion for our share of the investments required, spread out over the period from 2021 to 2030. The capacity bookings on our German network are set to increase over the coming years. In the Netherlands, however, they will go down, which is why the regulator will let us recoup investments in the network faster from 2022 onwards by charging higher tariffs. We are also planning to issue (green) bonds and arrange project financing.

At present, we pay 70% of our (normalised) post-tax profits to the Dutch state. We have agreed with our shareholder to evaluate this payout ratio over the coming months with a view to our ambitious investment agenda and the outcome of the new method decision by ACM.

Our strategy

Our vision for 2030 is a translation of our strategy. In the meantime, we will continue to ensure that the natural gas that society needs can continue to flow through our pipelines.

Strategic pillars



Optimising
infrastructure



Connecting
Europe



Accelerating the
energy transition



Foundations of our
organisation
Prerequisite for achieving the
goals of the pillars

We have 3 strategic pillars, which rest on the foundations of our organisation:

1. Ensuring a safe, reliable, affordable and sustainable gas infrastructure in our core area.
2. Contributing to an efficient gas infrastructure and services for a properly functioning European natural gas and LNG market.
3. Accelerating the transition to a CO₂-neutral energy supply

From the foundations of our organisation and the strategic pillars, we have extrapolated nine strategic goals, i.e. focus areas. In this annual report, we will go into the results achieved and the outlook in these nine focus areas:

Optimising infrastructure



We minimise our costs while retaining our licence to operate



We facilitate our customers as much as possible with our infrastructure

Connecting Europe



We strengthen our position in our core area (Netherlands and Germany) through partnerships and greenfield projects

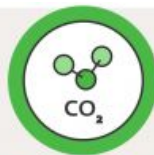


We advise on how to maintain and facilitate security of supply and a liquid gas market to reduce production from the Groningen gas field as quickly as possible

Accelerating the energy transition



We lead the way in renewable gas (green gas/hydrogen)



We play an active role in the development of heat transport infrastructure and CO₂ transport/storage

Foundations of our organisation



We create a workforce with the right proportions and skills



We create a work environment and working conditions geared towards increasing focus, performance, a sense of purpose and job satisfaction



We continuously improve our governance, processes and collaboration

How we create value

Our value creation model



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 and gas related infrastructure solutions.

Mission

Gasunie is a leading European energy infrastructure company, whose core activities are gas transport and gas storage. We serve the public interest and facilitate the energy transition by providing integrated infrastructure services. We focus on value creation for our shareholder(s) and other stakeholders and apply the highest safety and business standards used in the sector.

Our value creation model shows how we deploy our resources to achieve our strategic goals. It also visualises the values we create through our core activities and the impact these have on society. The latter point will be increasingly prominent in our external reporting over the coming years, such as in our annual report.

What we see around us

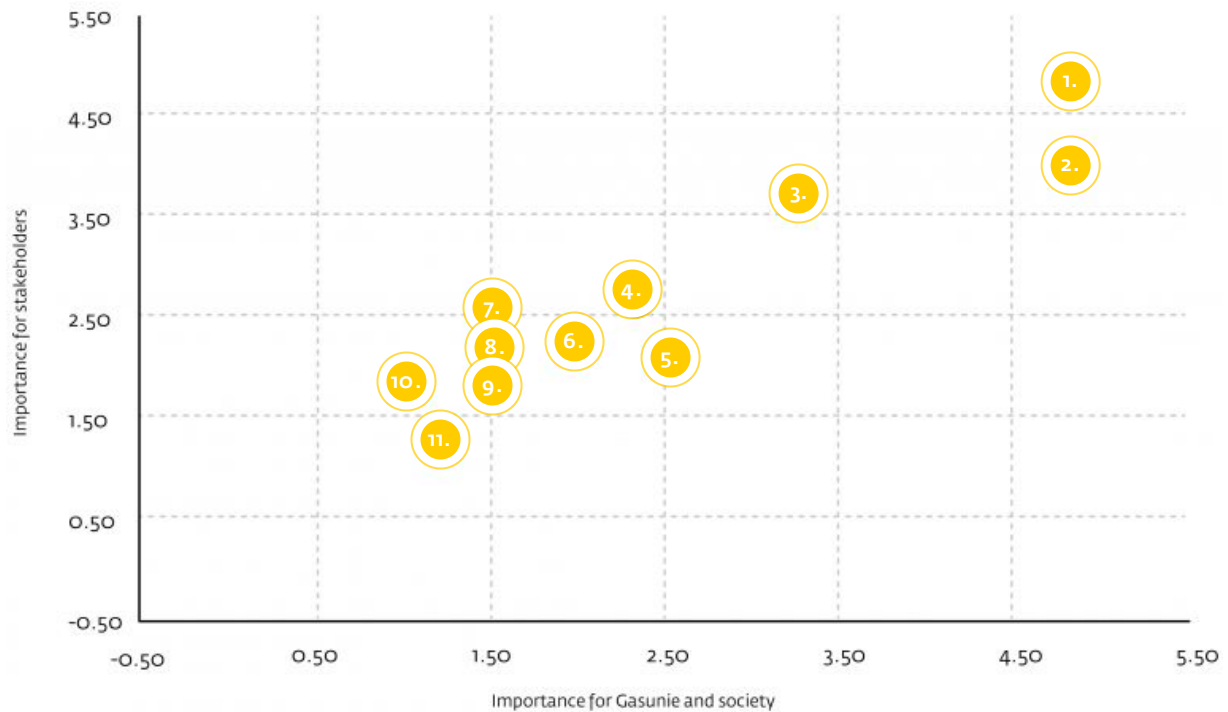
In 2020, we saw growing awareness of the importance of molecules for our future energy supply in the political domain and the market. The same goes for system integration, i.e. the future alliance between electricity infrastructure, gas infrastructure and heat infrastructure. In the Netherlands, the government published its [Vision on hydrogen](#) and the [Green Gas Roadmap](#), while Germany published a [national hydrogen strategy](#). The European Commission's [European Green Deal](#) sets out a roadmap to decarbonise the economies of the EU. European power and gas grid operators are increasingly sharing their different scenarios and mutually aligning their investment plans.

Pressure on European energy network operators to facilitate a rapid energy transition increased over the past year. In September, the European Commission published [a proposal](#) to raise the European greenhouse gas reduction target for 2030 from 40% to at least 55% (compared to 1990). According to the Commission, this is necessary to be able to achieve full climate neutrality and hit the targets from the Paris Climate Agreement by 2050. The European Parliament wants to raise the target to 60%.

In 2020, the COVID-19 pandemic brought a global economic recession that led to lower natural gas prices and lower prices for carbon emission rights, especially due to a drop in industrial activity. Prices for carbon emission rights went back up again later on in 2020. The impact on demand for natural gas in north-western Europe was relatively minor. The volume of gas that flowed through our Dutch pipelines dropped by 4%, while volumes in Germany actually went up by 6%. Due to the completion of new LNG production facilities and lagging demand for LNG in Asia, there was a surplus supply of LNG in Europe, which pushed down gas prices in Europe. Competition on price between natural gas transport through pipelines and LNG transport by ship has increased. As a result of the low prices in the market, natural gas storage facility occupancy rates were at historically high levels. In late 2020 and early 2021, gas and LNG prices showed an upward trend on the back of the economic recovery in Asia.

What matters to our stakeholders

Gasunie has a large number of stakeholders with different interests. Our stakeholders range from customers, suppliers and strategic partners to governments, employees and local residents. As a company, we are in constant dialogue with these internal and external stakeholders. It is extremely important to us to know what they consider important focus points for Gasunie, which we gauge every other year by conducting a stakeholder survey. We subsequently plot the results of this survey in our materiality matrix. These results help us in deciding what themes are important to address in our annual report.



1. Energy transition: accelerating the transition to a CO₂ energy supply by using our infrastructure and knowledge for green gas, hydrogen, heat and CO₂ storage.

2. Security of supply: guaranteeing a reliable and continuous energy supply.

3. Safety of the network: managing and maintaining our network and minimising the chance of gas leaks caused by pipeline damage.

4. Relationship with stakeholders and local communities: in order to carry out our mission, strategy and activities well, we want to know the interests of our stakeholders and include these as much as possible in our decision-making. Shifts in these interests can also have an impact on our strategy and activities. We are therefore constantly in dialogue with many different stakeholders.

- | | |
|--|---|
| 5. Strong market position: strengthening Gasunie's position in the Dutch and German gas markets for a liquid European gas market, also in collaboration with partners. | 6. Customer-focused and transparent collaboration. |
| 7. Environmental impact of our own organisation. | 8. Complying with and influencing laws and regulations. |
| 9. Employee health, safety and development. | 10. Financial performance. |
| 11. Cybersecurity. | |

What stands out?

Our most recent survey (late 2019) showed a clear top 3, of which the Energy Transition (number 1) and Security of Supply (number 2) were also part of the top 3 in our previous matrix, drawn up in 2017. It did not come as a surprise to us that the Energy Transition, Security of Supply, and Safety of the Network made it into the top 3, because these are areas where we have the greatest societal impact. It is no surprise either that the Energy Transition is number 1, given the ongoing societal and political debates on this topic.

Strength of our Market Position (number 5) is closely related to the top 3. Relationship with Stakeholders and Local Communities (number 4) was not a specific topic in the previous analysis, but now occupies a prominent position in the matrix. The environmental impact of our own organisation has dropped several places. Environmental impact has been a broadly-recognised topic for several years, which may mean it has 'normalised' for many stakeholders. As this topic is important both to us and to society, we will continue to cover it in this report. Please refer to the [Reporting principles](#) appendix for details on how we put together the materiality analysis. In the [Connectivity table](#) appendix, we show the correlations between the material topics and the trends and developments we are seeing around us, our strategic pillars and our strategic goals, the risks we are facing, our stakeholder groups, our KPIs and our results, our social impact and our sustainability goals.

02 Optimising infrastructure

Optimising infrastructure



We minimise our costs while retaining our licence to operate



We facilitate our customers as much as possible with our infrastructure

As long as there are not enough sustainable initiatives yet, natural gas will continue to play a crucial role in the energy supply, both in our region and across Europe. We operate and maintain safe, reliable and affordable natural gas infrastructure in our core area, i.e. the Netherlands and the northern part of Germany. This is the first pillar of Gasunie's strategy:

We facilitate our customers as much as possible with our gas infrastructure

Our gas infrastructure with its high reliability is the platform on which we provide our services to the market. We have adequate financing to fulfil this core task.

We minimise our costs while retaining our licence to operate

Our stakeholders (government, customers, society) have given us a mandate to run our business. We can retain this licence to operate only if we provide our services cost-effectively, safely and reliably, and in combination with continuous reduction of our environmental impact.

We facilitate our customers as much as possible with our gas infrastructure

Security of supply in 2020: 100%

In the Netherlands and Germany, our Gasunie Transport Services (GTS) and Gasunie Deutschland (GUD) subsidiaries delivered 100% security of supply in 2020, meaning that gas transmission continued uninterrupted throughout the entire year. Given that the standard we have set ourselves is that the number of transport disruptions in any one year can never exceed six, we met this KPI in 2020. Our Participations business unit did not experience any unplanned disruptions in their services either over the past year.

GTS: decline in transported gas

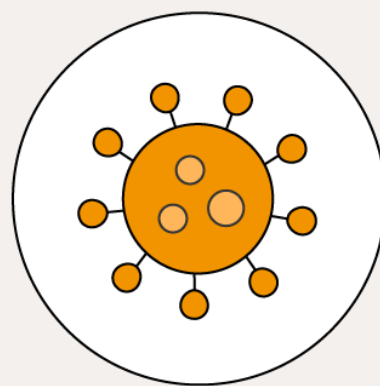
2020 was another year with plenty of warm weather. In fact, according to the Royal Netherlands Meteorological Institute (KNMI), it was the seventh hot year in a row, in line with the trend of a changing climate. In a nutshell, the year started with very mild winter months, followed by a mild and sunny spring and a hot and relatively dry summer. The average effective temperature in KNMI's reference location of De Bilt was 9.3°C, up 0.3°C compared to 2019.

Gas transports through our networks totalled 835 TWh (78.7 billion m³) in 2020, compared to 870 TWh (81.8 billion m³) in 2019. This is a drop of nearly 4%. When we break the total transport volume down by domestic consumption, storage and exports, we can see that the drop in gas transport is due mainly to a decline in exports. Domestic consumption remained virtually unchanged, as the 6% drop in consumption by low-volume users was compensated largely by increased consumption by gas-fired power stations.

Gas transport for underground storage facilities did increase in 2020, partly because 2019 had been a very quiet year for storage facilities (low use in the winter of 2018/2019 and, therefore, hardly any need for transport to storage facilities) and partly because the NAM storage facility in Norg is currently filled with converted H-gas using the Gasunie network.

COVID-19

Around the world, 2020 was all about COVID-19. However, the impact this virus had on domestic gas consumption seems very minor: the drop in consumption by low-volume users was no greater than in previous years and can be explained by the higher temperatures and the overall trend of people pursuing energy savings. In industry, too, consumption remained within the bandwidth that can be considered normal.



More quality conversion

Gas production from the Groningen field was wound down further in 2020. In order to be able to keep supplying G-gas, GTS has converted more gas than in previous years. This was possible thanks to the expansion of our Wieringermeer conversion plant in combination with a new nitrogen contract with an external supplier. As a result, the amount of converted H-gas in the Netherlands was up by over 15%, from 325 TWh (29.0 billion m³) in 2019 to 376 TWh (33.3 billion m³) in 2020. The associated volume of nitrogen used increased from 2.7 billion m³ to 3.4 billion m³ in 2020.

Domestic production, import and export

The amount of foreign H-gas flowing into GTS' networks remained virtually unchanged, coming in at a rounded figure of 44 billion m³ for the third consecutive year. And for the second year in a row, the share of LNG from outside the Netherlands continues to be high, totalling 6.7 billion m³ and 7.3 billion m³ respectively for 2020 and 2019, compared to 2.5 billion m³ in 2018. Production from small fields (including offshore fields) also remained virtually unchanged. The reduction in production from the Groningen field was compensated by converting H-gas, causing H-gas exports to ultimately drop by 22%. (Pseudo-)G-gas exports fell by 13%.

Peak delivery and emergency delivery

Peak and emergency deliveries are two important public tasks carried out by GTS for small users in the Netherlands. Peak deliveries are necessary if the mean effective 24-hour temperature falls to below -9.0°C. GTS provides all the necessary facilities to ensure peak delivery to licence holders, including gas purchasing, flexibility services and gas transport over the national gas transport network. There were no peak deliveries in 2020. Emergency deliveries are necessary if a licence holder cannot supply natural gas to low-volume users, for example due to bankruptcy. Emergency deliveries were not necessary either in 2020.

New investment plan for GTS

On 1 October, GTS adopted its first-ever investment plan, the [2020IP](#). This investment plan details GTS' expansion and replacement investments in the short and long term*, complete with a justification of the purpose and need behind the investments. The 2020IP describes developments in the energy market and provides an analysis in the form of scenarios through to 2030. The plan provides a bottleneck analysis of the network and describes the required investments in the transmission network.

In the decade ahead, we will be facing numerous developments that we will have to take into account in operating and maintaining our grid. Our job is not only to keep our infrastructure in good condition, we also work to ensure a well-functioning gas market and guarantee security of supply. This draft investment plan furthermore includes a look ahead to how our network could help accelerate the energy transition. One major change that is already under way is that gas extraction in Groningen has already been reduced significantly and will be completely phased out over the coming years. But since demand for natural gas will remain at roughly the same level as it is now, phasing out the use of Groningen gas will very rapidly turn the Netherlands from a major gas exporter into a major gas importer. In the investment plan, GTS explores possibilities for increased gas imports into the Netherlands, and draws attention to the importance of having sufficient gas storage facilities in the Netherlands to be able to guarantee security of supply. The opportunities offered by system integration are also addressed.

Aside from all of this, we are going to have to pick up the pace to be able to meet the climate targets. Our network can play a key role in hitting those targets, such as by using our pipelines to transport hydrogen and green gas. As also decreed in the climate agreement adopted by Dutch parliament, supply volumes of these renewable molecules must grow significantly by 2030 and nationwide infrastructure must be developed to interconnect the supply side and the demand side. Our assets can be the foundation on which this infrastructure is built.

GTS will make a new investment plan every two years from now on. We intend to publish a draft version of the next investment plan, the draft 2022IP, on 1 January 2022.

* GTS used to do this through its Quality and Capacity Document. Before GTS can proceed to final adoption of the 2020IP, it is reviewed by the Dutch Ministry of Economic Affairs and Climate Policy and the Authority for Consumers and Markets.

Integration of acquired high-pressure networks

On 31 December 2020, GTS acquired the ZEBRA gas pipeline and the EHD high-pressure networks in the south-western part of the Netherlands. Working together with the selling parties, we completed the physical integration of ZEBRA and EHD into the GTS network. Further work on the network is scheduled from 2021. Both the ZEBRA pipeline and the EHD networks have now been incorporated into the TTF market area. Since late 2020, shippers can book capacity on the 'new' network points.

GUD: more transport

At GUD, the total transported volume of gas rose from 236.1 TWh (24.2 billion m³) in 2019 to 250.2 TWh (25.61 billion m³) in 2020. This rise came largely on the back of further growth in gas flows on the Nord Stream entry point in Greifswald (and Lubmin II). Besides that, capacity bookings on the Emden and Dornum border points with the Netherlands and Norway respectively were up considerably on the previous years because there is now one single tariff for the entire GASPOOL market area.

Balgzand-Bacton Line: dynamic

For BBL, 2020 was the first full calendar year where natural gas could not only flow through the pipeline one way to the United Kingdom, but also in the opposite direction to the Netherlands. This reverse flow service enables BBL's customers to better respond to short-term price differences between the Dutch TTF virtual gas trading platform and the UK NBP virtual gas trading platform, making BBL a more attractive transmission option for shippers.

Prices in the Dutch and UK gas markets were very dynamic in 2020, partly due to the great supply of LNG, slowing production from the Groningen field, and economic developments caused by COVID-19. This, combined with the new reverse flow option, led to a large number of capacity bookings. In 2020, BBL shipped 11 TWh of gas (17 TWh in 2019) to the United Kingdom, while the reverse flow saw 25 TWh of gas (1 TWh in 2019) transported to the Netherlands.

On 1 January 2021, the United Kingdom officially exited the European Union. Brexit may affect our company in the long term. Most companies operating in the energy industry on either side of the channel are committed to continuing their pre-Brexit way of working. Crucial legislation has been developed to prevent non-compliance with laws or interruptions to gas flows. From a regulatory perspective, little has changed as of 1 January, except for the introduction of new customs formalities. BBL is prepared for the required customs declaration on the UK side. On the Dutch side, the shippers are responsible for customs declarations. No commercial changes have been identified so far.

Gate gains in importance

As a result of the large-scale throughput of natural gas to the GTS network, Gate continues to be instrumental for security of supply in the Netherlands, the Gasunie network's positioning in international gas flows and the regional market for natural gas in north-western Europe. In 2020, we

saw the number of bunkers and container lorries loading at Gate rise yet again, which goes to show that LNG, as a relatively clean fuel for industrial purposes and the transport industry, is gaining in importance.

For ships that run on fuel oil, LNG is a cleaner alternative fuel. Lorries running on LNG are quieter, have lower carbon emissions and produce virtually no air pollutants such as particles, nitrogen oxide or sulphur oxide. It makes LNG a promising option for the transition to cleaner transport. LNG supplied in containers to industries that are not connected to the natural gas network, allow these industries utilise the advantages of this fuel.

	2020	2019
Feed-in of LNG to GTS network in billion m ³	6.7	7.3
Number of large tankers	90	103
Number of smaller tankers	125	69
Number of trucks and containers loaded	5,409	3,466

Of the large tankers, 84 came to unload and 6 to load in 2020. Of the 125 smaller tankers, 7 came to unload and 118 to load in 2020. All loading and unloading operations concerned liquefied natural gas. LNG fed into the GTS network from Gate was first regasified.

EnergyStock: almost fully booked

Like in previous years, EnergyStock succeeded to market almost all of its capacity in 2020. What makes this such a remarkable feat is that there is structural oversupply in the market for flexibility in north-western Europe, which means that tariffs for storage services have been under downward pressure for years. What sets the EnergyStock facility apart from other gas storage facilities is the highly rapid cycles of input and output that make EnergyStock a steadily attractive option for shippers.

Nord Stream: regulatory exemption

In 2020, Nord Stream transported 59.2 billion m³ of natural gas, virtually the same volume as in the two previous years (58.5 billion m³ in 2019 and 58.8 billion m³ in 2018).

In May 2020, Nord Stream was granted an exemption from EU regulation measures by Germany's regulatory authority, Bundesnetzagentur. After an amendment to the EU Gas Directive, these measures now also apply to pipelines between the EU and third countries, such as Nord Stream. For these interconnectors, however, an exemption can be requested. Given that the legislative frameworks in the EU and Russia are not aligned, Nord Stream applied for an exemption so as not to have to change its shareholding structure, for example, and to maintain current contractual arrangements on pipeline capacity allocation. Nord Stream has been granted the exemption for the full capacity of the pipeline for the maximum period of twenty years.

We minimise our costs while retaining our licence to operate

Risk-based asset management

Professional asset management is essential for the security of supply. Our assets are maintained using a risk-based approach. We map our risks with the help of a risk matrix. A risk assessment is carried out on all bottlenecks in the system to assess security, transport security, sustainability and damage (including financial).

We use this risk assessment to approve replacement investments. This ensures that as many risks as possible are eliminated in a cost-efficient manner, and that no unnecessary works are carried out. Every year, some of the installations are re-analysed and re-assessed for risks.

Our risk-based asset management model

BUSINESS VALUE					frequency of occurrence per year					
Willingness to harm		Sustainability	Transport security	Safety	I	II	III	IV	V	
€		Ton CO2 eq	m3		0,0001-0,001	0,001-0,01	0,01-0,1	0,1-1	1-10	
SERIOUS CONSEQUENCE	A	3k < S < 30k	100 < D < 1k	1k < T < 10k	minor injury or health effect (max first aid)	0,0001	0,001	0,01	0,1	1
	B	30k < S < 300k	1k < D < 10k	10k < T < 100k	mild injury or health effect (RWC, MT)	0,001	0,01	0,1	1	10
	C	300k < S < 3M	10k < D < 100k	100k < T < 1M	serious injury or health effect (LTI)	0,01	0,1	1	10	100
	D	3M < S < 30M	100k < D < 1M	1M < T < 10M	permanent disability until 1 fatal victim	0,1	1	10	100	1000
	E	30M < S < 300M	1M < D < 10M	10M < T < 100M	multiple fatalities (1-10)	1	10	100	1000	10000

In principle, we take risk-mitigating measures only if the costs are significantly lower than the present value of the risk that is mitigated or eliminated. Major replacement programmes are evaluated annually, giving us increasingly better insight into the risks attached to system components for replacement that will be reduced by replacing these components, including through the inspection of replaced materials.

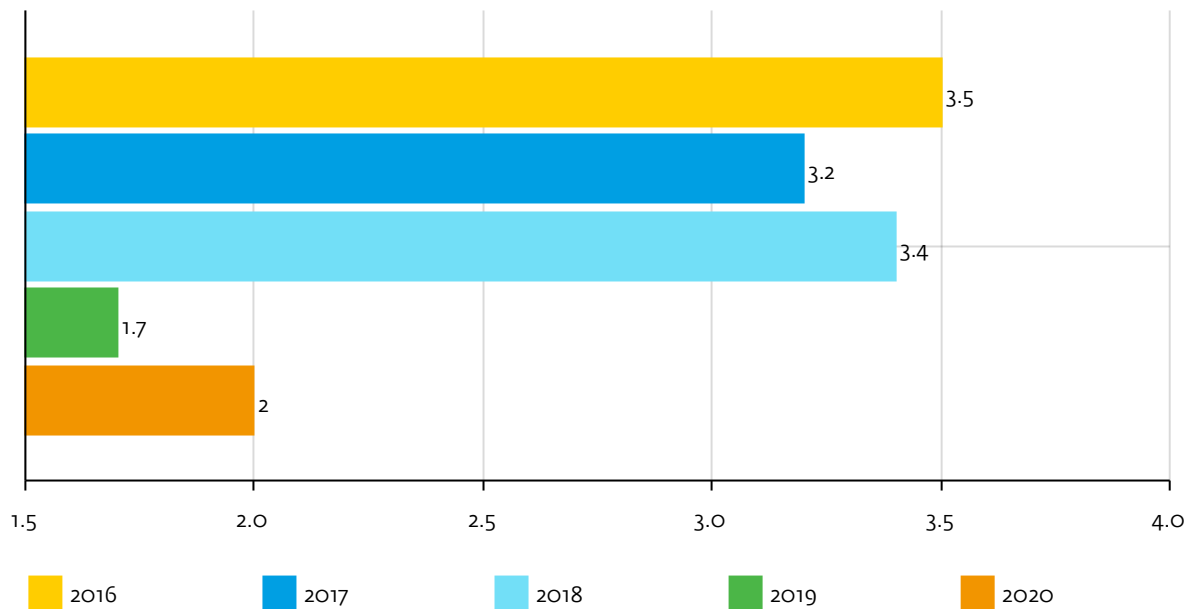
The programmes are adjusted in response to the findings from the evaluation. We have seen the investments in our replacement and maintenance programme decrease significantly over the past years as a result. We expect unplanned replacement and maintenance investments to increase slightly over the coming years as a result.

In addition, the risk analyses are regularly used in consultation with the regulatory authorities (ACM, Dutch State Supervision of Mines, Dutch Human Environment and Transport Inspectorate, Dutch Employment and Social Affairs Inspectorate, Radiocommunications Agency Netherlands and the licensing authorities).

Safety of the network

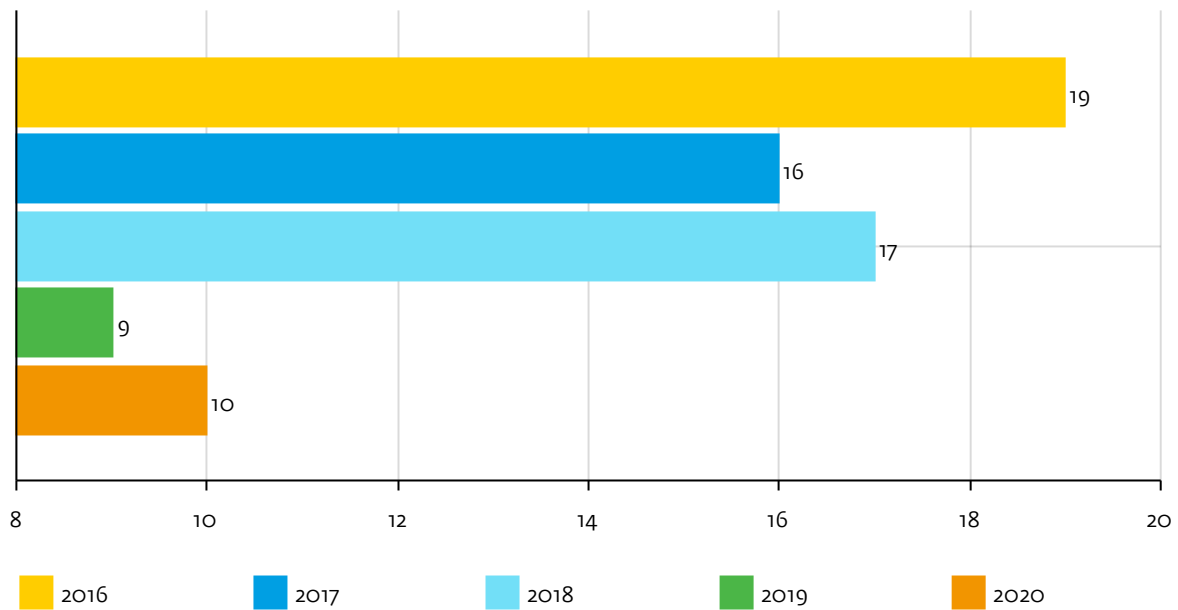
Number of incidents and sickness absence

We monitor the number of incidents based on the Total Reportable Frequency Index (TRFI, the total number of lost-time incidents, medical treatment, alternative work, or fatalities per 1 million hours worked). In 2020, 29 incidents occurred (2019: 27), of which 10 were reportable incidents (2019: 9). This results in a TRFI of 2.0 (2019: 1.7). There were 5 lost-time incidents (2019: 5). Our aim is a TRFI below or at least no higher than 2.7.



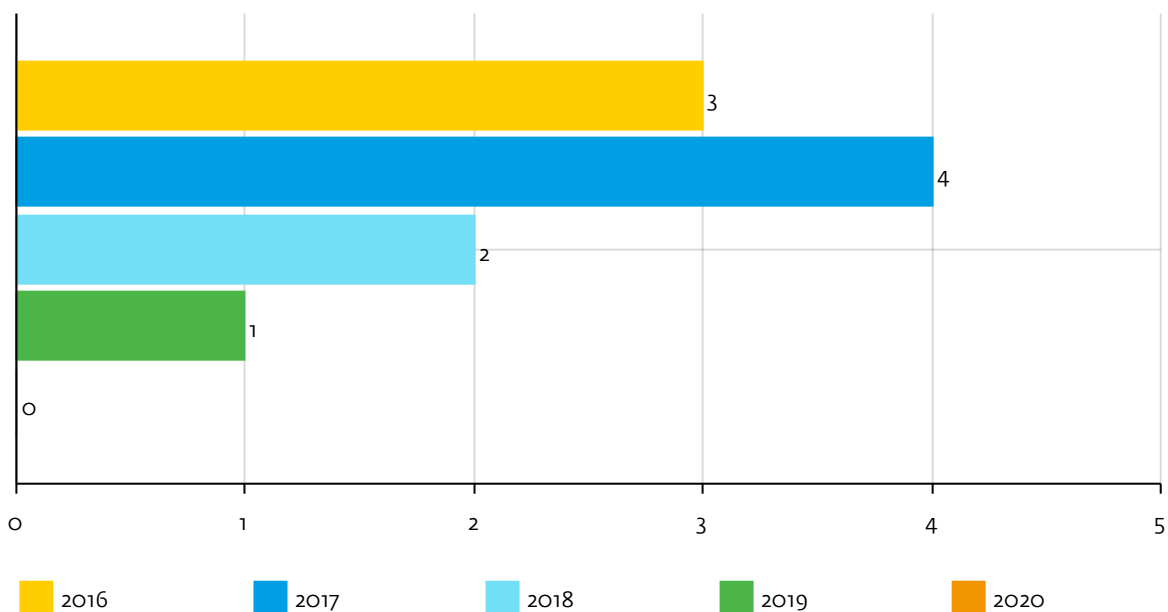
The total number of hours worked by Gasunie employees and third-party employees fell from 5.37 million to 4.88 million hours. Consequently, the higher TRFI is due to there being more reportable incidents and fewer hours worked in 2020.

The number of reportable incidents at both Gasunie in the Netherlands (7) and Gasunie in Germany (3) continues to be low. While we are satisfied with this performance, it does not detract from the fact that we will continue to devote the same level of attention to improving our safety performance in 2021.



Uncontrolled events

'Uncontrolled events' is a new KPI that replaces the old Pipeline Damage KPI. Uncontrolled events are incidents involving gas leaks ((natural) gas, hydrogen, nitrogen, air) of over 14,000 m³ from a Gasunie-operated pressure holder with a rated pressure of 8 bar or higher. No uncontrolled events occurred in 2020 (2019: 1). When it comes to the number of uncontrolled events in any one year, Gasunie goes by a target of no more than 3.

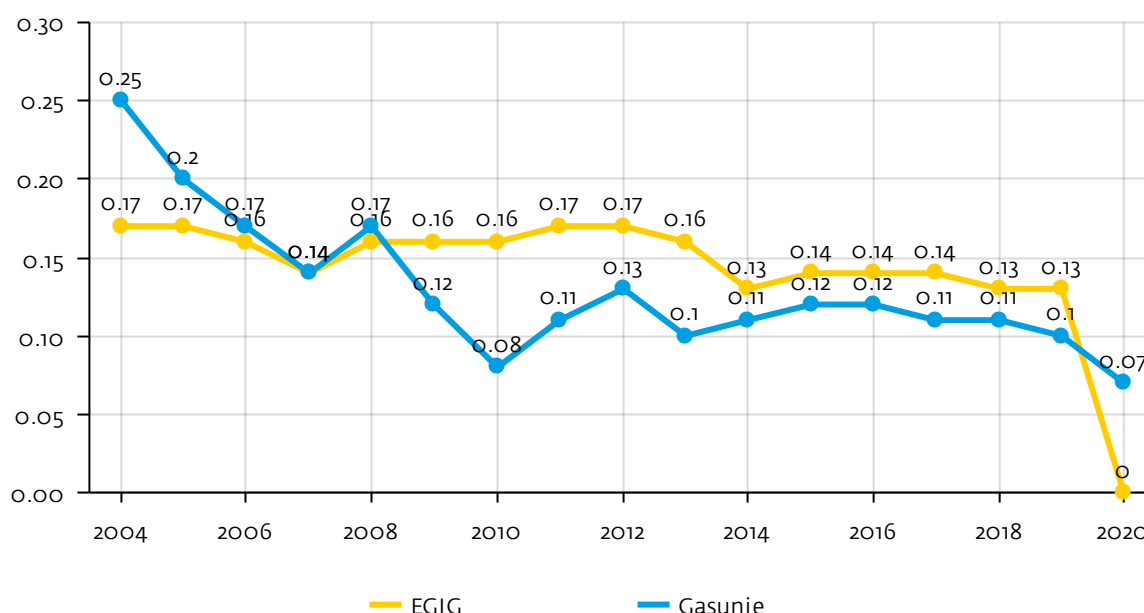


European benchmark for pipeline incidents

European gas transport companies register their pipeline incidents in the same way, allowing their performance to be mutually comparable. Registration takes place within the European Gas Pipeline Incident Data Group (EGIG), which registers both pipeline lengths and pipeline incidents with gas leaks.

EGIG data is used to determine the 'failure frequency'. This is the frequency (per km per year) of pipeline incidents with gas leaks due to, for instance, excavation activities, corrosion, construction defects and material defects.

With regard to pipeline incidents with gas leaks, we score slightly better than the European average. In the past few years, the sector's performance has steadily improved. In 2020, the average score for Gasunie was approximately 0.07 incidents per 1,000km per year.



Five-year moving average of the failure frequency. The EGIG average for 2020 was not yet known at the time of publication of this report.

Inspections

To safeguard the integrity of the pipeline systems, GTS and GUD inspect part of their pipeline system annually. In 2020, GTS conducted three pig runs, inspecting a total of 32 kilometres of pipeline. GTS also inspected 24 kilometres of pipeline above ground using External Corrosion Direct Assessments (ECDA).

Adequate and robust financing

We not only look to our operations for cost savings, we also seek to reduce costs in our financing. To be able to perform our duties towards our customers and make the investments we deem necessary, we want to have access to the (international) money and capital market. Having an adequate credit rating is essential for this, which is why Gasunie pursues a conservative financial policy geared towards maintaining our strong A credit rating. This policy is backed by our shareholder, the Dutch state.

Our financial policy furthermore aims to reduce financial risks at minimal cost. Derivative financial instruments are only used to reduce risks and are explicitly not permitted for creating speculative positions.

We did not issue any bond loans in 2020. However, we did use short-term deposits on the money market and our Euro Commercial Paper (ECP) programme. At year-end 2020, a total amount of € 225 million (€ 395 million at year-end 2019) was outstanding in short-term deposits and ECP loans.

The nominal interest-bearing debt relating to bond loans and private loans amounted to € 3,102 million at year-end 2020 (€ 3,124 million at year-end 2019). Of this amount, € 733 million was recognised as current liabilities at year-end 2020. This amount relates to the repayment obligation for two bond loans in 2021. The 'Cash and cash equivalents' balance sheet item amounted to € 18 million at the end of 2020 (year-end 2019: € 45 million). Our net debt position (nominal interest-bearing debt less cash) decreased in 2020 by € 154 million to € 3,309 million. Gasunie's solvency at year-end 2020 was 61%, compared to 59% at year-end 2019.

In 2020, our committed credit facility was renewed and sustainability criteria were added to it. This facility now amounts to € 600 million. Two bond loans totalling € 733 million are up for repayment in 2021. Two further bond loans totalling € 494 million are up for repayment in 2022.

Credit ratings

Our credit ratings remained at the same high level in 2020. The most important reasons behind these good ratings were: our solid financial profile, having the Dutch state as a shareholder, clarity with regard to the Dutch and German regulatory frameworks in the coming years and the important role played by Gasunie in achieving European and Dutch energy transition objectives.

Long-term credit ratings	2020	2019
Standard & Poor's	AA-	AA-
Moody's Investors Service	A1	A1

ESG rating

Besides credit ratings, Gasunie has also had a rating for corporate social responsibility (CSR) for the last few years, which is issued by Sustainalytics. 2020 was the first year that Gasunie actively cooperated in calculating this 'ESG rating'. ESG stands for Environmental, Social & Governance.

Our ESG rating came in at 24.4 for 2020. This is a fine improvement on 2019, when it was 29.0. The lower the score, the better Gasunie manages its environmental, social and governance risks. Our score puts us in 7th place in a corporate social responsibility ranking of 67 gas companies. Not one company in our peer group has an ESG rating of under 20.

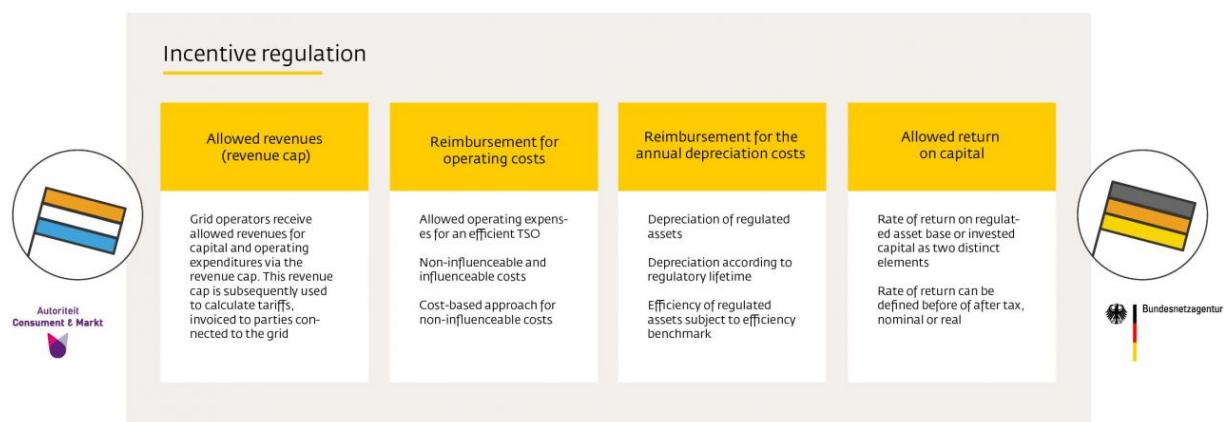
The ESG rating has become an increasingly important indicator for Gasunie, because we are looking to invest heavily in the energy transition over the coming years. These investments may be attractive propositions for 'green' investors who focus specifically on the CSR performance of the companies to which they lend their money. We aim to keep improving our ESG rating year on year.

ESG Risk Rating	2020	2019
	24.4	29.0

Regulated revenue and tariffs

Roughly 90% of our annual revenue comes from operations in markets where we hold a regulated monopoly. Regulatory authorities see to it that we provide our services at the lowest possible cost to the public. The tariffs that the regulated parts of our GTS and GUD business units charge customers are set by the respective national regulatory authorities every year. They are calculated by dividing the permitted revenues for the year in question by the estimated capacity demand.

The revenues permitted by the regulatory authorities consist of an allowance for the cost of capital invested, a reimbursement for the annual depreciation costs (calculated on the basis of the depreciation periods determined by the regulatory authority and the value of the assets) and a reimbursement for the operating costs. If the revenues earned differ from the permitted revenues, the difference is settled in subsequent years.



The regulatory authorities review the method of regulation every three to five years. The current regulatory period runs from 2017 to 2021 in the Netherlands, and from 2018 to 2022 in Germany.

GTS regulation

On 31 August 2020, the Dutch Authority for Consumers and Markets (ACM) published a draft method decision for the period from 2022 through to 2026. In preparing this draft method decision, ACM analysed the degree of utilisation of the gas transport network, developments of future transport tariffs, and the option to change the estimation method for the efficient cost of capital. The idea behind this analysis was to find ways to better align regulation with developments as a result of the energy transition. The results of these analyses underpin the draft method decision.

Aside from this, ACM also used a comparison between GTS' cost efficiency and that of other European gas transport companies (cost benchmarking) in the draft method decision. And finally, ACM organised (online) focus group sessions for stakeholders (such as GTS and organisations representing GTS' customers) in preparing the draft method decision.

Publication of the draft method decision was followed by a consultation period that lasted six weeks, meaning that stakeholders had six weeks to submit their views on the draft method decision to ACM, both in writing and verbally. GTS submitted its views in writing and also verbally at a hearing.

On 1 February 2021, ACM published the 2022-2026 method decision. GTS has been given permission to charge network users for the costs of historic investments sooner than initially planned. This way, the future reduction in gas consumption as a result of the energy transition has now also been factored in. ACM has set GTS' average weighted static efficiency at 96.1% for the 2022-2026 regulatory period * (current method decision: 88.6%). Over the past years, GTS has demonstrably worked to improve its efficiency, partly through workforce restructuring, cost savings and maintenance optimisation. While GTS recognises that the substantial cost reductions of the past few years have improved the efficiency rating and welcomes the fact that ACM has also acknowledged this, GTS is exploring to what extent and which elements of the method decision to appeal.

The method decision for 2022-2026 triggered an impairment test that involved recalculation of the recoverable amount. Besides the elements from the method decision, this served to determine a number of variables, such as the expected operating cost development, the investment level, and the IFRS discount rate.

Based on the non-current nominal discount rate, the recoverable amount of the gas transport network in the Netherlands would be almost equal to the carrying amount. Because the current and more volatile market rates were used on the balance sheet date in the context of determining the recoverable amount under IFRS, the IFRS valuation of the gas transport network in the Netherlands at year-end 2020 is some € 300 million higher than the carrying amount. This amount is consequently recognised as a reversal of a previously recognised impairment loss. This reversal can, consequently, mainly be attributed to the effect of the IFRS discount rate on the balance sheet date.

ACM will publish the 2022 tariff decision in May 2021. This will be the first tariff decision made under the new method decision.

* This means that we are allowed to recover € 0.961 of every euro spent that falls within the scope of the benchmark.

Risk management

In 2020, ACM published the code decision entitled 'exceeding the credit limit and implementation of the neutrality principle' (Transmission Code Gas – TSO change). This decision was prompted by an incident that occurred in late 2018, which saw a programme-responsible party cause major financial losses in the balancing market. This code decision helps us limit financial losses incurred by the market due to such incidents, regulating the way costs are to be distributed between network users in the event of financial losses occurring.

GUD regulation

In 2019, a bill was adopted in relation to the amendment of the regime for investment measures (AregV). The German Ministry for Economic Affairs is investigating whether the current regulatory regime should be amended in the future. Various talks were held by the German Ministry for Economic Affairs with network operators to also discuss possible transitional arrangements. Against this backdrop, a change to the regime for investment measures is becoming ever more likely. GUD is a party in these talks. We expect new steps from the German Ministry for Economic Affairs in the decision-making process in early 2021. What will be in this bill is not yet known.

GUD is one of the parties that appealed the level of the collective efficiency discount for network operators. The hearing before the German Federal Court of Justice was held on 10 November 2020. On 26 January 2021, the Court ruled against the network operators.

The environmental impact of our natural gas transport

Gasunie transports and stores natural gas for third parties that book transport capacity on our networks and storage capacity in our storage facilities. Compared to other fossil fuels, natural gas combustion produces low carbon emissions. We need energy to compensate for friction losses during natural gas transport, keep the gas grid at pressure and to blend natural gas with nitrogen. Gasunie uses natural gas and electricity for that. Burning this natural gas and generating this electricity produces CO₂ and NO_x emissions. Furthermore, natural gas is emitted to the air during management and maintenance work on our infrastructure. This happens:

- when starting and stopping compressors;
- when operating equipment using natural gas pressure (pneumatic components);
- fugitive leaks;
- during work on the transport network.

Natural gas consists primarily of methane. Just like carbon dioxide, methane is a greenhouse gas. We calculate the contribution to the greenhouse gas effect in carbon dioxide equivalents, abbreviated as CO₂ eq. For the purposes of our calculation, we assume that 1kg of methane contributes 25 times as much to climate change as 1kg of CO₂.

Our emissions

We report carbon emissions in accordance with the rules of the Greenhouse Gas Protocol. These emissions are categorised in three groups (scopes). The footprint is expressed in CO₂ equivalents. This means that emissions resulting from energy usage and natural gas emissions are converted into a volume of CO₂. This quantity of CO₂ is a measurement of climate change.

Scope	2020	2019	2018	2017	2016
<i>(in kilotonnes of CO₂ equivalents)</i>					
1 (direct effect of own operations)	286	248	255	260	307
2 (indirect effect of energy bought in)	398	397	412	451	395
3 (other indirect effect, for instance of nitrogen bought in)	373	298	221	182	115
Total gross scope 1 + 2 + 3	1056	943	888	892	817
Decarbonising through Guarantees of Origin scope 1	0	0	0	0	0
Decarbonising through Guarantees of Origin scope 2	398	317	247	180	78
Decarbonising through Guarantees of Origin scope 3	330	204	111	67	0
Total decarbonising through Guarantees of Origin	728	521	358	247	78
Total net scope 1 + 2 + 3	328	422	530	645	739

CO₂ equivalents according to the Greenhouse Gas Protocol. This table shows gross and net CO₂ equivalent emissions. Gross CO₂ equivalent emissions have not been corrected for sustainably procured electricity.

The reduction in **net** CO₂ equivalent emissions compared to the previous years is the result of decarbonising our electricity usage. We decarbonise our electricity usage by purchasing Guarantees of Origin and green power (scope 2 and 3). In the Netherlands in 2020, Gasunie purchased Guarantees of Origin from European wind farms. With this purchase, we decarbonised 100% of our electricity usage. In Germany, Gasunie procured green electricity directly from its electricity supplier.

Gross CO₂ equivalent emissions are increasing gradually. Since the Dutch government's decision to reduce the extraction level from the Groningen gas field, our use of quality conversion in the Netherlands rose from 5.7 billion m³ in 2013 to 33.3 billion m³ in 2020. Due to the decline in production from the Groningen gas field, an increasing amount of high-calorific gas is being bought in, which subsequently has to be converted to the right quality. This quality conversion takes place using self-produced nitrogen (scope 2) and nitrogen procured from third parties (scope 3). The production of nitrogen requires energy (electricity). The CO₂ equivalents resulting from the nitrogen procured are included in scope 3. In 2020, we sustainably procured approximately 330 kilotonnes of CO₂ equivalents for the production of nitrogen by third parties. That is approximately 89% of the electricity required for the procurement of nitrogen.

For a more detailed report on our carbon emissions, please see the '[Other data regarding safety and the environment](#)' appendix.

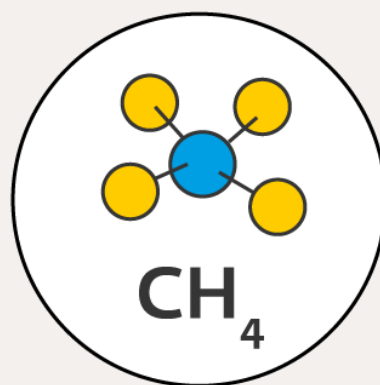
Our methane emissions

Our methane emissions (scope 1) have decreased over the years. In 2020, however, we saw them go up. Due to the more intensive use of the Wieringermeer compressor station, more methane was emitted to the air. Increased use of the gas turbines at this station means more unburned hydrocarbons. The Wieringermeer compressor station was used more due to the changes to natural gas transport routes as a result of reduced production from the Groningen gas field.

The increase in methane emissions is attenuated by the fact that we vented less gas in 2020 than in 2019 and due to a reduction in emissions thanks to our Leak Detection and Repair (LDAR) programme. This reduction in emissions was achieved through monitoring and repairing any leaks detected.

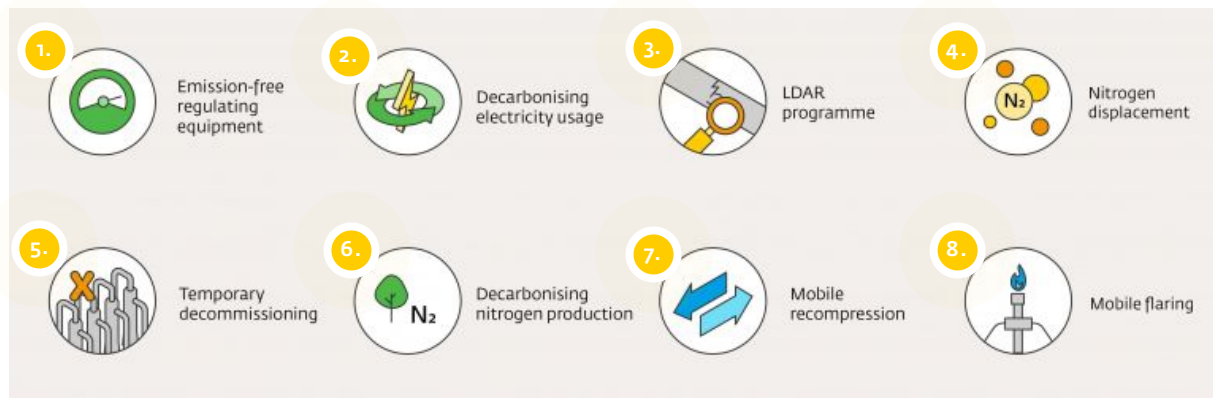
GTS' methane emissions in perspective

Approximately 4% of the methane emissions arising as a result of human activity in the Netherlands can be attributed to the energy sector. One fifth of this 4% originates from GTS' transport system. Our methane emissions represent approximately 0.01% of the total volume of natural gas transported in the Netherlands.



Our measures

Reducing our carbon footprint is hugely important to us. The most effective way of doing that is by lowering our methane emissions. We are reducing our CO₂ equivalent footprint in the following ways:



1. Emission reduction in making pipelines gas-free and in compression

a. For some years, we have been using a mobile recompression unit which we use to 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 2020, recompression returned approx. 597,000 m³ to the network.

b. Another way to avoid having to vent gas from a pipeline is to use nitrogen to displace the gas, thereby transferring it to a different pipeline. Where possible, this technique is applied.

c. Flaring: in addition to recompression, we also use gas flaring. This is done using a mobile flaring installation. In 2020, Gasunie procured its own mobile flaring installation. The environmental impact of flaring, whereby natural gas is burned off, is lower than if the gas is vented. Approximately 525,000 m³ of natural gas was flared in 2020. In 2019, this was 872,000 m³. By using flaring instead of venting, an environmental benefit of 6.7 kilotonnes of CO₂ equivalents was achieved in 2020. As a comparison: Gasunie's total net CO₂ equivalent emissions in 2020 totalled 328 kilotonnes.

2. Decarbonising our electricity consumption

We are decarbonising our electricity consumption by purchasing Guarantees of Origin. We purchased Guarantees of Origin from European wind farms in 2020. With this purchase, we decarbonised 100% of our electricity usage. Gasunie Germany procured its green electricity directly from its electricity supplier.

3. Leak Detection And Repair (LDAR) programme

Some of the methane emissions are caused by small leaks at connections and appendages. It is a complex matter to track down these leaks because of the high number of stations and the length of the transport system. We set up an LDAR programme to track down, quantify and repair leaks. We use the NEN-EN 15446 measuring method developed by the Environmental Protection Agency (EPA) for this. Gasunie runs an LDAR programme at various types of sites, such as compressor stations, gas receiving stations, metering and regulating stations and high-pressure valve locations.

5. Temporary decommissioning of compressor stations

As production from the Groningen gas field is phased out, we are considering temporarily decommissioning a number of compressor stations. We are exploring whether these assets could be used for the energy transition in the future. We are planning to add further assets over the 2021-2024 period. This means that fewer greenhouse gases will be emitted and less energy will be consumed in the coming years.

7. Mobile recompression

For some years, we have been using a mobile recompression unit which we use to 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 2020, recompression returned approx. 597,000 m³ to the network.

4. Nitrogen displacement

Another way to avoid having to vent gas from a pipeline is to use nitrogen to displace the gas, thereby transferring it to a different pipeline. Where possible, this technique is applied.

6. Decarbonising nitrogen production at third parties

Due to the decline in production from the Groningen gas field, an increasing amount of high-calorific gas is being bought in, which subsequently has to be converted to the right quality. This quality conversion takes place using self-produced nitrogen and nitrogen bought in from third parties. In 2020, we sustainably procured approximately 330 kilotonnes of CO₂ equivalents for the production of nitrogen by third parties. That is approximately 89% of the electricity required for the procurement of nitrogen.

8. Regulating equipment that causes emissions

In 2018, we made the decision to stop renovating our metering and regulating stations, which delayed progress in reducing emissions from the stations to zero. Alternative ways to achieve zero-emission stations are being developed. In the spring of 2021, a new zero-emission regulating concept was tested for the controlling of current regulating valves. We will make choices based on the results.

Our carbon footprint reduction ambitions

- **2020:** reduce emissions that are a direct effect of our own operations by 20% compared to the reference year of 1990 (124 kilotonnes)*.
- **2030:** reduce emissions that are a direct effect of our own operations through to 2030 by an average of 4% every year compared to the average emissions in the three preceding years. For the most part, we will achieve this by pushing back our methane emissions.
- **2030:** in 2030, methane emissions (network losses) will amount to a maximum of 50 kilotonnes (converted) of CO₂ equivalents. This ambition ensures we remain a European front-runner in this area. The diagram below shows our goals.
- **2050:** our infrastructure will be fully CO₂-neutral from 2050.

We have hit the target for 2020. In 2021, we will be renewing our CSR policies and objectives. We will also be reviewing the objectives on emissions from our own operations for 2030.

In 2019, we signed the [Methane Guiding Principles](#). This is a voluntary, international partnership of companies operating in the natural gas supply chain that intends to significantly bring down methane emissions.

In 2020, the European Commission launched a strategy to further bring down methane emissions in the energy industry. The main elements of the European Commission's paper are focused on transparent reporting, running Leak Detection And Repair (LDAR) programmes and reducing natural gas venting and flaring in the energy industry. Supplementary legislation in this area is expected in 2021.

Gasunie wants to actively contribute to reducing methane emissions and be among the front-runners in Europe in this respect. With this in mind, Gasunie signed up to a voluntary reporting programme of the Oil and Gas Methane Partnership (OGMP) in 2020. OGMP is widely considered to be a leading reporting tool and is backed by the EU and UNEP (United Nations Environmental Programme).

Environmental irregularities

We keep records of environmental irregularities in order to learn from them and, where possible, take effective action to limit environmental damage in the future. The large majority of the environmental irregularities are reports from third parties about the smell of gas or minor leaks. There were fewer complaints from third parties in 2020 compared to 2019. Likewise, there were fewer internal incidents with leaks of natural gas.

The number of environmental irregularities reported for Gasunie in the Netherlands and Germany was:

Environmental irregularities	2020	2019
Environmental incidents	27	48
Environmental complaints	108	103
Total	131	151

These environmental complaints included:

- 14 complaints in which we were not involved. These mostly concerned pipelines belonging to companies that connect directly to Gasunie's network;
- 33 complaints where we ourselves ascertained no irregularity.

Non-compliance with environmental laws and regulations

	2020	2019
Non-compliance with environmental laws and regulations	0	1
Irregularity with respect to the environmental management system	0	0
Total	0	1

In 2020, there was no non-compliance with environmental laws and regulations and no irregularity with respect to the environmental management system.

Significant fines for non-compliance with environmental laws and regulations

Gasunie received no significant environmental fines in 2020.

03 Connecting Europe

Connecting Europe



We strengthen our position in our core area (Netherlands and Germany) through partnerships and greenfield projects



We advise on how to maintain and facilitate security of supply and a liquid gas market to reduce production from the Groningen gas field as quickly as possible

The time that Gasunie was a Dutch company that transported Groningen gas to consumers across the Netherlands is well and truly behind us. Nowadays, all national gas grids in Europe are interconnected. Private-sector parties book capacity on the network to have natural gas flow from one end of the continent to the other, virtually or physically. Our infrastructure, services and geographical position put Gasunie at the heart of the north-western European gas market. Our networks and storage facilities in the Netherlands and northern Germany make up an international gas roundabout.

Until the energy transition has been completed by the midway point of this century, natural gas will play a crucial role in the European energy supply. Simultaneously, however, the Groningen gas field will cease to play a role in gas supply from 2022. And so, it is key that we make sure our gas infrastructure continues to be attractive for the market to use. This benefits the security of supply in Europe, and also security of supply in the Netherlands and northern Germany. This is the second pillar of Gasunie's strategy:

We strengthen our position in our core area by launching new natural gas operations, on our own or through partnerships

The bulk of our natural gas investments are made in Germany, both because this country is a key hub in the gas roundabout and because demand for natural gas continues to grow in Germany. We have joined the project for the construction of the new large EUGAL pipeline, are working on plans for an LNG terminal in Brunsbüttel, and are connecting other LNG terminal(s) to our German grid. We are making it easier to transport gas across borders and we are enabling Volkswagen to stop using coal power.

We are helping to wind down production from the Groningen field to zero as soon as possible and advising on how to ensure a continued supply of energy in north-western Europe during the energy transition

We are building additional conversion capacity to transform foreign gas into Groningen-quality gas. And we are expanding our natural gas buffer capacity in Zuidwending and switching high-volume Dutch gas users to high-calorific gas. On top of all of that, we are implementing market integration in Germany. And we are conducting long-term studies.

We strengthen our position in our core area through partnerships and new initiatives

EnergyStock: extra cavern

Near the village of Zuidwending in the province of Groningen, Gasunie subsidiary EnergyStock operates an underground natural gas storage facility. EnergyStock lets this storage space to third parties that want to use the storage facility as a buffer to absorb differences between supply and demand or trade gas at a later stage. In late 2020, we extended the capacity of this natural gas buffer by 30% with the opening of the sixth cavern. This capacity increase to 3.65 TWh empowers EnergyStock to optimise its services and further grow its market share. In January 2021, it was exactly ten years ago that we put the Zuidwending natural gas buffer into operation.

New LNG terminal in Germany

During the energy transition, having good natural gas transport and storage infrastructure in north-western Europe is of crucial importance. Partly as a result of the [bill passed](#) by the German parliament in mid-2020 to phase out electricity generation from coal and lignite (brown coal), there is a growing need for greater diversification in Germany's natural gas import capacity. In 2021, Gasunie, together with our partners Vopak and Oiltanking, intends to make a conditional decision to build an LNG import terminal in Brunsbüttel in the German state of Schleswig-Holstein, which will be a gateway into Europe for natural gas from other continents.

Switching German end users to low-calorific gas

Due to falling production of low-calorific gas in both Germany and the Netherlands, German end users' equipment must be converted to be able to run on high-calorific gas. By the end of 2020, around 65% of the low-calorific gas market in the GUD area and neighbouring regional networks had been converted to high-calorific gas. Further conversion projects are planned, so that more than 90% of this low-calorific gas market will be converted by the end of 2021.

Merging German market areas

In 2018 and based on a legal requirement, all German TSOs got to work on merging the two existing German gas market areas, GASPOOL and NetConnect, into one large virtual trading hub for Germany with one single market area operator. The new market area operator will be called Trading Hub Europe. The market areas will be merged by 1 April 2022. Gasunie expects this to boost liquidity in the German gas market, and consequently ensure better capacity utilisation of our infrastructure in Germany. Together with the other German TSOs, GUD developed and discussed the future capacity and partnership design, following which it was approved by the national regulatory body.

Virtual interconnection points

VIPs (virtual interconnection points) eliminate the need to manage multiple physical connection points between market areas, thus making it easier for customers to book international transport capacity. Since April 2020, GUD has been operating the VIPs on the German side of the border with the Netherlands, like GTS has been doing on the Dutch side for years. After the merger of the German

market areas from October 2021, the number of VIPs will be reduced, which will bring yet another change to the duties and responsibilities of the TSOs involved. GUD is working together with GTS and other German TSOs in preparing the implementation of the new VIPs.

EUGAL: put into operation

Together with network operators Gascade, Ontras and Fluxys, GUD develops and operates the Europäische Gas-Anbindungsleitung, EUGAL for short. This gas pipeline runs from the Baltic Sea down to the southern part of Saxony and from there on to the Czech border, covering a distance of approx. 485 kilometres. Participation in this project bolsters the position of Gasunie's network in international transit flows. Various branches to the west link the pipeline to gas markets in Germany, the Netherlands, Belgium and the UK. We have a 16.5% share in this project.

The first EUGAL pipeline was put into operation in late 2019, with commercial operations starting in January 2020. In 2020, construction work on the second EUGAL pipeline suffered a three-month delay, partly due to the challenges brought by COVID-19. The plan now is to put the second pipeline and the compressor station into operation in April 2021, taking the total available capacity to the intended level. Over the coming years, income from EUGAL will have a positive effect on Gasunie's business revenue.

Network extension for VW in Wolfsburg

In its home town of Wolfsburg, Volkswagen operates two coal-fired power stations to generate power for its massive car plants and the city. Intending to replace these coal-fired power stations with gas-fired power stations in April 2022, VW applied for a gas network extension in 2017. A 33km pipeline from Walle to Wolfsburg is needed to be able to deliver the requested capacity. This pipeline was included in the final network development plan (NEP) in 2018. The applications for the permit procedures were submitted in January 2020 as planned. The first of two approvals was received in December 2020. Building will start in early 2021.

Applications for LNG connections

In 2018 and 2019, GUD received applications for the connection of two LNG terminals, first for Brunsbüttel and later also for Stade. Given that network operators are under an obligation to lay pipelines for the connection of LNG terminals, they are allowed to recoup the costs involved through the regulated transport tariffs. The changes to the gas infrastructure that are needed to be able to connect both these terminals to Germany's high-pressure gas network were included in the draft network development plan of 2020 (NEP), approval of which by the regulator, Bundesnetzagentur, is pending. We expect to get the green light in early 2021.

TTF: topped its best year ever

Each year, gas traders buy and sell large volumes of gas in the Netherlands. Almost all this gas trading now takes place on the TTF gas trading platform. In terms of volumes traded, TTF topped its best year ever (2019) in 2020. The number of parties trading on TTF was also higher than ever.

The gas trading on a gas trading platform generally occurs Over-The-Counter (OTC) with one party buying gas directly from another party. Gas trading can also take place through a gas exchange, in which case the exchange is the central trading party for all traders.

Over-the-counter trading increased again in 2020: from 26,096 TWh (in 2019) to 27,120 TWh. The TTF share traded through gas exchanges grew much more steeply from 11,943 TWh to 18,406 TWh in 2020.

During the past year, TTF increased its lead over other European gas trading platforms. In 2020, 72% of European gas trading took place on TTF, compared with 66% in 2019. This confirms once again that the Dutch gas market is performing well.

Active parties (end)				
	Traded volume (TWh)	Net volume (TWh)	Minimum	Maximum
2016	21,468	516	130	140
2017	20,962	540	139	147
2018	27,170	564	142	154
2019	38,039	581	154	166
2020	45,526	505	160	170

end = last day of the month

annual report figures (170 and 166 respectively) based on all daily figures

The unit used to measure quantities of gas is the TWh (terawatt hour). 1 TWh is 1 billion kWh (kilowatt hour). The Netherlands as a whole uses around 400 TWh annually.

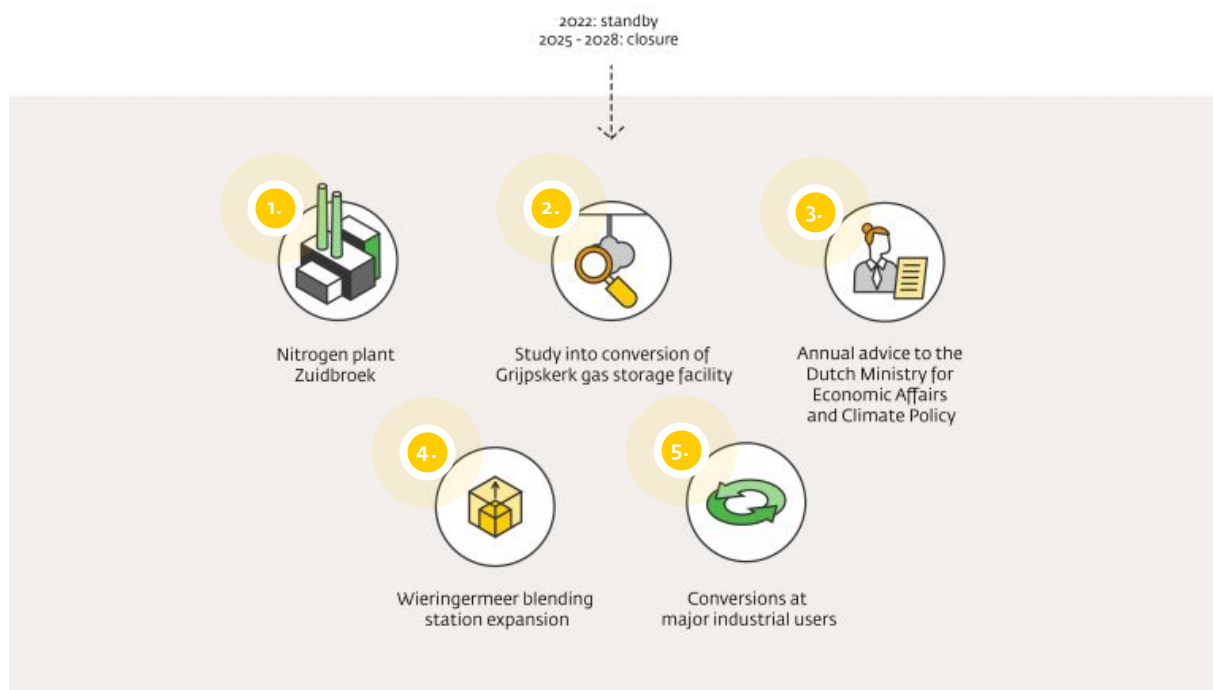
GASPOOL

GASPOOL is the virtual gas trading platform for the northern part of Germany. GUD has a 20% share in this platform. In the 2019/2020 gas year, the volume traded on GASPOOL showed a slight decline compared to the previous gas year, dropping to 1,756 TWh (2018/2019: 1,835 TWh).

We advise on how to maintain and facilitate security of supply and a liquid gas market to reduce production from the Groningen gas field as quickly as possible

Phasing out Groningen gas

The NAM-operated Groningen gas field, which has for so long been the central source of Gasunie's transmission network, will be switched to stand-by in 2022 and closed permanently over the 2025-2028 period. We are advising the Dutch Ministry for Economic Affairs and Climate Policy on measures needed to guarantee security of natural gas supply.



1. Zuidbroek nitrogen installation

To take gas extraction in Groningen down to zero as quickly as possible, we are expanding our nitrogen installation near Zuidbroek. This installation made up of a nitrogen plant and a blending station will allow us to produce roughly 7 billion m³ of Groningen-quality gas (pseudo-G-gas) per year by blending imported high-calorific gas with the nitrogen we produce there. This figure of 7 billion m³ represents nearly a third of the Netherlands' current annual demand for low-calorific gas (approx. 23 billion m³). The aim is to start up this installation in April 2022. The original construction plans left some leeway to absorb possible setbacks. This leeway has meanwhile been used up completely due to COVID-19 and other circumstances. Further setbacks, such as the pandemic continuing, may lead to delays. We will keep doing our utmost to make the targeted completion date.

2. Study into conversion of Grijpskerk gas storage facility

During fierce winters with exceptionally high demand for gas, the Netherlands was always able to fall back on the Groningen field for additional gas supply. This will soon no longer be possible. At the request of the Ministry for Economic Affairs and Climate Policy, Gasunie is exploring whether NAM's gas storage facility in Grijpskerk could take over from the Groningen field as a back-up supply if we were to convert it from high-calorific gas to low-calorific gas. We expect the results of this study in the first half of 2021.

3. Annual advice to the Dutch Ministry for Economic Affairs and Climate Policy

Since 2019, we have a new statutory duty to inform the Dutch Ministry of Economic Affairs and Climate Policy annually of the volume of Groningen gas and network capacity for Groningen gas required to guarantee security of supply.

For the 2019/2020 gas year, GTS had advised a production level of 11.8 billion m³ in a year with an average temperature profile. In February 2020, we lowered our Groningen gas advice for the 2019/2020 gas year.

Given the large-scale use of nitrogen and increased working gas volume at the NAM storage facility in Norg, 1.1 billion m³ less Groningen gas was needed, namely 10.7 billion m³, based on an average temperature profile. The Ministry for Economic Affairs and Climate Policy followed this advice by implementing a temporary measure. In the end, NAM produced 8.7 billion m³ of Groningen gas in the 2019/2020 gas year. Production was lower due to the fact that the 2019/2020 gas year was a relatively warm year. The actual production level was in line with our advice for a year with this temperature profile.

Based on advice prompted by the higher occupancy rate of the Norg gas storage facility, we projected in September 2020 that 8.1 billion m³ of Groningen gas would be needed for this current gas year, assuming it would be a year with an average temperature profile. In February 2021, we revised our estimate. Our estimate is now that 3.9 billion m³ of Groningen gas will be needed for the 2021/2022 gas year, based on an average temperature profile.

4. Wieringermeer blending station expansion

From January 2020, our blending station in Wieringermeer has been running at significantly increased capacity. It can now blend 310,000 m³ of nitrogen, which is 80,000 m³ more than before. Thanks to this expansion, gas extraction in Groningen can be reduced by 5 billion m³ per year. This expansion is necessary to be able to accelerate the phase-out of gas extraction from the Groningen field.

5. Conversions at major industrial users

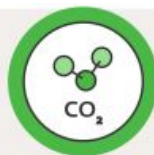
The Ministry for Economic Affairs and Climate Policy wants major industrial users who use over 100 million m³ of gas per year to stop using low-calorific gas and drafted new legislation for this in summer 2020. This legislation requires major users to stop purchasing low-calorific gas after September 2022. If a user wants to purchase high-calorific gas instead of low-calorific gas, Gasunie is obliged to take care of the switch. This concerns nine companies with a collective demand of about 3 billion m³ annually. Eight of them have now stated that they would like to start using high-calorific gas. The preparations to switch these companies are in full swing, and the first company has already been connected to our H-gas network. The next four are expected to be switched in 2022, with the final four following in 2023. These industries require complex measures with longer lead times.

04 Accelerating the energy transition

Accelerating the energy transition



We lead the way in renewable gas (green gas/hydrogen)



We play an active role in the development of heat transport infrastructure and CO₂ transport/storage

Gasunie is accelerating the transition to a carbon-neutral energy supply in 2050. As early as in 2027, we can have a backbone transport network ready that transports hydrogen between major industrial clusters in the Netherlands and to neighbouring countries, in combination with a central storage facility that we can have up and running in 2026. In addition, our networks are ready for large-scale green gas feed-in. Drawing on our knowledge and experience, we can also play a key role in the safe and efficient development of infrastructure for the transport of heat and the transport and storage of CO₂. This is the third pillar of Gasunie's strategy:

We lead the way in hydrogen and green gas

When it comes to hydrogen, 2020 saw us push ahead with our future national backbone transport network, the Hydrogen Valley project in the northern Netherlands, German hydrogen plans and the financing of future hydrogen infrastructure. We also joined forces with partners in the large scale-up projects NorthH₂ and North Sea Wind Power Hub. In the area of green gas, we are working on technology for supercritical water gasification and gasification of residual woody biomass and we issue guarantees of origin for green gas produced by private companies.

We play an active role in the development of infrastructure for heat transport and CO₂ transport and storage

Preparations for the construction of WarmtelinQ are progressing steadily and our CCUS partner projects Porthos, Athos and Carbon Connect Delta are gradually becoming more specific.

We lead the way in hydrogen and green gas

Hydrogen

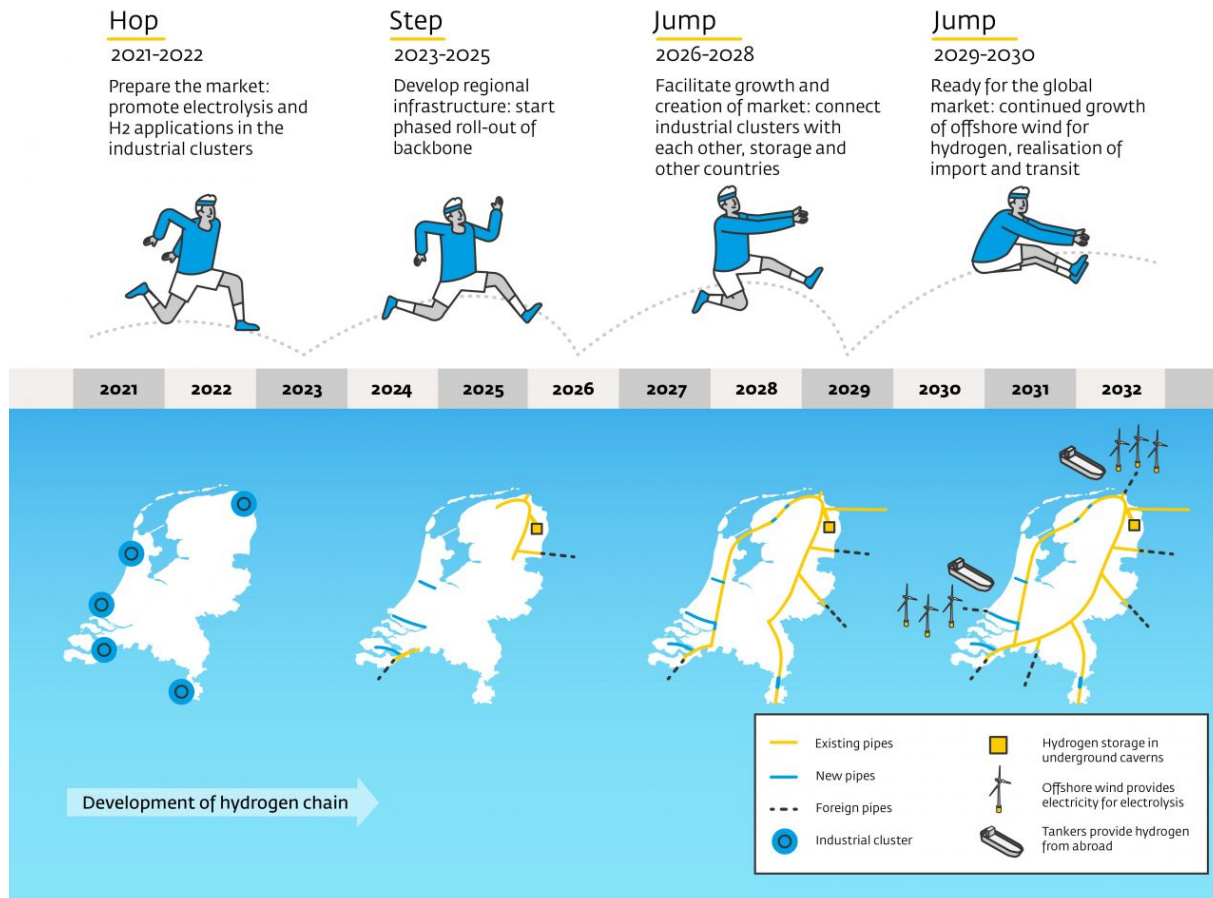
The tiny hydrogen molecule can play a big role in the energy mix of the future. Hydrogen gas (H₂) can be used as a resource (feedstock) for chemical processes, or as a fuel for industry, power stations, transport, and - in the more distant future - possibly also in homes. Hydrogen can be transported through existing gas pipelines in large volumes and at low cost, and it can be stored in large quantities. Green hydrogen can be produced from water using renewable power. The other way round, hydrogen can also be converted into electricity. And by combining it with carbon, you can make methane from hydrogen.

The transition to hydrogen means that the existing natural gas infrastructure will retain its value for society. This goes for (a large part of) Gasunie's transport networks, but also for the distribution transmission systems. These developments are also important to consider in the discussion around weaning certain areas off gas, which in this light might not be a good idea and could lead to excess strain on electricity systems.

Today, most of the hydrogen produced is 'grey' hydrogen, which is produced by splitting natural gas up into hydrogen and carbon. When the carbon emissions from that process are captured and stored or reused, we call the resulting hydrogen 'blue' hydrogen. In the short term, the use of blue hydrogen can spur the development of the hydrogen market and considerably reduce carbon emission levels. For the somewhat longer term, green hydrogen produced through electrolysis with renewable power is the ultimate goal.

Together with a large number of partners, Gasunie wants to develop the hydrogen market step by step and bring down the cost of green hydrogen. We are developing a number of projects with partners in the Eemshaven, North Sea Canal, Rotterdam, Zeeland and Limburg industrial clusters. We are involved in building increasingly large-sized electrolysis plants and have joined the thought process on plans for offshore wind farms that will supply these plants with green power. At the same time, we are creating large-scale hydrogen transport and storage infrastructure. All of the Netherlands' major industrial clusters can be hooked up to this hydrogen backbone by 2027, which will also branch off to our neighbouring countries and be part of a European hydrogen network in 2030.

Our hydrogen strategy is best summed up as hop, step, jump, and jump:



Towards a national hydrogen backbone

As an independent network operator, we want to transport hydrogen from various providers to the large industrial clusters in the Netherlands through a newly-developed hydrogen backbone with nationwide coverage. Together with TenneT and the Ministry for Economic Affairs and Climate Policy, we are currently exploring the possibilities through a study called HyWay 27, named for the year when the backbone is supposed to be ready. This study will answer the question whether and on what conditions part of the existing gas infrastructure can be used for hydrogen transport and storage. The first results of this study will be available over the course of 2021, so that we can make investment decisions in time.

By making maximum use of our existing natural gas transport infrastructure, the national hydrogen backbone can have a capacity of approximately 10-15GW by 2030. 10GW is a quarter of the total annual energy usage by all industrial users in the Netherlands. The first regions in the Netherlands where hydrogen transport infrastructure can be built are the Rotterdam-Rijnmond region (2024) and the northern Netherlands region (2025). The province of Zeeland, the Amsterdam-IJmond region and the province of Limburg will follow after that. In collaboration with foreign network operators, neighbouring industrial areas can be connected to each other *and* the Zuidwending hydrogen storage facility. The national backbone can be ready by 2027 and used as a pipeline ring by 2030, whereby the connection to sea ports will also be an important point, because the market for green hydrogen is set to grow into a global market. As is currently the case for LNG, green hydrogen will then be shipped to our region from overseas.

We are currently exploring, together with our shareholder, various ways to make the backbone possible financially. During the state opening of parliament in 2020, the Dutch government unveiled the National Growth Fund (*Nationale Groeifonds*), which will be investing € 20 billion in the Netherlands' long-term revenue model over the coming decades. The fund can provide resources for knowledge development, research & development and infrastructure innovation. For Gasunie, the Dutch National Growth Fund could be a source of financing for the development of hydrogen infrastructure with nationwide coverage. We are, therefore, considering putting in an application for an investment contribution from the fund in 2021.

Northern Netherlands turns into Hydrogen Valley

Companies and governments in the northern Netherlands have united in Hydrogen Valley for the development of a fully functional green hydrogen supply chain in the northern Netherlands. The northern Netherlands was the first region in Europe to be awarded an EU grant for such a project. On top of this € 20 million grant, € 70 million was raised in public-private co-financing. Over the coming six years, the total amount will be used to back a range of different projects, including underground hydrogen storage near Zuidwending and the laying of two local hydrogen pipelines in the towns of Delfzijl and Emmen.

NorthH2: large-scale hydrogen supply

In early 2020, Gasunie, Groningen Seaports and Shell Nederland teamed up with the Groningen provincial authority to launch NorthH2, one of the world's largest green hydrogen projects. NorthH2 is intended to enable large-scale generation, storage and transport of green hydrogen for industries that

are difficult to electrify or where electrification is not even an option. Gasunie's primary focus in this respect is on the storage and transport of green hydrogen through the hydrogen backbone to the Netherlands' main industrial hubs.

The green power used for this process will be generated by new offshore wind farms, which can gradually grow from 1GW in capacity in 2027 to 4GW by 2030, and to over 10GW by 2040. These wind farms will exist alongside the wind farms that have already been planned for the Netherlands' green power supply. They will be connected directly to one or multiple hydrogen plants. All the power generated by these wind farms will be used to make green hydrogen. The consortium aims to produce 1 million metric tons of hydrogen per year by 2040, which mean a reduction in carbon emissions by around 8 to 10 megatons a year.

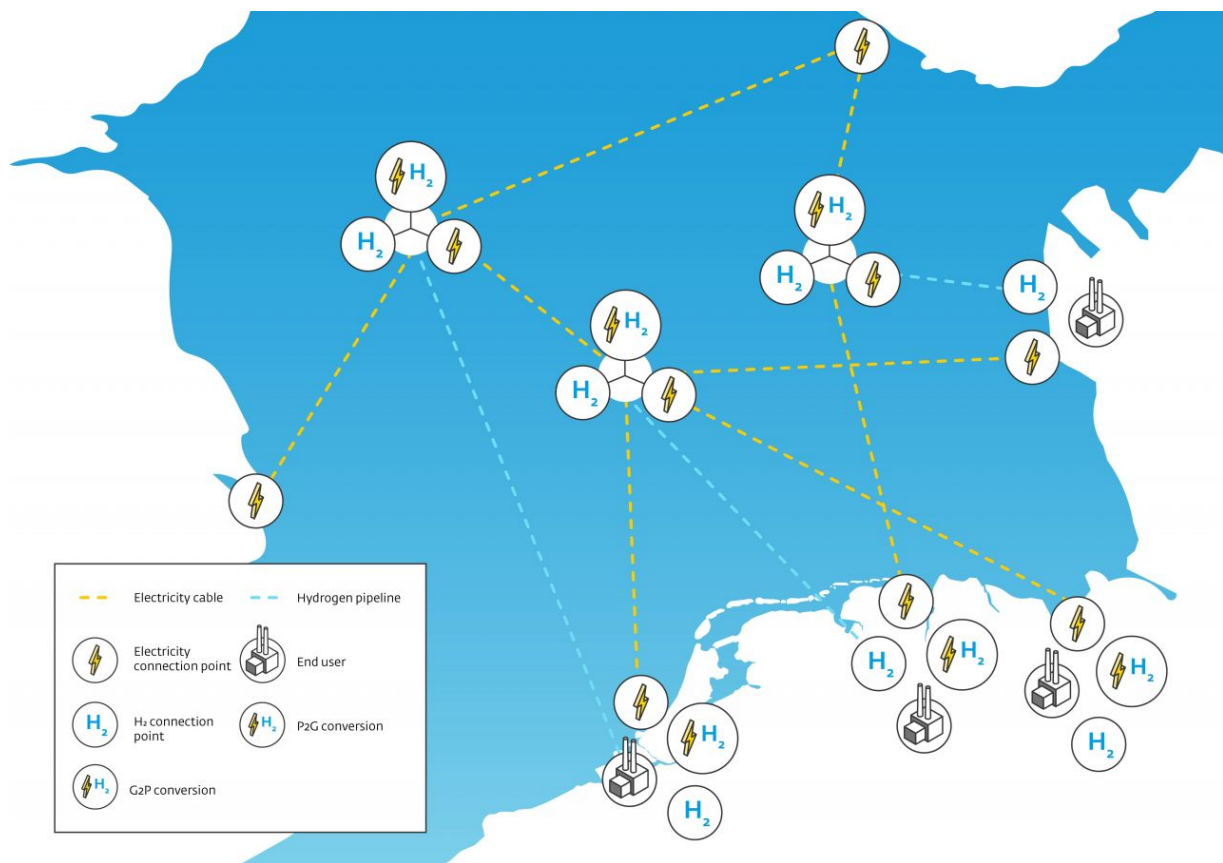
An initial NorthH₂ feasibility study covering the period through to 2030 shows positive results. The second phase of the feasibility study, which will look at the period beyond 2030, is meanwhile under way. In late 2020, Norway's Equinor and German energy giant RWE joined the NorthH₂ consortium. The NorthH₂ partners expect to possibly need European and domestic energy decarbonisation grants during the initial project phases. The partners expect to be able to make their respective investment decisions in 2024.

North Sea Wind Power Hub

Winds out in the North Sea can be harnessed on a large scale to meet climate targets. The creation of a series of smaller 'energy islands' in the North Sea is a highly efficient way of doing that, as shown by research by Gasunie, TenneT and Danish network operator Energinet.dk. These companies have joined forces in the North Sea Wind Power Hub (NSWPH) consortium.

NSWPH plans to realise these energy islands far out at sea, with connections to various countries. Given the scale and ambitions, the consortium partners expect the islands to produce so much energy that it will not be possible to transport it through the electricity grid alone. Some of it will have to be converted into hydrogen or other gas forms. This is where Gasunie can be of great help, which is why we are an active partner in this consortium.

The European Commission has included NSWPH in the top 10 European projects that are set to contribute to creating a more modern, safe and smart energy system as part of the European Green Deal. The Commission has labelled the NSWPH project proposal 'excellent' and has agreed to issue a grant covering 50% of the study costs over the coming years.



AquaVentus

In late 2020, Gasunie joined the AquaVentus initiative in Germany. The AquaVentus consortium intends to build 10GW in offshore wind farms near the North Sea island of Helgoland, combined with offshore conversion of electricity into hydrogen and transport of hydrogen to the German mainland through an infrastructure of pipelines. The AquaVentus programme has been subdivided into various projects, including the AquaDuctus project that involves the building of the required offshore pipeline network of approximately 400km that will be used to deliver the green hydrogen produced by the offshore electrolysis platforms to consumers on the mainland. Gasunie is an AquaDuctus consortium partner.

IPCEI for hydrogen

Grants awarded by national governments to companies and projects must fit within the European state aid framework. The European Commission can approve state aid for projects that it considers to be Important Projects of Common European Interest (IPCEI). The Netherlands and Germany want to join a European IPCEI for hydrogen and launched expression of interest rounds for that in 2020 and 2021. Gasunie has put several conversion, transport and storage projects forward that could potentially be incorporated into this European IPCEI for hydrogen. Gaining IPCEI status for the Dutch national hydrogen infrastructure is one of the routes to approval of possible state aid. The European IPCEI for hydrogen is supposed to materialise in 2021.

Safe hydrogen transport: Hynetwork Services

In the province of Zeeland, the first gas transmission pipeline was repurposed for hydrogen transport in 2017. In 2020, Hynetwork Services' hydrogen pipeline in the southern part of Zeeland transported 29.4 million m³ of hydrogen between the Dow Chemical plant and the plant of fertiliser producer Yara. This transport took place without interruption in a safe, sustainable and reliable way. As of September 2020 and at the request of ACM, the company formerly known as Gasunie Waterstof Services changed its name to Hynetwork Services. The new name reflects the company's core activity, which is to provide hydrogen network services.

Interconnecting Dutch and northern German infrastructure

In Germany, too, Gasunie wants to help meet national and European climate targets by using natural gas infrastructure for the transport and storage of green hydrogen. In November, we signed a hydrogen partnership agreement with EWE, northern Germany's largest regional energy distribution company. EWE operates large natural gas caverns, making them predestined to be part of the future large-scale hydrogen storage landscape. If we mutually align plans for hydrogen transport and storage, joint Dutch and northern German hydrogen infrastructure is very much a possibility.

Active participation in German hydrogen plans

On a national level, GUD is actively involved in the development of the German hydrogen backbone, which will be connected to its Dutch and Danish counterparts by GUD pipelines. The German hydrogen backbone will be a key part of Europe's future hydrogen network. GUD is furthermore an active member of various regional projects and partnerships:

- *Haurup*: hydrogen production using excess wind energy by Energie des Nordens (EdN), mixed into the Deudan natural gas pipeline.
- *H2Mehrum*: green hydrogen production in Mehrum, transport and storage, supply to the steel industry, gas-fired power station, and the transport industry.
- *Nord-Deutsches Reallabor*: development of coordinated regional network plans for the power and gas grid in the Hamburg and Schleswig-Holstein region.
- *Element Eins*: connecting the high-voltage power network and the high-pressure gas network through a 100MW electrolysis plant.
- *Green Octopus*: green hydrogen import and supply to the steel industry.
- *AquaVentus*: large-scale wind power production at sea, 10GW, offshore conversion into hydrogen, and hydrogen transport to the mainland.

Vertogas and Guarantees of Origin for hydrogen

The Dutch Ministry of Economic Affairs and Climate Policy has asked Vertogas to facilitate the future issuing of Guarantees of Origin for blue and green hydrogen. Vertogas responded positively to this request, and is currently investigating how best to perform this new task. The ability to issue reliable guarantees as to the origin of hydrogen is a key requirement if we want to develop a well-functioning hydrogen market quickly.

Towards a hydrogen trading platform

Gasunie's TTF is Europe's largest virtual natural gas trading platform. The Netherlands is also ideally placed to host a similar exchange for hydrogen, as confirmed by a study by the Berenschot consultancy commissioned by Gasunie and four Dutch port authorities last year. The practical specifics will be explored in 2021.

EnergyStock

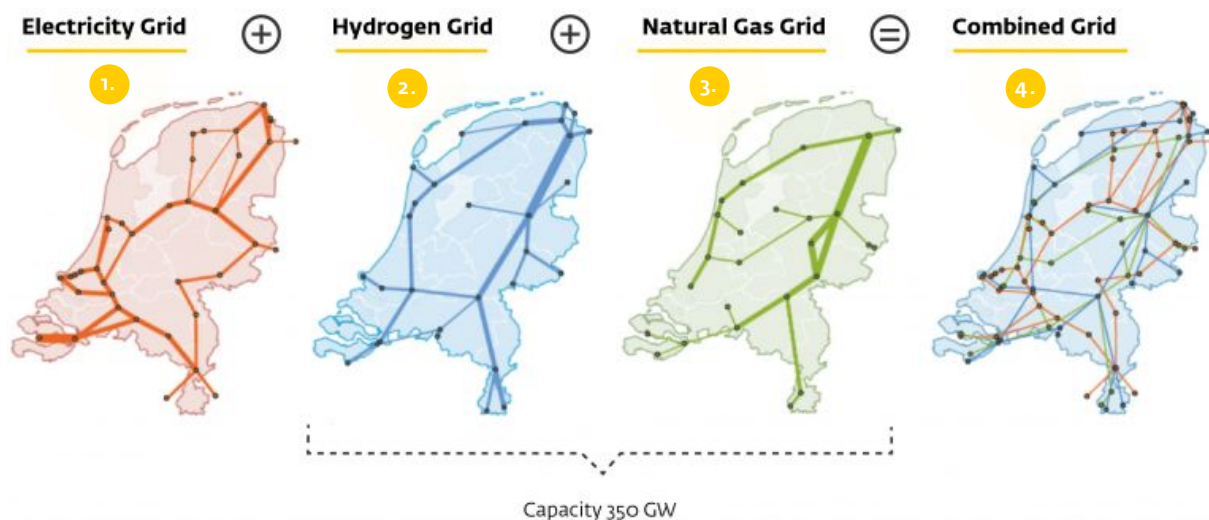
In the small village of Zuidwending in the province of Groningen, Gasunie subsidiary EnergyStock stores natural gas in six salt caverns. This facility could potentially also play a key role in the energy transition. EnergyStock actually already has a power-to-gas plant with an aboveground hydrogen storage facility up and running on-site as a pilot project under the name HyStock. We are currently studying the feasibility of large-scale underground hydrogen storage in four new caverns. The first hydrogen-filled cavern could be operational around 2026. We are liaising closely with local residents in this process.

Worldwide, there are four sites where hydrogen is already stored in salt caverns. In the second quarter of 2021, we will launch a project that will see us fill an existing borehole - without an underlying cavern - with hydrogen. The idea is to demonstrate that the borehole, pipelines and sealings can also accommodate hydrogen.

Hydrogen plants

In Delfzijl, we are involved in the proposed Djewels green hydrogen project. Together with Nobian, we want to build a 20MW electrolyser at Delfzijl Chemical Park. This plant will convert renewable power into hydrogen for the production of biomethanol by BioMCN. The development of this project has suffered delays, but we expect to make a final investment decision for the project in 2021. In 2020, the consortium was awarded an € 11 million EU grant and a € 5.9 million grant from the Netherlands Enterprise Agency. This project is also backed by Waddenfonds, a foundation that invests in initiatives and projects that boost sustainable economic development in the Wadden Sea area. The plans also include a further scale-up to 60MW of electrolysis capacity to be able to use green hydrogen in SkyNRG's renewable aviation fuel production process.

In 2020, we picked a location in Germany where we, together with TenneT and Thyssengas, would like to build Element Eins, a hydrogen plant with 100MW in electrolysis capacity. The chosen location is Diele, a village near the Dutch border where TenneT operates a large transformer station and where flows of power generated by offshore wind turbines come together for further distribution across Germany. In the past year, getting this project financed, which involves roughly € 100 million, turned out to be a challenge. We are now exploring options for a relaunch. Djewels and Element Eins are a prelude to a further increase in scale for hydrogen plants in the future.



1. Power grid

Owner: TenneT

Electricity network system, capacity 20GW

Investment plans: upgrading the existing grid and new connections to offshore wind farms

2. Hydrogen backbone

Owner: Gasunie

High-calorific gas network

Investment plans: preparing for hydrogen transport, backbone connects industrial clusters and storage facilities by 2027

3. Natural gas network

Owner: Gasunie

Low-calorific gas network

Investment plans: facilitating the feed-in of 1 billion m³ of green gas per year

4. System integration

In an integrated system, power stations use green hydrogen or (green) gas to produce electricity. Electrolysers use green power to make green hydrogen.

Green gas

Green gas is produced mainly through the fermentation and gasification of biomass. Being the same quality as Groningen gas and entirely carbon-neutral, green gas is a sustainable alternative to natural gas. The potential of green gas in the future energy mix is substantial. In the Netherlands, the Climate Agreement has set 2 billion m³ as the target volume of green gas that is to flow through the networks by 2030. The existing infrastructure allows us to transport and store green gas on a large scale.

By facilitating the development of various technologies, together with partners, Gasunie is trying to realise half of this target volume for the whole of the Netherlands. In doing so, the focus is on industrialising green gas production, such as at SCW and Torrgas. Aside from that, our certification subsidiary Vertogas lets us guarantee the purity of the origin of green gas by issuing Guarantees of Origin. We are also working on certification on a European level.

SCW: operational in the summer of 2021

In 2017, SCW Systems and Gasunie founded the company SKW Assets Alkmaar for the development and construction of a demo gasification plant. SKW Assets makes the plant available to SCW Energy. In the plant, supercritical water gasification is used to sustainably produce gas and reusable raw materials from wet biomass (residual and waste flows). From 2018 onwards, the plant was developed further, with the entire supply chain from biomass input up to and including gas generation activated for the first time in 2019. In 2020, the plant was developed further based on experience gained along the way, and preparations started for the next stage, which will consist of projects leading up to start-up of the plant in the summer of 2021.

Torrgas: durability test completed

Torrgas is a future commercial gasification plant based on residual woody biomass streams in Delfzijl. This plant will produce syngas, green gas, carbon and steam from torrefied residual wood. The green gas produced will be fed into the natural gas network, while steam will be fed into the local steam network. Gasunie is developing this plant in close collaboration with Torrgas and other project partners. In 2020, the test plant was subjected to a durability test. Talks are currently ongoing with potential partners and financiers about the building of a large-scale plant, also in Delfzijl.

Vertogas: continued volume growth

The certificates issued by Vertogas guarantee the green origin of renewable gas from biomass. This is important for the development of a sustainable green gas market, which will contribute to the carbon-free energy supply envisioned by 2050. The volume of green gas certified by Vertogas rose strongly again in 2020, from 145 million m³ in 2019 to 201 million m³ in 2020. This increase was mainly due to new green gas production plants that were started up in 2020.

The certificates issued by Vertogas, i.e. the Guarantees of Origin, represent a value for producers of and traders in green gas. We estimate the total value generated by certificates issued in 2020 at € 150 million per year. Vertogas is actively involved with the European ERGaR registry to facilitate the transfer of Guarantees of Origin in accordance with the requirements of legislation (RED II). In mid-2020, Vertogas put an IT platform into use that will enable this European transfer.

We play an active role in the development of infrastructure for heat transport and CO₂ transport and storage

Heat

Heat grids are an essential component in a more sustainable energy mix. In the Netherlands, roughly 90% of the heat we need comes from fossil fuels, mainly from natural gas. Just under half of all that heat is used to heat homes, offices and other buildings. The Netherlands wants to reduce its natural gas consumption and carbon emissions. In urban areas, the reuse of residual heat from industry is a cost-effective alternative.

WarmtelinQ: permit applications submitted

WarmtelinQ is one of those alternatives. WarmtelinQ is the main transport pipeline that is intended to, from 2024, transport residual heat in the form of hot water from industry in Rotterdam to homes, companies and greenhouses in the Rotterdam/The Hague area.

In 2019, the Ministry of Economic Affairs and Climate Policy assigned Gasunie to develop and operate WarmtelinQ. WarmtelinQ will be a regulated heat transport company with Gasunie as the independent network operator, making this the world's first open access heat transport network on this scale. This statutory duty will be laid down in new legislation that is yet to be adopted, the Collective Heat Supply Act (*Wet collectieve warmtevoorziening*). The online consultation on this legislation took place in 2020, and we have formally submitted our view.

In 2021, Gasunie will make an investment decision on WarmtelinQ. To have everything ready in time to be able to start transporting heat in 2024, the technical design for the first part of the pipeline has been moved to an advanced stage. Applications for the relevant permits were also submitted in 2020. Our aim is to start building the first stretch of pipeline in 2022. The project requires us to liaise closely with local residents, local authorities, water boards, Rijkswaterstaat and other parties.

In order for us to be able to make a sensible investment, heat needs to not only be supplied in The Hague, but also in the region around the pipeline, i.e. in towns such as Delft and Rijswijk and in the Westland area. Gasunie is currently exploring, together with and at the request of stakeholders, ways to extend WarmtelinQ to the Leiden area.

Carbon capture, utilisation and storage (CCUS)

Carbon capture and storage (CCS) is one of the very few options that energy-intensive industries, such as refineries and chemical plants, have to avoid large amounts of carbon emissions in the short term and at a relatively low cost. It allows these industries to contribute to meeting the climate targets and keeps them in our economy. Carbon utilisation can potentially play a key role in decarbonising the greenhouse horticulture sector and will also offer opportunities in other markets in the future.

Consequently, carbon capture, utilisation & storage (CCUS) is an important factor in meeting emission reduction targets in the Netherlands and Europe, which is why it is part of the Dutch Climate Agreement and the European Green Deal. Gasunie is committed to facilitating the development of CCUS by developing CO₂ transport and storage infrastructure together with partners from across the supply chain.

In this context, we are developing Porthos (in the Rotterdam/Rijnmond region), Athos (in the Amsterdam/IJmond region), and Carbon Connect Delta (in the province of Zeeland), of which Porthos is expected to be up and running first, followed by Athos and Carbon Connect Delta. Backed by the European Union, these projects have all been designated as a Project of Common Interest (PCI), meaning that they are eligible for public funding. The European Commission has nominated the Porthos and Athos carbon projects for a € 102 million and a € 15 million grant respectively from the Connecting Europe Facility (CEF).

Porthos: tariffs set for customers

Along with our partners EBN and the Port of Rotterdam Authority, Gasunie is developing the Porthos project, which will deliver a CO₂ capture, transport and storage system in the Rotterdam/Rijnmond region. Our customers Air Liquide, Air Products, ExxonMobil and Shell are also part of the project, as they will do the carbon capturing at their refineries and hydrogen plants in Rotterdam, for which they will develop the required systems themselves. Transport to and storage in empty gas fields in the North Sea will be prepared by Porthos.

Porthos has issued tariffs for four of the future customers. The customer applied for an SDE++ grant in November 2020. If it were not for Porthos, these customers would have had to buy carbon emission rights through the EU Emissions Trading System (ETS). The SDE++ grant is needed to cover the difference between the funds needed to buy emission rights and the total funds needed for carbon capture, transport and storage. We expect that the four companies will hear in the second quarter of 2021 whether or not they will receive the grant.

In the meantime, all the parties will continue to work hard on the design, permits and other necessary preparatory work, so that the first CO₂ can be injected into the empty offshore P18 gas field in 2024. The investment decision for Porthos is scheduled to be made after all the required permits have been issued, which we expect to be in 2021.

Athos: investment decision in 2023

Gasunie, EBN, Port of Amsterdam and Tata Steel are working together under the Athos name to develop a CCUS project in the North Sea Canal area. The goal of Athos is to construct CO₂ infrastructure there, including storage of CO₂ in empty gas fields under the North Sea, and to enable utilisation of CO₂. In late 2019, Athos gauged interest in carbon capture and storage in the market. The responses received from companies that stated an interest in supplying their captured CO₂ and from companies that stated an interest in utilising that CO₂ are more than sufficient for us to go ahead with the project.

During the current project phase, various storage locations and infrastructure options are being analysed in greater detail and we are making a start on the permit application procedures. This phase will be completed in the first quarter of 2021. On top of that, CO₂-emitting industries are asked to further develop the project by entering into a joint development agreement with Athos. In 2023, Athos hopes to be able to make an investment decision, following which building work on the infrastructure can start and the first CO₂ can be injected in 2026.

Carbon Connect Delta: choosing a modality in 2021

Gasunie is part of a consortium of Belgian and Dutch companies that has set up the Carbon Connect Delta project, which has as its first step a study into the feasibility of CCUS in the North Sea Port area between the towns of Vlissingen in the Netherlands and Ghent in Belgium in 2025. This study will focus on all aspects of a project, i.e. the technical, economic and legal issues involved, the infrastructure required for CO₂ transport by pipeline or by ship, the financing options, the commercial feasibility and the permit application procedures.

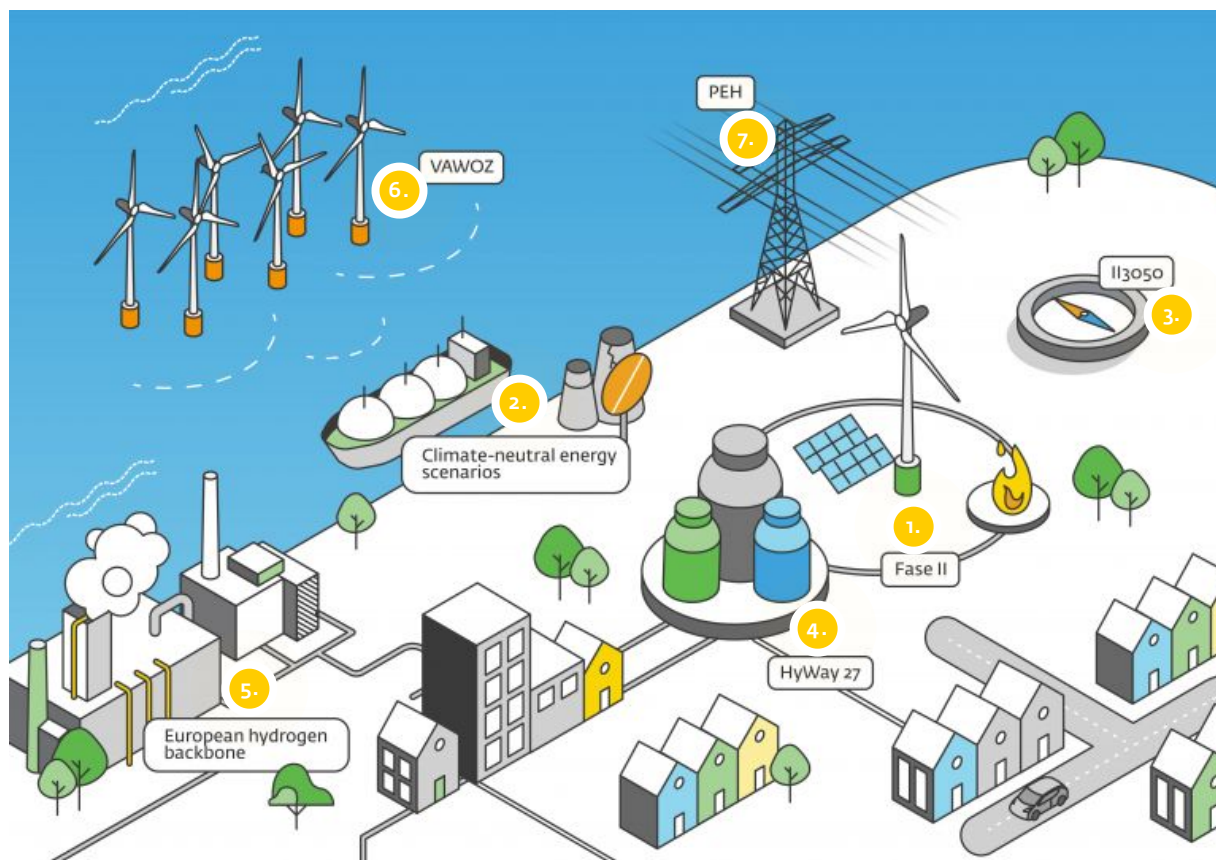
In 2020, the work packages of the onshore and offshore pipeline versions were completed. In early 2021, the various feasibility studies will be wrapped up and a choice will be made on which option, i.e. CO₂ transport by pipeline, ship, or both, to pursue further. The consortium is a cross-border partnership of Smart Delta Resources, the North Sea Port authority, and the companies ArcelorMittal, Dow Benelux, PZEM, Yara and Zeeland Refinery. Gasunie and Fluxys are the infrastructure partners in the consortium.

System integration studies

Maintaining security of supply and decarbonising our energy supply at the same time requires a complete overhaul of the total energy system, where energy carriers (electricity, methane, hydrogen, heat), energy grids (international, national, local) and market sectors (industry, built environment, mobility, agriculture) are increasingly interwoven. This is a development that we refer to as system integration.

Piecing together all the elements of an efficient and effective infrastructure development path towards a sustainable energy system is a complex challenge. The comprehensive system analyses that we conduct in close collaboration with other infrastructure companies, the market and the government are producing essential insights into how the energy system should develop effectively and efficiently.

Over the past year, we have laid an important foundation for further integration of the energy system and what that means in terms of what infrastructure will be needed for transport, conversion and storage. We have teamed up with partners in launching a number of new system integration studies and completed previously launched system integration studies.



1. Phase II

Together with TenneT, we released the Phase II study in February, which looks at possible transition paths from 2030 to an integrated energy system by 2050. While the Phase II study is focused primarily on Germany and the Netherlands, it also assumes the European perspective. Being a follow-up to the '2050 Infrastructure Outlook' study from 2019, the Phase II study works out three different scenarios. Each of these scenarios describes a path towards a largely climate-neutral society, whereby the scenarios differ only in terms of their energy carrier of choice, i.e. electricity or gas.

3. II3050

The Climate-Neutral Energy Scenarios for 2050 report by Berenschot and Kalavasta is the basis for the 2030-2050 Comprehensive Infrastructure Survey (II3050) that the joint Dutch network operators are set to present to the Ministry of Economic Affairs and Climate Policy in April 2021. It is a source of technical knowledge with analyses of the future energy system as the backbone of a sustainable society in 2050. The survey serves as a compass for all parties involved in realising the energy transition.

2. Climate-Neutral Energy Scenarios for 2050

Commissioned by the Dutch network operators, research firms Berenschot and Kalavasta published a report in April that outlines four integrated scenarios for a climate-neutral energy supply by 2050. The four scenarios assume regional, national, European and international control of the development of the energy system. They incorporate developments in demand and supply (including energy-related resources) in all sectors, including the more energy-intensive ones, i.e. industry, transport and mobility.

4. HyWay 27

In June, the HyWay27 study started, which will see us, together with TenneT and the Ministry of Economic Affairs and Climate Policy, explore whether, and if so on what conditions, part of the existing gas grid can be used to transport hydrogen. Due to the upcoming closure of the Groningen gas field and the reduction in L-gas exports to Germany, Belgium and France, part of our network will gradually become available for other uses. By repurposing part of the pipelines for hydrogen transport, Gasunie will be able to cost-efficiently create a national pipeline network, the hydrogen backbone.

5. European hydrogen backbone

The Dutch hydrogen backbone that we envisage must link up with a future European hydrogen backbone. In July, Gasunie and ten other European gas infrastructure companies presented a plan for this European Hydrogen Backbone, which will be 6,800 kilometres long by 2030 and interconnect the main European industrial clusters and hydrogen production sites, known as 'hydrogen valleys'.

6. VAWOZ

Wind power generated out at sea in the North Sea is one of the most important drivers behind the energy transition in the Netherlands. In the 'Verkenning aanlanding wind op zee' (VAWOZ) policy programme, various parties from across the market, including Gasunie and the Ministry of Economic Affairs and Climate Policy, look at how best to bring to the shore the power generated by the offshore wind farms that are yet to be built. The focus is on the form (electrons or hydrogen molecules), the mode of transport (cable, pipe or ship), the route to the shore, and where to meet demand. It makes VAWOZ a preparation for future planning procedures.

7. PEH

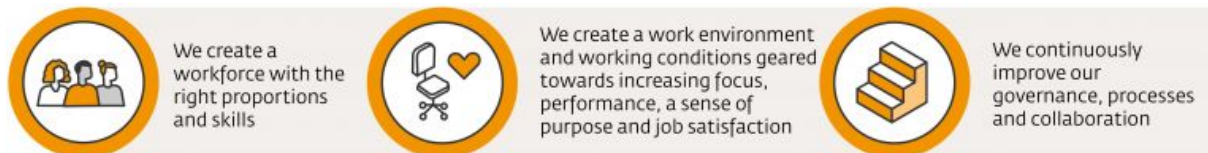
The Ministry of Economic Affairs and Climate Policy has also set up a policy programme in preparation for future planning procedures for large-scale onshore energy (infrastructure) projects, the 'Programma Energiehoofdstructuur' (National Energy Infrastructure Programme, PEH). The aim is to closely align efforts to ensure that the future integrated national energy infrastructure can be given enough space in relation to other interests, such as a good-quality living environment. Gasunie is one of the participants in PEH.

Conclusion

We are seeing that our work is gaining tremendous traction, as governments, politicians and the market all have a great need for properly substantiated insights into what investments are needed for sustainable, reliable and affordable infrastructure. These insights create scope for action for investments and projects, also at the various stakeholders in the supply chain. This is a positive development for Gasunie and society.

05 Foundations of our organisation

Foundations of our organisation



We are Gasunie. A leading European gas transport company that has been serving the public interest since the 1960s. Every day, we work on our duties to society with passion and dedication. In doing so, we make sure the foundations of our organisation are in order, so that we can achieve the goals from our three strategic pillars:

We create a workforce with the right proportions and skills

We adapt our competencies to the changing energy market. We position our company as an attractive employer and pursue a policy of inclusion and diversity.

We create a work environment and working conditions geared towards increasing focus, performance, a sense of purpose and job satisfaction

We help our colleagues stay fit for work through regular medical check-ups and measures against work pressure, and we conduct labour market scans. We ensure adequate pay and access to a good pension plan.

We continuously improve our governance, processes and collaboration

We are committed to taking our Corporate Social Responsibility and maintain a dialogue with our customers. We digitalise our business processes and monitor the functioning of our IT systems.

We create a workforce with the right proportions and skills

Developing competencies

On the back of the energy transition, Gasunie will see its workload at many of its business units increase over the coming decade. In other business units, however, the workload will diminish. This scaling up of some activities and scaling down of others is not in sync. The speed and volume differ, and they require different competences. New activities are often carried out through partnerships, which involve not just Gasunie employees, but also those of our partners.

Gasunie as an attractive employer

Over the past years, Gasunie has been successful in attracting new people with new competencies. We are now set to intensify the recruitment policy that stood at the basis of this success. Gasunie's transformation from a natural gas transmission system operator into a sustainable energy infrastructure company requires a different, broader positioning of Gasunie in the labour market, so that we can attract new talent and retain the talent we already have on board. We are currently developing a programme to give our employer branding a fresh impulse, which will be implemented in 2021.

New diversity and inclusion policy

Over the past years, diversity at Gasunie has been all about the Dutch Participation Act, which intends to get as many people with poor job prospects as possible in paid and meaningful employment. In 2020, we charted a new course. We want to become a diverse, future-proof, inclusive organisation where everyone's input contributes to the quality of our organisation, where we can be ourselves, and where we are appreciated. In 2021, we will capture this in a structural approach called Gasunie Inclusive. A working group has been set up that will be advocating for awareness, exchange, recruitment policy, inclusive leadership and social commitment.

Existing programmes and policy initiatives will be incorporated into Gasunie Inclusive. One example of our efforts in this area is the active partnership we struck up with the [RefugeeTalentHub](#) in 2020. Through the activities we organise, we want to get refugees involved in our organisation and foster mutual learning. Gasunie also intends to sign the [Diversity Charter](#), which will enable us to operate on a national scale in network relationships to create real value for the programme.

Management potential

Maintaining a focus on the development of our employees in combination with organisational developments is very important to us. In 2020, we launched our Management Potential Portfolio programme (MPP) to match supply of and demand for potential managers in a conveniently organised and structured way. MPP both gives substance to our succession planning and helps Gasunie identify management potential and management ambitions at an early stage, so as to subsequently be able to use targeted management development programmes to utilise this potential.

Social plan

In 2021, we will close our regional offices in Waddinxveen and Deventer, which will lead to some colleagues being made redundant. The principle behind restructuring is that employees should be guided from work to work, either at Gasunie or elsewhere. There is also a safety net in place for situations where this is not possible. In the spring of 2020, we reached an agreement with trade unions and the Works Council on a social plan formalising these arrangements.

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 promotes sustainable employability. We offer our employees the opportunity to follow specific courses and training programmes, including tailor-made programmes. These are regular training programmes, which are offered in addition to our programme for Sustainable Employability. Due to COVID-19, we spent less on training programmes and courses in 2020.

Spending on training programmes and courses

	2020	2019
Netherlands	€ 2.0 million	€ 3.5 million
Germany	€ 0.4 million	€ 0.5 million

We create a work environment and working conditions geared towards increasing focus, performance, a sense of purpose and job satisfaction

Sustainable employability

The working population is ageing, and this also affects us. Employees must continue working for longer. For this reason, sustainable employability has been an important topic for us for a number of years now. How can our staff continue to do their jobs for longer, competently and with pleasure? Working on sustainable employability requires employees to take responsibility for their career, development and vitality. The role of the employer and manager in this respect is to facilitate and support. Gasunie employees have personal allowances available to them that they can use to work on their sustainable employability. They can spend such allowances on their health and fitness, flexibility, work situation and career. An evaluation in early 2020 showed that many colleagues are aware of and appreciate our Sustainable Employability programme.

Preventive Health Check-Up

Over the past year, we have updated Gasunie's sick leave policy, adding the Preventive Health Check-Up as a key new measure. The outcome of a Preventive Health Check-up will give us an accurate idea on various organisational levels of how our employees are doing in terms of their health and well-being in relation to the work they do.

Labour market scan

One of the ways in which we intend to promote sustainable employability is our labour market scan. This scan, which is offered free of charge, answers questions such as the following: how is the (regional) labour market developing? Which fields may be even more interesting? Which employers or intermediaries in your region have attractive vacancies? What are your chances of finding work in your current or desired job? The labour market scan also produces tips for employees on how to further increase their chances in the labour market.

Employee survey

In March 2020, we conducted our biannual employee survey, which gives employees a chance to express their views on working at Gasunie. Based on the outcome, Effectory and Intermediair again awarded Gasunie the label for good employment practices: 'World-Class Workplace.' Like in previous years, the scores matched or exceeded the benchmark for companies in the water and energy sector.

This is good to know. Employees say that we are better at responding to changes in the market than two years ago, and they find that collaboration across departmental boundaries has improved. They do, however, also want to be included in the decision-making on developments at the company, and they want greater clarity on how their department contributes to achieving the company's goals.

COVID-19: impact on our employees

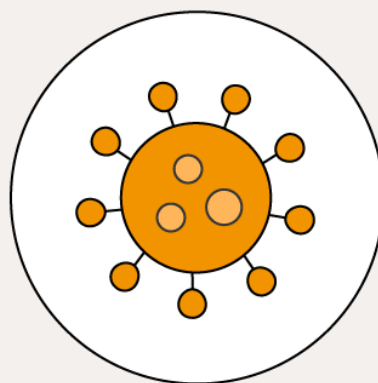
Due to the global COVID-19 outbreak, we faced unprecedented, and meanwhile long-term, (government) measures in the Netherlands and northern Germany from early March 2020 that had an impact on our way of life, both in our private lives and at work. In line with these measures, Gasunie took action in various ways.

In the Netherlands, all employees who can work from home have done so since mid-March. In Germany, we developed a plan that was intended to, in phases, enable full-time work at the office again after the first coronavirus wave. A full return to the office never happened, however, because of the second wave that broke out in the autumn.

For employees who are unable to work from home, we made provisions in both countries to enable them to do their work with the best possible protection against a possible COVID-19 infection, such as contactless shift handovers and screening dispatcher stations off from other workplaces.

These measures all had a major impact on our employees, especially when schools were closed and many families suddenly found themselves having to combine childcare with home working. In some cases, the situation brought financial worries as partners lost their jobs and household income fell. Or worries about one's health or that of loved ones. Visits to family members in healthcare facilities were prohibited. Our field staff continued with their work wherever possible, obviously while observing the hygiene guidelines, but they still sometimes felt a fear of getting infected and infecting their loved ones.

At the same time, many of those working from home discovered that online meetings offered a way for them to continue to do their work. At our Dutch business units, the number of digital meetings rose to an average of 900 per working day, forty times more than before the pandemic. It created a strong sense of togetherness as everyone found themselves in the same situation and tried to make the best of it.



Meanwhile, many have grown tired of working from home full-time. Online meetings are a drain on everyone's energy and there is little time in between meetings to recover. Employees miss the workplace dynamics and the chats by the coffee machine, while the fading boundaries between work life and private life make that many employees struggle to disconnect from their work and relax.

In a survey we ran among the employees of our Dutch business units in May to gauge the impact of home working, three quarters of the 1081 respondents stated that they would be able to put up with home working for a few more months. We repeated the survey in September 2020 and January 2021. It showed that pressure on the work-life balance had increased further and that employees are finding it harder and harder to maintain social contacts, both in their private lives and in their work situation. Respondents stated that they increasingly miss those informal moments. It also turns out that there is a growing sense of loneliness among some employees.

Sickness absence

Since 2018, we have seen a downward trend in our sick leave rate. In 2019, the sick leave rate was 3.85%, dropping to 3.58% in 2020, which was unexpected given the COVID-19 pandemic. Our sick leave figures for 2019 were below the industry average. Industry figures are not yet available for 2020, but the expectation is that we will again stay below the industry average.

There is, however, a shift in what causes employees to go on sick leave. Having grown to 39%, the share of sick leave for mental health reasons is higher than the national average of 34%. The same goes for the share of work-related sick leave for mental health reasons, which at 20% is also higher than the average in the Netherlands (17%). The average duration of sick leave for mental health reasons is 124 days, which is considerably lower than the 225 days that is the average recovery time in the Netherlands.

In the Netherlands, we are responsible for paying employees' wages and for supporting them during the first two years of illness. In Germany, this period is six weeks. Our Gasunie goal is a sick leave rate that does not exceed 4.1%.

Indicator	Unit	2020	2020	2019	2019
		GUN	GUD	GUN	GUD
Absence due to sickness (total)	Percentage	3.58	3.66	3.85	3.82
short-term absence	Percentage	0.49	0.96	0.68	1.57
medium-term absence	Percentage	0.69	1.01	0.56	1.22
long-term absence	Percentage	2.40	1.69	2.61	1.03
Sickness absence frequency	Frequency	0.72	1.67	0.96	2.38
Work-related absence (reported by employee)	Absence cases	33	-	23	-
Reported to the Netherlands Centre for Occupational Diseases (NCB)	Reports	-	-	-	-

Remuneration

In accordance with the previously-made agreements between the employer, trade unions and Works Council, we implemented a collective labour agreement pay rise of 3.05% in the Netherlands in 2020. This is equal to the CPI published by Statistics Netherlands for the period August 2018-August 2019, plus 0.25%. In Germany, we signed a new 15-month collective labour agreement effective from 1 August 2020. This collective agreement involves a 2.5% pay rise combined with a one-off bonus of € 380.

Pension

With Gasunie's current pension plan set to expire at the end of December 2021, the parties to the collective labour agreement started the negotiation process for a new pension plan in September 2019. Due to the low interest rates, it is expected to be a challenging process. The parties to the collective labour agreement have created an advisory committee of pension experts from the various trade unions and employers. Based on the recommendations by this committee, the parties will put together a proposal for a new pension plan and submit it to their members and employees.

In June 2020, the Dutch government signed a national pension agreement with trade unions and employers' organisations. In it, the parties have agreed on new arrangements for pensions, including the state pension. This pension agreement is now being used as the basis for pension system reform in the Netherlands. As this will be a lengthy process, we will not see a new pension system any time soon. Gasunie's new pension plan from 2022 will, therefore, not yet come under that new pension system.

There were no pension-related developments at GUD in 2020.

We continuously improve our governance, processes and collaboration

Taking action on Corporate Social Responsibility

In 2015, the United Nations defined a series of goals in dealing with challenges relating to poverty, education and the climate crisis: the Sustainable Development Goals (SDGs). These SDGs suit us down to the ground, because what they are all about is exactly what we are all about and what our strategy is geared towards: contributing to a better society by ensuring a safe, sustainable, reliable and affordable energy infrastructure.

In our CSR policy, we also seek to link up with these global goals, which countries, companies and organisations jointly pursue to create a sustainable society. Our new CSR policy is a guideline in shaping our activities in the context of our strategic ambitions.

	Core SDG's				Flanking SDG's					Remarks
	1. 7 AFFORDABLE AND CLEAN ENERGY	2. 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	3. 13 CLIMATE ACTION	4. 17 PARTNERSHIPS FOR THE GOALS	5. 5 GENDER EQUALITY	6. 8 DECENT WORK AND ECONOMIC GROWTH	7. 11 SUSTAINABLE CITIES AND COMMUNITIES	8. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	9. 15 LIFE ON LAND	
investigation started										
action programme started										
tangible results										
Reduce greenhouse emissions during the construction of energy projects										10.
Circular and CO2-neutral procurement										11.
Redeployment of existing assets										12.
Take social responsibility										13.
Build a diverse and inclusive organisation										14.
Contribute to biodiversity										15.
Cut gas transport energy use										16.
Develop strategy for energy procurement										17.
Cut CO2-equivalent emissions in daily operations to 128 kt by 2030, with less than 50 kt attributable to methane										18.

1. SDG 7: Affordable and clean energy

Goal: Access to affordable, reliable and sustainable energy for all.
The use of fossil fuels must be minimised and possibilities to switch to renewables stimulated.
The shift to renewable energy comes first.

2. SDG 9: Industry, innovation and infrastructure

Goal: Resilient infrastructure, sustainable industrialisation and technological innovations to make that possible.
Better infrastructure will put other goals within reach and improve quality of life instantly. The development of infrastructure goes hand in hand with innovation and industrialisation.

3. SDG 13: Climate action

Goal: Urgent action to combat climate change and its impacts.

The focus for this SDG is on cutting greenhouse gas emissions globally by at least 40% compared to 1990 levels by 2030 and having a carbon-neutral energy supply by 2050.

5. SDG 5: Gender equality

Goal: Gender equality and empowered women and girls.

7. SDG 11: Sustainable cities and communities

Goal: Make cities inclusive, safe, resilient and sustainable.

9. SDG 15: CSR policy

Goal: Protect, restore, and promote biodiversity and sustainable use of ecosystems.

11. Circular and carbon-neutral procurement

How circular is our gas transport? And to what extent do we recycle resources used for gas transport? This is about things such as our pipelines, stations and offices. We will look for ways to make circularity quantifiable and incorporate it into product specifications.

4. SDG 17: Partnerships for the goals

Goal: Global partnerships for sustainable development.

Especially in the area of technology, knowledge sharing, trade, data, policy coherence and financial resources, global or regional collaboration is pursued. This is the only way we can make sure that all countries make progress.

6. SDG 8: Decent work and economic growth

Goal: Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

8. SDG 12: Responsible consumption and production

Goal: Ensure sustainable consumption and production patterns: 'produce more with less'.

10. A clean building site/zero emissions

The new infrastructures we want to build for heat, hydrogen and other resources are intended to greatly reduce carbon emissions in the Netherlands. By adopting a zero-emission approach during the building phase, we are showing that we understand our duty to society.

12. Reuse of our assets

How do we reuse all the installations and materials we no longer use? This concerns mainly installations and materials that were part of our natural gas transport operations for sixty years. The reuse of existing assets is crucial if we want to build infrastructure for hydrogen, CO₂ and green gas quickly and affordably.

13. Social supply chain responsibility

Are working conditions in order at all the plants from which we procure goods? Answering this question for plants outside the European Union is difficult. Together with other parties, we are going to map out the production chains of our suppliers and users of our products and services worldwide to the maximum degree possible.

15. Contributing to biodiversity

Many of our operations take place in nature and the countryside. This also comes with some degree of harm to these areas. As part of the Groene Netten (Green Networks) partnership and with the help of ecological experts, we are looking for areas where we can stimulate biodiversity.

17. Strategy for greener energy procurement

Gasunie is among the Netherlands' top 10 power consumers. By selecting the right partners as our power suppliers, we see potential to considerably reduce our consumption and, consequently, our carbon emissions.

14. Diversity and inclusion

Precisely because ours is a societal role, we set great store by being a reflection of that society. We believe that diversity in our organisation leads to more creativity, innovation and better decisions. With this in mind, we are developing a more structural approach to diversity and inclusion at Gasunie.

16. Setting an energy efficiency goal

Gas transport is an operation that requires a lot of energy. In this project, we have set out to formulate an energy efficiency goal for Gasunie. This goal will help reduce carbon emissions, achieve energy efficiency and boost innovation.

18. Tightening our emission reduction targets

By 2030, we want to have reduced the emissions from our operations to a maximum of 128 kilotonnes of CO₂ equivalents, which boils down to an 80% reduction compared to 1990. Of these 128 kilotonnes in emissions, not more than 50 kilotonnes can be methane emissions. By being a front-runner in methane emission reduction, we want to set an example for other companies.

Gasunie has recorded the specific actions it takes in the realm of the SDGs in special Gasunie Green Deals. Some are new, others have been going for a few years and need refining. We have incorporated four core SDGs into our new CSR policy. They were chosen based on our mission, vision and the societal value of our core activities. Through these activities, we contribute greatly to accelerating the energy transition and CO₂ reduction. Besides the core SDGs, our CSR policy is also geared towards contributing to five supplementary SDGs focused on future-proofing our core activities.

Our Green Deals also contribute to improving our ESG rating, a performance indicator in the area of the environment, social results and governance of the organisation. In 2021, we will add further substance to these Green Deals and seek to maximise the transparency and quantification of their impact.

To the other goals, we contribute indirectly based on the 'do no harm' principle. Although we are not actively working on these SDGs, we have committed to respecting these goals and not doing any harm in those areas.

Dialogue with our customers

To maintain our standing among Europe's best energy infrastructure companies in the future, we offer services that meet the needs of our customers and are in line with developments in the energy market. We do so by informing our customers well and by responding to situations that we identify through touchpoints with customers and other stakeholders.

In the Netherlands, GTS engages in dialogue through market consultation and information meetings, conversations with representatives of customer groups (representative organisations) and our shipper customer desk. This is supported by placing clear information on our website and sending out a newsletter, where additional attention is required for a certain topic.

These interactions are intended to improve our products and services.

This year, we sought to engage with our customers on a wide range of subjects, such as transport tariffs and the associated conditions, the implementation of virtual interconnection points (VIPs), randomisation of balancing actions and the advice on production from the Groningen field.

In the event of questions or complaints, shippers can contact the Customer Desk, and industrial customers can contact the Industry Desk. A specialist team will then help to solve the issue. In this way, GTS provides easy access to specialist points of contact.

In Germany, GUD is not the only gas transmission network operator. and therefore often teams up with other TSOs for market consultations and information provision. The GUD website provides a list of all points of contact that are relevant to shippers.

Customer satisfaction survey

In December 2020, GTS commissioned the two-yearly customer satisfaction survey. We are proud that our customers continued to value us highly in 2020. GTS earned an average rating of 4 out of 5, a repeat of the result of surveys conducted in previous years. Over 60% of shippers rate GTS (much) more highly than TSOs in surrounding countries. The fact that many GTS employees were forced to work from home due to the COVID-19 pandemic over the past year did not adversely affect our customer focus and professionalism, according to our respondents.



Complaints to GTS

In 2020, a complaint was rejected relating to the scope of operational agreements (inter-TSO L-gas to H-gas swaps) that GTS has entered into with a neighbouring TSO. No complaints were received from industrial customers.

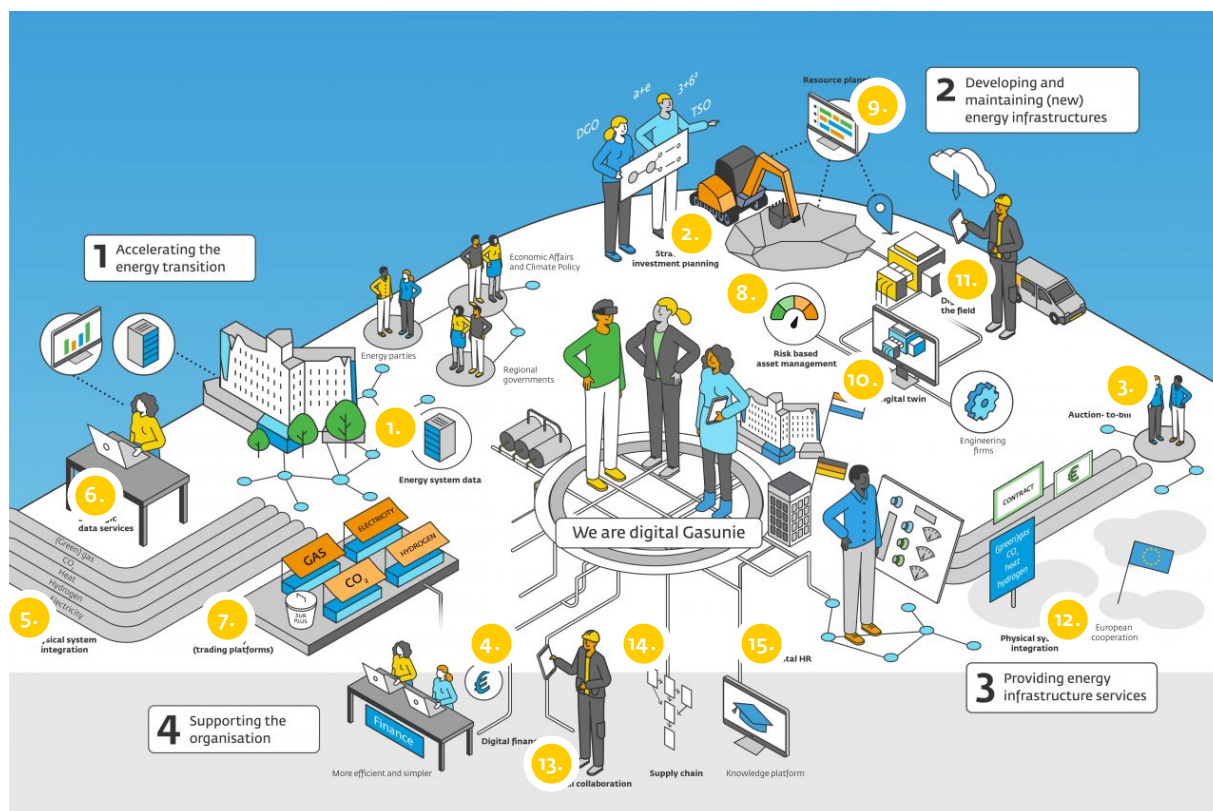
Complaints to GUD

There were no complaints from gas transport customers in 2020. Even controversial discussions on issues such as capacity provision were always held in a constructive and solution-driven climate.

IT processes

In 2020, Gasunie composed its Digital Ambition for the year 2025. Implementing this digital strategy will help us realise our Vision 2030 goals.

Digitalisation, data and IT play a crucial role in (accelerating) the energy transition and Gasunie's place in the energy system of the future. Digital possibilities and new insights based on data, facts and forecasts play an important role in developing and operating an integrated and sustainable energy system. Plus, it will help us identify trends and developments in the market, so that we can respond even more effectively. This will also lead to new business models and empower Gasunie to operate even more efficiently in a changing world. The (interactive) illustration below shows in which areas we will be going digital or stepping up ongoing digitalisation processes over the coming five years. What is crucial for the success of our digital ambition is that we work together in implementing the specific initiatives to optimise and innovate.



1. Energy system data

Data is of huge importance for both the energy transition and system integration. We make data on the entire energy system available to the market.

3. Auction to bill

We intend to scale up the capacity auctions for our infrastructure and/or set up new auctions for the various new energy carriers, for conversion and for storage.

5. Digitalisation will pave the way for physical system integration

Optimum combined use/balancing (transport, conversion and storage) of the energy carriers of the future (electricity, green gas/natural gas, hydrogen, heat).

7. 1. We are developing new liquid markets (such as for green gas, H₂, CO₂ and heat) by developing digital energy (trading) platforms.

9. Resource planning

We have insight into the current and future work package in relation to the available capacity (human resources and materials), which an automated system allocates in the best way possible based on priorities.

11. Digital in the field

Our colleagues who work on our networks out in the field have all the information they need ready to hand on their mobile device and record all their actions digitally.

2. Data gives us insights into trends in supply and demand of (new) energy forms

We can then use these new insights in the decision-making process for strategic investments in new energy infrastructure.

4. Digital finance

We are in the process of further digitalising our financial processes, so as to create scope to increase the quality of our information and ensure optimum support for decision-making processes.

6. We are developing strategic data services with our partners

Together with TenneT, Netbeheer Nederland and the Dutch Social and Economic Council (SER), Gasunie has developed a renewable energy generation tracking website, Energieopwek.nl. The CO₂ Monitor we are developing with TenneT will enable tracking of time-dependent carbon emissions from the gas and electricity mix.

8. Risk-based asset management

We make investment and maintenance decisions by combining digital data on the costs, performance and failure rate of assets.

10. Digital twin

We create digital copies of assets for testing and maintenance forecasting.

12. Digitalisation will pave the way for physical system integration

Optimum combined use/balancing (transport, conversion and storage) of the energy carriers of the future (electricity, green gas/natural gas, hydrogen, heat).

13. The New Way of Working

We are developing new means of working together digitally, both internally and externally, meaning that we are able to offer a digital platform for any form of collaboration. This leads to greater efficiency and contributes to a sustainable future.

15. Digital HR

A digital platform gives employees access to information about training opportunities, HR schemes and performance management.

Under the name Gas-X, GUD has set up an integrated IT system for all processes of commercial gas transport, including marketing, dispatching, volume calculation, allocation and invoicing. In combination with our SCADA system, Gas-X supports the entire physical and commercial gas transport process chain. Complexity was simplified by reducing the number of internal interfaces and IT systems. Aside from that, the processes across the whole organisation were aligned and standardised and they have brought common understanding of our primary process.

IT security

Also in the area of information security, 2020 was an exceptional year. In general, Gasunie's IT security performance in both the Netherlands and Germany was adequate given the IT threats. As a result, there were no disruptions with an impact on business processes.

The year started with serious vulnerabilities in our home working software. While the risk of misuse seemed great initially, we had this 'Citrix crisis' under control at Gasunie from the start. Disruptions and misuse were prevented. Gasunie aims for best-in-class IT security. As the operator of vital infrastructure, our focus on IT security can and must never wane. We are frequently put to the test in this respect, and this time we were able to show in an actual crisis situation that our IT security is up to the task.

Shortly after that, part of our mobile workplace equipment also turned out to have vulnerabilities that impacted mainly on information sharing across our organisation. Here, too, the situation was never out of control and disruptions and misuse were prevented.

In mid-March, when drastic COVID-19 measures were implemented, the next challenge presented itself; accommodating secure home working on a large scale. From the first day, we managed to do this without any IT security incidents worth mentioning.

One condition for the realisation of our 2025 *Digital Ambition* is that digital systems and information be adequately secured. Gasunie is always in a maximum state of alertness when it comes to digital security. We take appropriate measures based on risk analysis, factoring in changing views, ambitions,

14. Procurement & Supply

Digitalisation allows us to improve our systems for procurement and logistics. We communicate efficiently with our suppliers and can track and trace our materials at any time.

threats and technology. We regularly review the effectiveness of measures through internal and external checks.

Our focus on information security is not solely an inward one. Given the vital importance of an uninterrupted energy supply for the Netherlands, Germany and the rest of Europe, we are increasingly working together with other parties across the energy supply chain and with governments to be able to prevent possible future energy supply disruptions.

What is equally important is our employees' awareness of information security, as technical measures alone are not enough (anymore) to avert the adverse effects of threats. And so, we are running more and more programmes to raise awareness of information security risks and rules to follow in handling information.

06 Our dilemmas

Our dilemmas

Gasunie is committed to doing the best possible job in performing its tasks and activities. There are, however, dilemmas that affect how we want to work. In the following, we have detailed some of these dilemmas.

Streamlining our focus on energy transition projects

Gasunie is involved in dozens of energy transition studies, plans and projects. Not all of the studies and plans lead to projects. However, streamlining our focus, i.e. reducing the number of projects, could increase the chance of successfully completing an individual project, as it would make more resources (funds, human resources and management focus) available for that specific project. Efforts can then be concentrated on the strategically most relevant projects and on projects with the biggest chance of success. Having fewer projects, however, also means a less diverse portfolio and a chance of missing out on strategic opportunities. On top of that, the energy transition requires efforts from us in a multitude of areas. Concentrating our focus in specific areas also heightens our exposure to disruptive events.

Towards a higher risk profile?

Gasunie's transformation into an energy infrastructure company and the development of the hydrogen backbone are the major strategic challenges that Gasunie faces. The action taken by the government and industry might not be as firm as Gasunie would like it to be. While industrial partners have stated an intention to commit and are expected to do so, solid long-term contracts will not have been signed when the time comes to make investment decisions. The energy that we will all use in a climate-neutral society will consist of molecules for 30% to 50%. Does a reliable energy supply merit earmarking more resources and taking a greater financial risk than Gasunie would normally consider acceptable?

Green gas certification

Vertogas issues Guarantees of Origin to companies that produce green gas. The number of green gas producers is growing and the existing plants are producing ever greater volumes of green gas. As a result, the number of Guarantees of Origin issued, traded and written off is also rising and the market is becoming more dynamic and mature. The system of Guarantees of Origin has been anchored in laws and regulations and is basically reliable. Nonetheless, Vertogas has identified vulnerabilities to improper use across the entire chain from the supply of biomass through to the delivery of green gas to customers. Vertogas has neither the authority nor the means to conduct full supply chain inspections. In practice, the current package of measures in the supply chain has turned out not to be effective everywhere. Vertogas is engaging with stakeholders, including the Dutch Ministry of Economic Affairs and Climate Policy, to explore options for a change to the rules and policy. The aim is to deal with the improper use of the system of Guarantees of Origin across the supply chain, based on broad support in the sector, to ensure that the green gas market can keep growing successfully.

07 Governance

Governance

General

Corporate governance is all about the way that Gasunie is run, about how management is supervised and how we render account. Good corporate governance is a precondition for effectiveness and efficiency in achieving the goals we have set ourselves. It ensures adequate risk management and careful consideration of the interests of all of Gasunie's stakeholders.



1. Shareholder

N.V. Nederlandse Gasunie (Gasunie) is a public limited company whose sole shareholder is the Dutch State. The shares are held by the Ministry of Finance.

3. Supervisory Board

The Supervisory Board consists of six members and acts as the employer of Gasunie's directors under the articles of association, supervises the Executive Board and supports it with advice. In accordance with the Dutch Gas Act and the articles of association, important decisions to be made by GTS and other subsidiaries are also submitted for approval to the Supervisory Board.

5. Remuneration, Selection and Appointment Committee

The Supervisory Board does not have a separate Remuneration Committee (best practice 2.3.2). Remuneration is covered by the combined Remuneration, Selection and Appointment Committee. This is justified by the fact that state-owned companies such as Gasunie have their own remuneration method whereby the remuneration policy is recalibrated. The recalibration that took place in 2017 set the remuneration policy for the coming years.

2. Executive Board

The Executive Board consists of four members, and is collectively responsible for managing the company. The CEO and CFO are both directors under the articles of association. The two other members are titular members: the Managing Director of GTS and the Managing Director of Business Development & Participations. Under the Dutch Gas Act, titular members cannot be collectively responsible for all Gasunie operations.

4. Audit Committee

The Supervisory Board's Audit Committee primarily supervises 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.

6. Decision-making

All Supervisory Board members have access to the committees' documents and committee meetings are discussed at meetings of the full Supervisory Board, on the basis of which decisions are made.

7. Requirements of independence

The members of the Supervisory Board satisfy the requirements of independence as expressed in best practices 2.1.7 to 2.1.9 of the Corporate governance Code.

9. Executive Board diversity

In 2020, the percentage of women on the Executive Board was 25%. All four Executive Board members are Dutch nationals. The policy pursued is to make diversity a key factor in the recruitment and selection process.

8. Mitigated structure regime

The company is subject to a mitigated structure regime. The governance structure is based on Book 2 of the Dutch Civil Code, the company's articles of association and various internal rules of procedure. Various provisions affecting the governance of the company are also contained in the Dutch Gas Act.

10. Supervisory Board diversity

As Rinse de Jong's tenure expired, the number of Supervisory Board members was cut back from seven to six after a temporary expansion of the number of Supervisory Board members in 2017. Two of the six members are female, making the Supervisory Board 33% female. All Supervisory Board members are Dutch nationals. One of the Supervisory Board members also has German nationality. When filling future vacancies, the aim will always be to achieve gender balance and diversity on the Supervisory Board.

Compliance with the Dutch Corporate Governance Code

Gasunie enforces the Dutch Corporate Governance Code insofar as it is applicable, although the Code only applies to listed companies. The principles and best-practice provisions of the Code have for the most part been implemented in our articles of association and in various rules of procedure.

Conflict of interests

We comply with best practice provision 2.7.4, which states that transactions involving a conflict of interests, carried out by members of the Executive Board and Supervisory Board, must be mentioned in the annual report. No such transactions took place in 2020.

Internal Audit

The Internal Audit department puts together an annual audit programme that is made up of a fixed and a flexible part. The fixed part is focused on processes that are audited on a regular basis, while the flexible part responds to current developments and issues. In 2020, the European procurement process, the customer recognition process, and our capacity planning were all audited.

The way in which audits are carried out is compatible with the needs of the Executive Board and the Supervisory Board's Audit Committee. Internal Audit furthermore adheres to the international quality standards of the Institute of Internal Auditors, to which the Internal Audit department was certified in 2020.

Document of Representation

The business units render account to the Executive Board using the Document of Representation (DoR), providing formal feedback confirming to what degree minimum requirements for management control have been complied with. This document is discussed with the Supervisory Board every year.

Accountability

The Executive Board is aware that no risk management systems, no matter how professional, can 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 sufficient 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 adequately. Any deficiencies, of which there were none this year, are included in the annual report.

Material risks that are relevant for the coming year are part of this annual report. The expectation is that the continuity of the company is guaranteed for the coming twelve months.

Available documentation

The following documents are available on the [Gasunie website](#):

- rules of procedure governing the principles and best practices of the Supervisory Board and the committees;
- rules of procedure governing the principles and best practices of the Executive Board;
- the 'Report what is wrong' scheme (on how to deal with suspected misconduct);
- a 'comply or explain' statement in relation to application of the Corporate Governance Code.

Risk Management, Control and Compliance

Governance and Management Control

Gasunie's Governance and Management Control architecture is based on the Three Lines Model. The basic principle underlying this model is that line management (the first line) bears operational responsibility for risk management, while the second line is made up of specialists who support and advise the first line, such as Risk Management, Control and Compliance. The third line is made up of the Internal Audit department, which conducts audits to review the functioning and effectiveness of the risk management and control system.



The Executive Board has final responsibility for risk management and is accountable to the Supervisory Board for that. The Supervisory Board regularly talks to individual members or the entire Executive Board about governance and management control, addressing things such as important risks and audits results. As a result, risk management is an activity that is performed at all levels of the organisation.

Risk management

Key aspects of our risk management efforts are to define the corporate risk appetite and run risk analyses at various levels of the organisation. The corporate risk appetite and corporate risk analysis are detailed in the following.

Risk appetite

Every year, the Executive Board establishes the risk appetite with regard to the three pillars of the strategy. In so doing, we make a statement about the extent to which the organisation is prepared to accept risks relating to attaining its strategic objectives. We furthermore apply a number of general principles that cut across the strategic pillars and that we, as an organisation, must comply with at all times. Our risk appetite serves as a guideline in our strategic and operational decision-making.

General principles

We endeavour to prevent unsafe situations that could endanger our fellow human beings, employees, contractors or the local community. We act on the basis of the highest safety standards in our sector. We do our utmost to avoid material errors in financial systems or external reports and we are not prepared to take risks that could limit our access to financial markets.

We are strongly committed to complying with the law. In our operating activities, we may be confronted with dilemmas. As and when that happens, we deal with them transparently. We try to avoid risks that could harm our reputation, so as to retain our licence to operate.

Strategic Pillar I: We optimise our existing infrastructure

We focus on retaining our licence to operate. We make decisions relating to transport security in line with our risk-based asset management framework. The low regulated return in Strategic Pillar I goes hand in hand with a risk averse financial profile. We secure revenue before making strategic investment decisions.

Strategic Pillar II: We facilitate the European gas market

Although transport security is just as important here as in Strategic Pillar I, we accept that, to a certain extent, we are dependent on trusted parties that may apply different operational standards. We base financial risks relating to strategic investments on an acceptable balance between risk and return. Furthermore, we test strategic investments for public relevance and social impact.

Strategic Pillar III: We accelerate the transition to a carbon-neutral energy supply

Dependence on external partners and the innovative nature of projects in Strategic Pillar III may require different operational standards. Entrepreneurial skills are needed for creating value in the long term, which necessitates a higher financial risk appetite for strategic investments. We are prepared to accept more uncertainty in terms of expected returns for the purpose of developing future revenue models.

Risk analyses

Gasunie uses a number of tools to identify the various (kinds of) risks:



1. Corporate Risk Analysis (CRA)

Through an annual CRA, we analyse the main strategic and operational risks that could stand in the way of implementation of our strategy in the medium to long term and/or that could affect the execution of our business processes. The CRA is an integral part of our corporate business plan, which has a three-year horizon and we update every year.

3. Project Risk Analysis (PRA)

We conduct project risk analyses during the various stages of a project. We account for the most important project risks in the internal reports and audit plans of the departments involved in these projects.

5. Internal Control Plans (ICP)

Any mitigating measures taken to control risks identified by operational risk analyses must be tested for effectiveness. We do so through internal control plans.

2. Business Risk Analysis (BRA)

For our business units and service providers, we run a BRA every year. This analysis looks at (i) corporate risks assigned to the business unit or service provider in question and (ii) risks that are specific to the business unit or service provider in question. The BRA looks at short-to-medium-term risks and is an integral part of our business unit plans.

4. Operational Risk Analysis (ORA)

We conduct operational risk analyses of business processes. We record the results of ORAs in the internal reports and audit plans of the departments involved in these processes.

Corporate risks

In the overview below, we present a brief rundown of all the current corporate risks. All risks shown here have a potentially significant material impact on our ability to achieve our strategic objectives or on the execution of business processes.

Strategic risks

No.	Risk	Summary of control measures
1	Robustness of gas transmission regulation	Maintain dialogue with regulators and other stakeholders to optimise regulation in the context of decreasing utilisation of assets. Optimise asset management (cost and risk efficiency). Promote cross-border market integration. Promote alternative uses of assets (green gas, hydrogen).
2	Reducing long-term return potential in gas transmission	Maintain dialogue with regulators and other stakeholders to optimise regulation in the context of efficiency requirements and depreciation periods.
3	Limited options for investment in gas assets and competition on the available options	Monitor and prepare for investment options to be able to move fast.

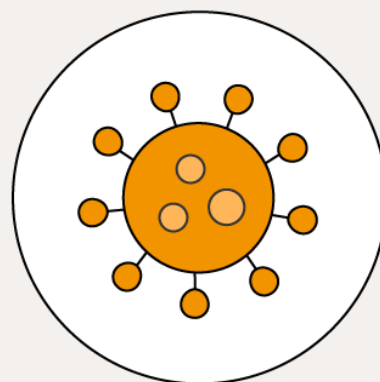
No.	Risk	Summary of control measures
		Consider creative and competitive transaction structures.
		Consider smaller (non-traditional) investment options.
4	Falling public support for investments in heat and CCUS	Reinforce stakeholder management and commitment. Improve positioning for grants, including EU grants. Convey the Gasunie narrative in the public debate on the energy transition.
5	Sluggish development of upstream and downstream markets in energy transition investments	Secure position in hydrogen conversion to drive market development. Promote collaboration with parties across the entire value chain.
6	Failure to fulfil legal mandate and regulation in energy transition investment Netherlands and the EU	Guarantee specific focus on public affairs in the Netherlands and the EU. Intensify collaboration with other TSOs on a European level.
7	Technological developments that are incompatible with our strategy or move faster than our level of preparedness.	Diversify green gas portfolio. Monitor technological developments in other Gasunie New Energy clusters. Incorporate technological developments in the development of the strategy.
8	Reputational damage in relation to execution of large-scale and complex projects	Maintain a specific focus on preventing project delays. Guarantee adequate staffing levels for projects with great public exposure. Work to high quality standards in the area of project management and the use of financial and human resources.
9	Geopolitics	Diversify the portfolio and manage dependence on energy sources and infrastructure. Maintain good contacts with a diverse range of customers and stakeholders. Conduct scenario analyses and draw on the results thereof in contracts, decisions and business processes.

Operational risks

No.	Rk	Summary of control measures
10	IT disruptions and misuse	Conduct incident and threat handling drills.
		Increase understanding of the status of IT security through data analysis and monitoring.
		Improve IT security activities and processes.
		Reduce IT solution complexity and fragmentation through standardisation.
		Raise IT security awareness among employees.
11	Health, Safety and Environment (HSE) contingencies	Enforce Gasunie Technical Standards, HSE policy, Safety Management Systems and MoC procedures.
		Develop data-driven decision-making.
		Maintain appropriate level of caution in Risk-Based Asset Management.
		Get guarantees for contractors' HSE performance.
12	Personnel and organisational changes	Standardise the job framework.
		Update strategic personnel planning.
		Run talent development programmes.
		Develop flexible terms of employment for both older and younger employees.
		Position Gasunie as an attractive brand for future and current employees.
13	Fraud	Implement measures from the fraud prevention evaluation.
		Include fraud risks in audits.
		Ensure strict contract management conditions.
		Involve fraud risks in IT solutions.
		Perform adequate screening of relevant employees.
14	Supply chain vulnerability	Organise periodical business hack attempts by external parties.
		Consider alternative suppliers for critical components.
		Maintain good relationships with suppliers through regular contact.
		Build adequate stock when dealing with monopolistic suppliers.
15	Credit risks	Guarantee that Credit Risk Management procedures are followed.
		Credit checks and screening of new parties (periodical review).
		Require collateral in case of poor credit standing.
		Monitor exposure to large customers.
		Monitor changes in customers' credit standing.

COVID-19

Our Risk Management and Control departments played a key role in identifying and managing the risks that came with the COVID-19 pandemic. Working in close collaboration with the crisis team, Risk Management acted quickly in identifying the material impact in the short and medium term. Their report was subsequently passed on to the Control department, which made the implementation of relevant measures an integral part of standard operations and processes.



Compliance management

Compliance at Gasunie focuses on promoting and enforcing national and international regulations, standards and internal rules, including the Conduct Guidelines. The aim of compliance is to safeguard the integrity of the organisation, to protect management and employees and to avoid statutory and regulatory sanctions, material financial losses and reputational damage.

Gasunie's compliance management system is based on the international compliance management standard ISO 19600 and laid down in our compliance statute. The statute details the responsibilities and compliance monitoring and reporting. Managers are responsible for compliance in their unit or department as the 'first line'. As the 'second line', the corporate compliance officer has an independent role and reports directly to the Executive Board. The Supervisory Board receives an annual report on the compliance system by way of the Compliance Letter.

Further details of the compliance policy can be found in a variety of internal documents, including the Conduct Guidelines, the Report What is Wrong Scheme, Policy principles for dealing with information and the Rules of Procedure. Suppliers also pledge to adhere to the Gasunie Supplier Code of Conduct.

In late 2020, the Code of Conduct was replaced by the Conduct Guidelines – Working Together. The basic principle in drawing up the Conduct Guidelines was the question of what behaviour we need to be able to realise our ambitions for 2030 and what we expect from each other in terms of acting with integrity. The Conduct Guidelines were put together in consultation with the Executive Board, the leadership team and Gasunie employees who took part in focus groups.

The "Report What is Wrong" scheme ensures that employees can confidentially report undesirable behaviour or questions of integrity. There is an internal committee of inquiry, which investigates reports and makes recommendations to the Executive Board. No concerns were raised with the committee of inquiry in 2020.

Gasunie has six counsellors, spread over the various Gasunie sites, who can be consulted in confidence. An external coordinator for the counsellors was also appointed.

In 2020, we found no incidents of bribery or corruption.

Report from the Supervisory Board

As the Supervisory Board (hereinafter Board), we supervise and give advice (both solicited and unsolicited) to the management with regard to formulating and achieving the objectives, strategy and policy of N.V. Nederlandse Gasunie. We act as the employer of the Executive Board. The Supervisory Board acts in the company's best interest in carrying out its duties, weighing the relevant interests of the company's stakeholders, such as the shareholder, employees, direct and indirect customers, and society ('the public interest') in doing so.

COVID-19

From the first quarter, 2020 was all about the COVID-19 pandemic. Thanks to a timely and adequate response, Gasunie was able to perform well this year, both in its primary infrastructural and operating activities and in its development and investment projects. This was very demanding on our employees. We admire the way the organisation responded to the COVID-19 crisis and how employees looked out for each other throughout.

Local communities

The world in which Gasunie operates is changing rapidly. Following a decision in 2018, gas extraction from the Groningen field will be phased out faster, so that production can be all but ceased in 2022. In the 2019 [Climate Agreement](#), the Dutch government made concrete agreements about the transition from an energy system that is primarily based on fossil fuels to an energy system that will be based on renewable energy sources. In 2020, the Dutch government added a number of policy directions, including in particular government views on [the role of gas in the energy system](#), [hydrogen](#) and the [Green Gas Roadmap](#).

The Netherlands is not alone in moving in this direction: Germany published a national hydrogen strategy and the European Commission proposed an [EU Green Deal](#), while also tightening its target to a 55% reduction in greenhouse gases in 2030. Due to Germany's phasing out of coal (Kohleausstieg), demand for natural gas for power generation is expected to increase, especially over the coming years. Alongside this specific energy transition context, there are various broader developments, such as COVID-19, increasing geopolitical tension between the United States and Russia (Nord Stream 2) and Brexit (BBL).

Our work

Vision 2030 and the 2021-2023 business plan

The Board adopted the Gasunie business plan for 2021-2023 ('Up and onwards to 2030!'), including the associated risk profile and financing plan. The plan revolves around the three strategic pillars of optimum infrastructure, connecting Europe and accelerating the energy transition. The business plan works out the specifics of the first years of the Vision 2030. The Gasunie Vision 2030 captures the intended results of the strategy and sets out an ambitious agenda that is aligned with Gasunie's capabilities and much-needed given the societal challenges we are facing. The ambition formulated in the Vision 2030 is that, by 2030:

- Gasunie has transformed from a gas transmission company into an energy infrastructure company;
- Gasunie plays a role in the storage and transport of (green) gas, hydrogen, CO₂ and heat; production of gas from the Groningen field has stopped (as of 2022);
- the void left by Groningen gas has been filled by international gas transported through pipelines (north-western Europe and Russia) and tankers (LNG);
- 'Groningen-quality natural gas' continues to be supplied thanks to nitrogen installations that can change the quality of imported natural gas;
- we can have an open access hydrogen backbone up and running in the Netherlands
- following the repurposing of existing gas pipelines, with connections to large industrial clusters, Germany, Belgium, France and other European countries;
- large-scale electrolysis plants and a hydrogen exchange support energy supply and the hydrogen economy.

The investments required can run up to a cumulative figure of € 7 billion over the period through to 2030, depending on the materialisation of investment projects and major uncertainty on developments in the energy transition. The Supervisory Board believes that these investments are financeable within the set credit ratings.

Corporate Social Responsibility: Green Deals

The business plan specifically links the Corporate Social Responsibility (CSR) policy to the United Nations' Sustainable Development Goals through the 'Gasunie Green Deals'. The main SDGs on which Gasunie has an impact are the following: 'affordable and clean energy', 'industry, innovation, and infrastructure', 'climate action' and 'partnerships for the goals'.

Plan implementation in 2020

Gasunie performed well on its first strategic pillar of ensuring optimum and safe infrastructure without transport disruptions and robust performance in the area of safety, costs and profitability. The Supervisory Board monitors operational and safety performance and discusses this with the Executive Board. The annual Safety Day, which the members of the Supervisory Board normally also attend, could unfortunately not go ahead on-site this year due to COVID-19, but was aptly replaced by an online event around the topic of 'Safe and Connected'. Prior to adopting the business plan, the risk and business value profile associated with Gasunie's risk-based asset management method was discussed.

Gasunie (GTS) advised the Ministry of Economic Affairs and Climate Policy in their decision-making on the possibilities and conditions for closure of the Groningen gas field and the future set-up of the gas market. An important step towards reducing production from the Groningen gas field was the expansion of nitrogen capacity at the Wieringermeer plant. Building work on the new nitrogen installation near Zuidbroek started in the spring. Once the relevant legislation came into effect, an investment decision was made and work started on converting high-volume industrial users' systems from low-calorific gas to high-calorific gas. The Supervisory Board discussed the specifics of the new regulatory frameworks in the Netherlands (2022-2026) and Germany (2023-2027) with the Executive Board on several occasions.

The phase-out of gas extraction from the Groningen field means that European gas connections will become more important (*second strategic pillar*). The Supervisory Board signed off on an investment decision by Gasunie Deutschland that will free up significantly more capacity for the natural gas imports that we are going to need in the Netherlands. Furthermore, work in Germany on the EUGAL pipeline and the network expansion near Wolfsburg is progressing well and plans for the construction of an LNG terminal in northern Germany are moving forward.

As far as Gasunie's *third strategic pillar* is concerned, i.e. accelerating the energy transition, Gasunie has a number of major projects that are in different stages of development. One example is the plans made to convert parts of Gasunie's Dutch network into a backbone transport network for hydrogen. Important preparatory steps have been made in the hydrogen domain. Together with TenneT (Netherlands and Germany), Denmark's Energinet, and the Port of Rotterdam Authority, plans for the North Sea Wind Power Hub were taken to the next level. And together with Shell, German energy company RWE, Norway's Equinor and Groningen Seaports, Gasunie launched one of Europe's largest hydrogen projects: NorthH2.

From an international perspective, the Netherlands is ideally positioned for a leading role in hydrogen. Other countries have meanwhile also announced major investment plans and it now comes down to the Dutch government, Gasunie and its partners to convert the plans into substantial specific projects over the next few years. The Supervisory Board backs this ambition and will constructively support the company in these pursuits.

As to the Porthos CO₂ transport and storage project, the Supervisory Board approved the structure of the joint venture after a temporary Supervisory Board sub-committee conducted a targeted review of the corporate structure (partnership of EBN, Port of Rotterdam Authority and Gasunie) and the risk profile of this important first CO₂ transport and storage project. Porthos was awarded a € 102 million EU grant. The commercial investment decision is expected in 2021. After a conditional investment decision and the Supervisory Board's monitoring in 2020 of compliance with these conditions, we expect a final investment decision for the WarmtelinQ project (heat transport in the province of Zuid-Holland) in 2021.

Organisation under development

Gasunie is a high-quality organisation with high levels of employee engagement. Given the major changes the company is going through, both due to the reorganisations over the past years and with the upcoming transformation of Gasunie from gas transport and storage company into a broad energy infrastructure company, we greatly appreciate the open dialogue with the Works Council. We regularly engage with the Executive Board to discuss the required organisational and cultural changes, as well as on the steps the company is taking with respect to employees' sustainable development. We discussed the potential of our people in senior management and the succession schedule for both senior

management and the Executive Board. The Supervisory Board also had a meeting with a number of participants in the trainee and talent development programme and received updates on the various Gasunie development programmes for employees.

2020 financial statements

The Board discussed the 2020 annual report, and upon receipt of the positive recommendation given by the Audit Committee and the unqualified auditor's report from the external auditor PricewaterhouseCoopers N.V., it decided to submit the 2020 financial statements for adoption to the Annual General Meeting. In addition, the Board proposes that, of the net profit, an amount of € 262.3 million be paid as dividend and that € 337.4 million be added to the other reserves.

Composition and procedure of the Supervisory Board

Composition and discussions

Having reached the end of his second four-year term, Rinse de Jong stepped down as the chairman of the Supervisory Board at the shareholders' meeting in early 2020. We owe Rinse a great debt of gratitude for the role he, as the chairman, played in positioning Gasunie in the energy transition and in putting together a new Supervisory Board team. As of that same shareholders' meeting, Pieter Duisenberg succeeded Rinse de Jong as Supervisory Board chairman.

In 2020, Willem Schoeber was reappointed to a two-year term. The Supervisory Board has nominated Martika Jonk for reappointment for one year as of the 2021 AGM. By the 2022 AGM, both Supervisory Board members will have reached the end of their maximum regular appointment term of eight years. The Board is diverse and balanced. All Supervisory Board members are independent. We specifically target gender balance on the board. Aside from that, the Supervisory Board is looking to take upcoming new Supervisory Board appointments as an opportunity to increase knowledge of the German market, major energy transition projects and digitalisation on the Supervisory Board.

- The Supervisory Board met ten times in 2020, mostly online due to COVID-19, with two of these meetings not involving the Executive Board, to discuss the Supervisory Board's own performance and the Porthos project.
- Furthermore, there was the annual meeting with the Works Council, while Supervisory Board members also attended consultative meetings of the Works Council.
- Supervisory Board members went on working visits to the nitrogen installation (the existing one and the one under construction) near Zuidbroek, EnergyStock and HyStock, and the Ommen compressor station in Vilsteren.
- The chairs of the Executive Board and the Supervisory Board had one meeting with their peers at TenneT.

Contacts with the Works Council

Individual members of the Board held two consultative meetings with the Works Council in 2020. It was also possible this year for all Supervisory Board members to attend the autumn meeting with the Works Council, which has meanwhile become a tradition. Luckily, this meeting could be held at Gasunie's headquarters. In various rounds of talks at different tables, ideas on Gasunie's course and the associated challenges for the organisation were exchanged in a free format. Both parties experienced this session as very useful.

In 2020, the Works Council accepted Martika Jonk's nomination for reappointment as Supervisory Board member. Furthermore, there were several meetings with the Works Council to discuss the profiles and candidates for upcoming Supervisory Board vacancies.

Remuneration, Selection and Appointment Committee

Members: Martika Jonk (chair), Dirk Jan van den Berg, Pieter Duisenberg

The Remuneration, Selection and Appointment Committee held five online meetings in 2020 to discuss regular items, such as the achievement of the objectives for the purposes of determining the Executive Board's variable remuneration for 2019, the adoption of new quantitative and qualitative targets for variable target remuneration for the Executive Board for 2020, and the remuneration section with regard to 2019. During the year, members of the committee spent a lot of time recruiting two new members for the Supervisory Board who are expected to be appointed in 2021 and 2022. We expect to conclude this procedure in the first half of 2021. The Remuneration, Selection and Appointment Committee's deliberations and findings are reported in the plenary meetings of the Supervisory Board. The committee's meeting documents and minutes are made available to all Supervisory Board members.

We are responsible for a well-functioning Executive Board as a whole. To that end, the Remuneration, Selection and Appointment Committee periodically conducts formal performance reviews with all members of the Executive Board, most recently in January 2021. From the extensive contact we have with the members of the Executive Board, but also with the Works Council and other parties inside and outside the organisation, we have plenty of other input for forming an opinion on how the Executive Board manages the business. The Supervisory Board holds the view that the Executive Board's performance is good and aligned with the phase that Gasunie currently finds itself in.

The outcomes of the annual review have a major impact on the amount of the variable remuneration to be paid out to the Executive Board. In our view, this is consistent with the importance that the achievement of the company's long-term goals must have. Key figures are agreed every year for the short-term goals, subdivided into financial targets and non-financial targets, such as safety, security of supply and corporate social responsibility. These are all things that simply have to be in order. The variable remuneration to be paid is determined by the full board on the advice of the Remuneration, Selection and Appointment Committee.

Audit Committee

Members: Carolina Wielinga (chairwoman), Willem Schoeber, Ate Visser

The Audit Committee assists the Supervisory Board in supervising the set-up and proper functioning of the internal risk management and control systems, the financial reporting process and setting up and maintaining associated internal procedures, the financing of the company and the relationship with the internal and external auditors. The Audit Committee held four meetings in 2020. The regular meetings were not only attended by the members of the Audit Committee and the secretary, but also by the CFO, the internal auditor, the external auditor, the Audit Committee secretary, and the Executive Board secretary. In addition, the committee met with the external accountants and the internal auditor without management being present.

The agenda included regular items, such as periodical internal and external financial reports, the business plan, taxation, financing, profit appropriation and dividend, the operational auditor's periodical reports and working schedule, the external auditor's audit plan, the 2019 annual report, including the financial statements for 2019, the management letter and the auditor's report, the Executive Board's Document of Representation, the risk matrix and the control of the main risks, developments in IT and procurement, and the effectiveness of security to ensure safe and reliable gas transport.

In 2020, the Audit Committee focused specifically on strategic risks and information security. Prior to Audit Committee meetings, the chair of the Audit Committee speaks directly to the external auditor, usually in the presence of the CFO. The Audit Committee's deliberations and findings are reported in the plenary meetings of the Supervisory Board. The committee's meeting documents and minutes are made available to all Supervisory Board members.

Contacts with the shareholder

The Supervisory Board had two formal meetings and further informal online deliberations with the shareholder (the Financing Director on behalf of the Dutch Ministry of Finance). The topics that were discussed include the strategy, the business plan, the financing plan, major projects and the Executive Board's performance. The relationship with the shareholder is open and constructive. In late 2020, the Gasunie strategy and hydrogen-related developments and opportunities in the Netherlands and north-western Europe were discussed with the Dutch Minister of Finance.

Supervisory Board performance review

Following a performance review conducted with the help of an external firm, the Supervisory Board concludes that it and its various committees are functioning adequately. In 2020, the Supervisory Board channelled the focus of its activities towards early monitoring of the investment project pipeline and strategic (and geopolitical) risks, as well as towards talent and the transition in the organisation. The Supervisory Board held sessions to go into the Vision 2030, Risk-Based Asset Management, regulation in the Netherlands and Germany, and geopolitical developments in greater depth. The members also take individual courses and programmes to improve their performance.

Acknowledgements and 'Up and onwards to 2030!'

We would like to extend our gratitude to all employees, management and the Executive Board for their collaboration and their efforts, commitment and resilience in this unprecedented COVID year. We are looking forward to the important steps that Gasunie is set to take over the coming years in realising its vision: 'Up and onwards to 2030!'.

Groningen, March 2021

Supervisory Board of N.V. Nederlandse Gasunie

Pieter Duisenberg, chair

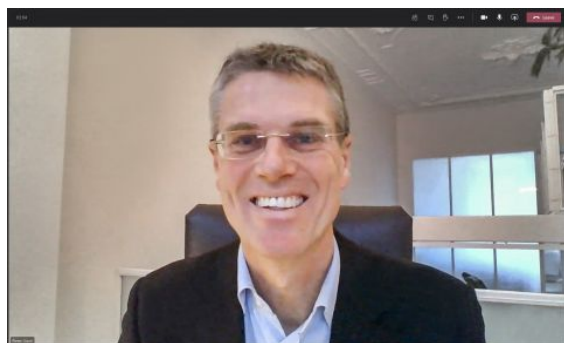
Dirk Jan van den Berg, vice-chair

Martika Jonk

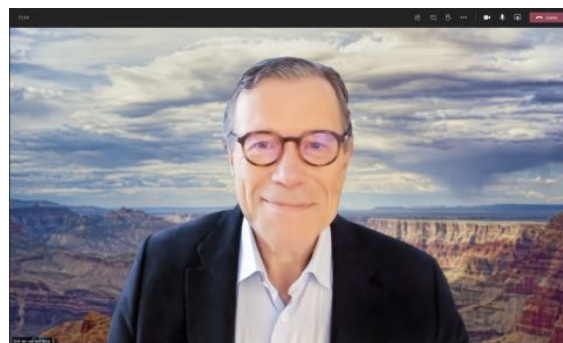
Willem Schoeber

Ate Visser

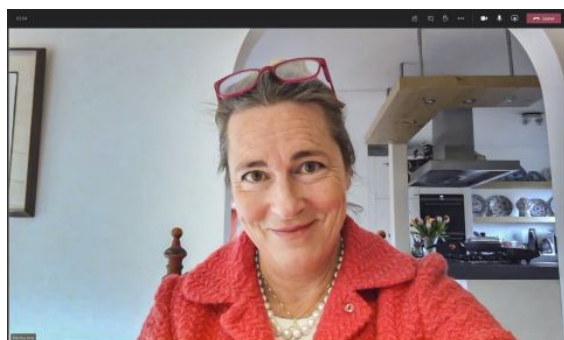
Carolina Wielinga



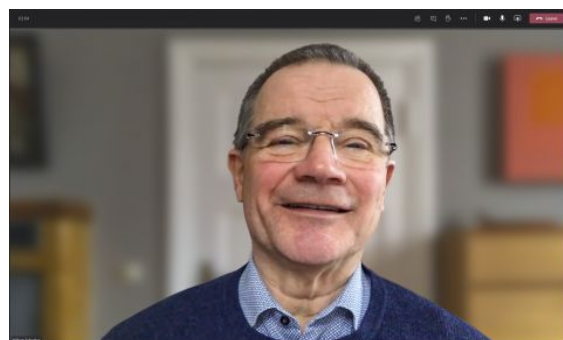
Pieter Duisenberg



DirkJan van den Berg



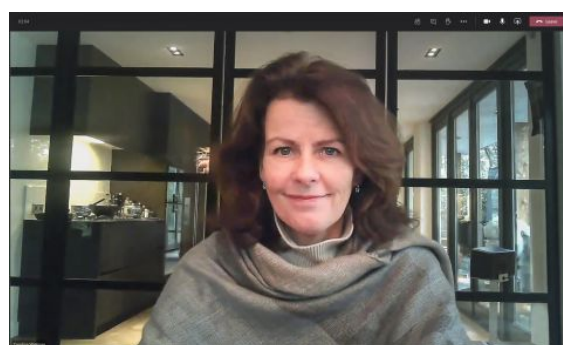
Martika Jonk



Willem Schoeber



Ate Visser



Carolina Wielinga

Remuneration policy for the Executive Board

The remuneration policy was adopted by the General Meeting of Shareholders on 4 October 2017, as proposed by the Supervisory Board, with due account taken of the recommendation of the Remuneration, Selection and Appointment Committee.

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 members of the Executive Board, and is considered in the light of the applicable remuneration principles in the market (as explained below). Gasunie needs this managerial talent in order to achieve its 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 that are sufficiently comparable to Gasunie, both in terms of size (number of employees, assets and revenues) and in terms of activities. The comparison mainly includes companies from the energy, distribution, installation, construction and engineering consultancy sectors.
- 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 pay 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 the achievement of short and long-term targets with respect to operational and strategic performance.

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 texts below;
- an employer's contribution to the pension premium;
- other secondary employment conditions.

Basic annual salary

When appointing members of the Executive Board, the Supervisory Board limits the sum of the fixed and variable annual salary on appointment to a maximum of € 367,000 (2017 level) for the chair of the Executive Board. 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 20% of the basic annual salary. The targets that must be attained in order to qualify for variable remuneration are agreed annually. These must be ambitious and reflect the company's strategy focused on long-term value creation. The Supervisory Board is authorised to adjust the variable component within the limits mentioned above if it is likely to lead to unfair outcomes due to exceptional circumstances during the performance period. 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 financial or other data or 'incorrect conduct'.

The Supervisory Board has chosen performance criteria that relate to the implementation of Gasunie's strategic goals, both short and long-term. In defining the company's strategy, the social function of Gasunie's activities and their effects on society are explicitly taken into account. Performance criteria have therefore also been defined, relating to safety and transport security.

As of 2017, the total variable remuneration of up to 20% of the basic annual salary has been divided into two elements. Both elements have a maximum total value of 10% of the basic annual salary. The first element consists of measures and actions required to achieve Gasunie's strategy and business objectives in a safe, affordable and reliable way. These have been translated into specific and measurable targets for safe, reliable, socially responsible, effective and profitable business. The second element consists of targets and themes that will genuinely take the company closer to achieving its long-term strategic objectives. The achievement of these targets is determined on a discretionary basis.

Element 1 (10%)

The following targets were in effect for 2020:

<i>Safety</i>	2%
100% attained if the Total Reportable Frequency Index (TRFI) is no higher than 2.7	
50% attained if the TRFI is no higher than 3.0	
0% attained if the TRFI is 3.1 or higher	
<i>Safety</i>	2%
100% attained at a maximum of 3 uncontrolled events	
50% attained at 4 or 5 uncontrolled events	
0% attained in the event of 6 or more uncontrolled events	
<i>Transport security</i>	2%
100% attained at 0 transport disruptions;	
70% attained at 1 transport disruption;	
40% attained at 2-3 transport disruptions;	
10% attained at 4-5 transport disruptions;	
0% in the event of 6 transport disruptions.	
Contrary to this, a lower score due to i) the extent and duration of the disruption, ii) the impact of the disruption on society, iii) the degree to which Gasunie can be blamed for the disruption.	
<i>Financial results</i>	2%
100% attained in the event of an NOC of or below € 301.2 million (budget);	
50% attained in the event of an NOC of a maximum of € 306.2 million;	
0% attained if the NOC exceeds € 306.2 million.	
<i>Financial results</i>	2%
100% attained if the ROIC is 5.01% or more (budget);	
50% attained if the ROIC is 4.91% or more;	
0% attained if the ROIC is below 4.91%.	

Element 2 (10%)

For this element, 4 themes have been identified that tie in with the management agenda as formulated in the business plan.

Business growth	2.5%
Operational excellence	2.5%
Organisational development	2.5%
Positioning of gas and Gasunie	2.5%

The targets for eligibility for variable remuneration were agreed at the start of 2020 between the Supervisory Board and the members of the Executive Board.

Pension

The Gasunie pension plan applies to members of the Executive Board. This is an average-pay scheme and members of the Executive Board pay a personal contribution.

Other secondary employment conditions

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

Other conditions

Term of office

Members of the Executive Board are appointed for a period of four years, with the possibility of extension by four years each time. The members of the Executive Board have an employment contract with Gasunie for the same duration as their term in office. Their employment contract therefore ends by operation of law if they are not reappointed.

Notice period

For members of the Executive Board, a notice period of three months applies for termination of the employment contract. For the company, a notice period of six months applies.

Severance pay

Compensation for dismissal for Executive Board members will be limited to a maximum of one year's fixed salary, in accordance with the Corporate Governance Code, except where such a limitation is clearly unreasonable. This compensation also includes any transition compensation. In the event of an executive director not being reappointed, no severance pay is granted in principle. A proposal from the Supervisory Board to deviate from this principle requires the approval of the shareholder.

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 with, 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.

Remuneration package for 2020

Based on the policy outlined above, the Supervisory Board granted the following basic annual salaries and variable bonuses for members of the Executive Board:

<i>In euro's</i>	2020 basic annual salary	Variable remuneration (for performance in 2020)
Mr J.J. Fennema	327.271	55.636
Ms J. Hermes *	237.927	40.448
Mr U. Vermeulen	261.806	44.507
Mr B.J. Hoevers	261.806	44.507

** Basic annual salary as of 1 April 2020.*

Achievement of variable remuneration

Attainment of Element 1 of the targets is determined by the Supervisory Board, following a recommendation to that effect by the Remuneration, Selection and Appointment Committee on the basis of a verification by the internal auditor. Based on this, a percentage of 8% is awarded to the Executive Board.

Attainment of Element 2 of the targets is set at 9% on a discretionary basis by the Supervisory Board, following a recommendation to that effect by the Remuneration, Selection and Appointment Committee. In doing so, the Supervisory Board has taken into consideration how progress has been made on business development. The way in which Gasunie's work was continued during the COVID-19 crisis. Further employee competency development in light of the strategic goals. Further development of digitalisation has been worked out in a Digital Ambition. Gasunie has furthermore actively worked on its positioning in the broader energy debate in the Netherlands and the EU. Based on this, a percentage of 9% is awarded to the Executive Board.

Variable remuneration is paid out following approval from the General Meeting of Shareholders.

Pay ratio

The pay ratio at Gasunie is 5.21. This is the ratio between the total remuneration of the highest paid employee and the median of the total remuneration of all other employees in the Netherlands. The total remuneration is based on the sum of the annual taxable pay and the pension costs (employer's contribution). In calculating the median, only those employees are taken into account who were employed for the entire year.

Composition of the Supervisory Board

R. (Rinse) de Jong

(chair until 25 March 2020)

(1948, Dutch nationality, man) Date of first appointment: 16 May 2012

Reappointment date: 24 April 2018 (AGM)

Resignation date: 24 March 2020 (AGM)

Member of the Remuneration, Selection, and Appointment Committee

Member of the Audit Committee (until 23 July 2019)

Other board positions

- Board member, Stichting Preferente Aandelen Wereldhave NV
- Chair of the Supervisory Board, Rabobank Arnhem and surroundings
- Vice-chair of the Supervisory Committee, Amsterdam University of Applied Sciences
- Member of the Board, Vereniging van toezichthouders van hogescholen

P.J. (Pieter) Duisenberg

(chair as of 25 March 2020)

(1967, Dutch nationality, man)

Date of first appointment: 1 September 2019

First term ends in 2024 (AGM)

Member of the Audit Committee (until 1 March 2020)

Member of the Remuneration, Selection and Appointment Committee (as of 1 March 2020)

Other board positions

- Chair, Vereniging van Universiteiten (VSNU) (principal position)
- Chair, Stichting van het Onderwijs (StvhO)
- Vice-chair of the Executive Committee of Neth-Er
- Member of the Supervisory Board, Netherlands School of Public Administration (NSOB)
- Member of the Supervisory Board, Stadion Feijenoord

D.J. (Dirk Jan) van den Berg

(vice-chair of the Supervisory Board)

(1953, Dutch nationality, man)

Date of first appointment: 1 October 2014

Reappointment date: 21 March 2019 (AGM)

Member of the Remuneration, Selection, and Appointment Committee

Other board positions

- Chair of the Executive Board, Sanquin Bloedvoorziening (principal position, until 1 February 2020)
- Chair, Zorgverzekeraars Nederland (principal position, as of 1 February 2020)
- Member of the Supervisory Board, NWO (as of 1 April 2020)
- Member of the Supervisory Board, Air France-KLM (as of 26 May 2020)
- Chair, Atlantische Commissie Chair of the Supervisory Board, FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.)
- Chair of the Governing Board, European Institute for Innovation and Technology (EIT) in Budapest (until 1 July 2020)
- Chair of the Board, Tradesparent BV Chair, Stichting Vrienden van het Orkest van de Achttiende Eeuw

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

(1948, Dutch and German nationality, man)

Date of first appointment: 1 October 2013

Reappointment date: 30 March 2016 (AGM)

Date of second appointment: 24 March 2020 (AGM)

Member of the Audit Committee

Other board positions

- Consultant, Dr. Willem Schoeber Unternehmensberatung
- Non-executive member of the Board of Directors, Neste Oyj (Helsinki, Finland) (until 18 May 2020)

M.M. (Martika) Jonk

(1959, Dutch nationality, woman)

Date of first appointment: 1 October 2013

Reappointment date: 30 March 2017 (AGM)

Second term ends in 2021 (AGM)

Member of the Remuneration, Selection and Appointment Committee

Other board positions

- Of Counsel, CMS Derks Star Busmann N.V. (principal position)
- Member of the Supervisory Board, St. Catharina Ziekenhuis
- Member of the Supervisory Board, Heijmans N.V.

A.S. (Ate) Visser

(1956, Dutch nationality, man)

Date of first appointment: 6 July 2018

First term ends in 2022 (AGM)

Member of the Audit Committee

Other board positions

- Member of the Executive Advisory Council, RLG International Inc.
- Member of the Supervisory Board, Stargate Oil Terminal Rotterdam B.V.
- Non-Executive Director, Immaterial Ltd. (as of 18 December 2020)

C. (Carolina) Wielinga

(1970, Dutch nationality, woman)

Date of first appointment: 15 April 2019

First term ends in 2023

Member of the Audit Committee (until 23/07/2019)

Chair of the Audit Committee (from 23/07/2019)

Other board positions

- Chief Financial Officer, BDR Thermea Group B.V. (principal position)
- Member of the Supervisory Board, Corbion Nederland
- Board member responsible for marketing and communications, Royal Dutch Rowing Federation (from 16 June 2020)

Retirement schedule

Name	Appointment	Reappointment	2nd reappointment	Until	Regular
					8 years
M.M. Jonk (1959)	1 Oct. 2013	2017 AGM		2021 AGM	2022 AGM
W.J.A.H. Schoeber (1948)	1 Oct. 2013	2016 AGM	2020 AGM	2022 AGM	2022 AGM
A.S. Visser (1956)	6 July 2018			2022 AGM	2026 AGM
D.J. van den Berg (1953)	1 Oct. 2014	2019 AGM		2023 AGM	2023 AGM
C. Wielinga (1970) (Works Council)	15 April 2019			2023 AGM	2027 AGM
P.J. Duisenberg (1967)	1 Sept. 2019			2024 AGM	2028 AGM

Composition of the Executive Board

J.J. (Han) Fennema, CEO and chair of the Executive Board

(1964, Dutch nationality, man)

Han Fennema joined the Executive Board on 1 January 2014, taking on the position of CEO and chair of the Executive Board on 1 March 2014. He was reappointed on 24 April 2018.

As chair of the Executive Board, Han Fennema has certain specific tasks and responsibilities, which are closely related to his coordinating role as CEO and are mentioned in Article 4.2 of the rules of procedure containing the principles and best practices of the Executive Board. He is also responsible for the GTS and GUD business units and the Human Resources, Corporate Business Development, Communications, Public Affairs, Audit and Safety departments.

Between 2010 and 2014, Han Fennema was the CEO of Enexis, a position he combined with the chairmanship of Netbeheer Nederland from 2011 to 2013. Prior to that, he worked at Eneco and Exxon Mobil, among other companies. Han Fennema has a degree in computer science from the University of Twente.

Other positions

- Member of the Board, Koninklijke Vereniging van Gasfabrikanten in Nederland (KVGn)
- Member of the Supervisory Board at the Hanze University of Applied Sciences in Groningen (Vice-chair and Chair of the Audit Committee)
- Member of the Shareholders' Committee, Nord Stream AG
- Member of the International Supervisory Board, Energy Delta Institute
- Member of the Advisory Board, Clingendael International Energy Programme
- Member of the Executive Committee, International Gas Union
- Member of the ECN-TNO Strategic Advisory Council

J. (Janneke) Hermes, CFO

(1978, Dutch nationality, woman)

Janneke Hermes has been Gasunie's CFO and member of the Executive Board since 1 October 2019. On the Executive Board, Janneke Hermes is responsible for financial reporting and the associated rendering of account to the Audit Committee and the Supervisory Board. In addition, she is responsible for: Finance & Control, Treasury, Risk Management, Procurement, IT and Legal Affairs.

Janneke Hermes has held various management positions at Gasunie, including that of Treasury Control Manager (2005-2007), manager of employment terms and conditions (2014-2016), and Corporate Finance Manager since 2016. Hermes studied econometrics at the University of Groningen and attended the New Board Program at Nyenrode Business Universiteit.

Other positions

- Board member, Pensioenfonds, N.V. Nederlandse Gasunie

B.J. (Bart Jan) Hoevers, titular member

(1971, Dutch nationality, man)

Bart Jan Hoevers joined the Executive Board as a titular member on 1 September 2017. He is the Managing Director of Gasunie Transport Services B.V. Bart Jan Hoevers is the Executive Board member responsible for the Unit Operations and Projects focus areas.

Bart Jan Hoevers has been working at Gasunie since 2007, starting out as a business development project manager before moving on to the positions of Regulatory Affairs Manager and Network Development Manager. Prior to joining Gasunie, he worked at the Dutch Ministry of Finance, where he specialised in state shareholdings, and the Dutch central bank. Hoevers studied monetary economics at the University of Groningen.

Other positions

- Board member, Netbeheer Nederland
- Board member, European Network of Transmission System Operators for Gas

U. (Ulco) Vermeulen, titular member

(1959, Dutch nationality, man)

Ulco Vermeulen joined the Executive Board as a titular member on 1 May 2016. He was reappointed on 1 May 2020. Ulco Vermeulen is the Director of Business Development & Participations and is responsible for the Participations focus area. Vermeulen studied economics at the University of Groningen.

Other positions

- Member of the Supervisory Board, ICE Endex Holding B.V.
- Chair of the Board, Groen Gas Nederland
- Member of the Supervisory Board, New Energy Coalition
- Chair of the Board, TKI Gas
- Member of the Supervisory Board, Ommelander Ziekenhuis Groningen
- Member of the International Supervisory Board, Energy Delta Institute
- Member of the Supervisory Board, Anthony Veder Group N.V. (as of 18 February 2021)

2020 Executive Board retirement schedule

Name	Appointment	Reappointment	Second reappointment	Until
B.J. Hoevers (1971)	01/09/2017 (titular member)			2021
J.J. Fennema (1964)	01/01/2014 (member)	24/04/2018		2022
	01/03/2014 (chair/CEO)			
J. Hermes (1978)	01/10/2019 (member/CFO)			2023
U. Vermeulen (1959)	01/05/2016 (titular member)	01/05/2020		2024

Statement of the Executive Board

(as defined in Article 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,

the 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 the annual report presents a fair view of the situation as at the balance sheet date, the course of affairs during the financial year of the company and its affiliates whose data have been included in its financial statements and that the essential risks facing the company have been described in the annual report.

The Executive Board,

Mr J.J. Fennema*, chair

Ms J. Hermes*

Mr B.J. Hoevers

Mr U. Vermeulen

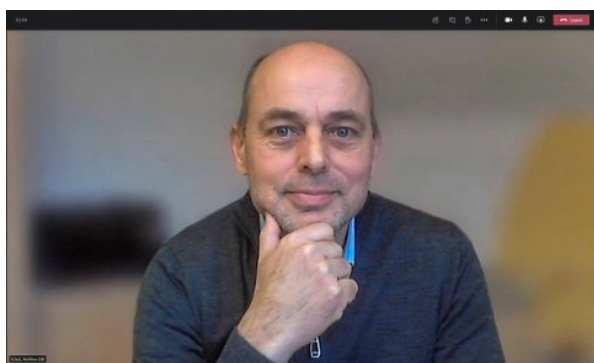
Groningen, 4 March 2021

* Director under the articles of association

08 Interviews

Natural gas and hydrogen in Germany's energy transition

In Germany, too, the energy transition is high on the agenda. What role will natural gas play in Germany's future energy mix? What plans do they have and challenges do they face in the area of hydrogen? Who better to ask these questions than our colleagues at Gasunie Deutschland? Matthias Schulz, Business Manager, and Ksenia Berezina, Hydrogen Project Manager, tell us all about the energy transition in their country.



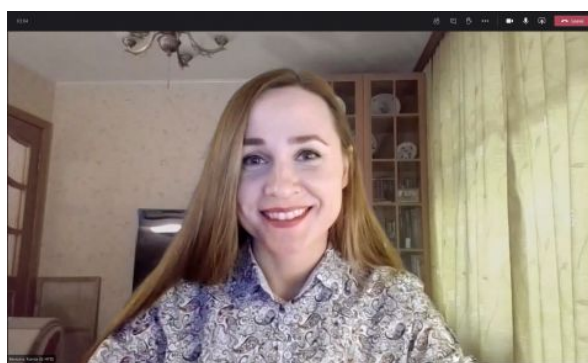
The two sides to natural gas

Matthias: 'In Germany, natural gas is both a problem and a solution. On the one hand, we want to stop using fossil fuels altogether. On the other hand, natural gas is a much cleaner fossil fuel than coal and oil.' 'In Germany, we are closing coal-fired power stations and nuclear power stations,' Ksenia adds. 'But we still need power. Offshore wind power generation has

great potential for Germany. However, for us to be able to use this form of energy, the power grid needs to be upgraded. High-voltage power lines are needed to transmit the wind power from Germany's northern coast to industrial areas in the south, right across populated areas. Garnering popular support for this is a major problem, so natural gas will probably actually play an increasingly big role in electricity production, especially in the short term.'

Developments in industry

Ksenia continues: 'In the industrial domain as well, companies are looking for cleaner molecules, both as a fuel and as a feedstock. One good example is Volkswagen in Wolfsburg. Volkswagen is going to convert two coal-fired power stations for their factory and the city into gas-fired power stations. These new power stations can be powered by natural gas, but also by other gases, such as biogas, synthetic methane, hydrogen, or a mix of several of these gases. Steel mills are also switching at great pace, from coal to methane, for example. To bring down emissions even further, methane can be mixed with hydrogen, which will allow them to gradually switch to 100% hydrogen.' Matthias: 'Most industries, however, do not have this luxury of flexibility in the fuel they use. They will ultimately have to choose either synthetic methane or pure hydrogen.'



Shift in imports and switch to H-gas

‘Aside from that, natural gas is needed for heating. The vast majority of homes are still heated using mostly imported natural gas. A large part of the German network was built with high-calorific gas (H-gas) in mind, while a smaller part was built for low-calorific gas (L-gas). From 2022, we will no longer be able to import L-gas from the Netherlands. To fill this void, we will be importing more H-gas from Russia. This is why Gasunie started switching from L-gas to H-gas in Germany in 2016. We're on schedule. Both in industry and in domestic households, systems are being converted to high-calorific gas one by one.’

Future role of natural gas

‘At present, around 30% of all energy consumed in Germany is natural gas. The assumption is that insulation and other measures will increase heating efficiency by between one and three percent every year. And that adds up to a considerable reduction in energy consumption over thirty years. On the other hand, however, there are industrial consumers and power stations that will start using more natural gas as an interim solution during the early stages of the energy transition. While we expect demand for natural gas to increase in the short term as a result, it will diminish during subsequent stages.’

Germany also sees hydrogen as an essential solution

Ksenia: ‘Hydrogen will also play an important role in the future. In Germany, we have a national hydrogen strategy. Hydrogen is considered one of the key solutions in the energy transition. Over the coming ten years, hydrogen will mainly be a significant fuel in industry and mobility. And we expect heating for homes and other buildings to also switch to hydrogen in the long run.’ Matthias: ‘Actually, the energy transition in Germany is not driven purely by climate concerns. Politicians hope that Germany can become one of the global leaders in hydrogen technology. So it is basically also, or perhaps even primarily, an economic opportunity.’

Chicken and egg

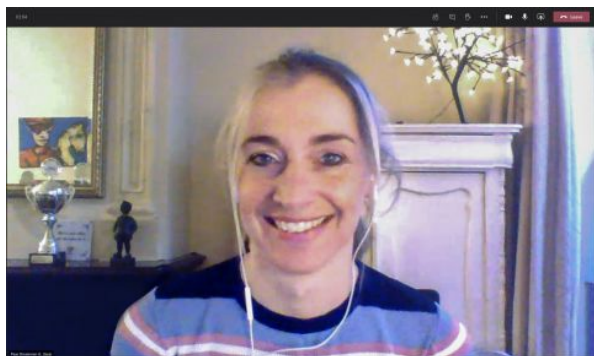
‘Certainly,’ Ksenia agrees. ‘But there are also difficulties. Like in the Netherlands, kickstarting the German hydrogen market poses a chicken-and-egg problem. Without end users, no one will produce hydrogen, but as long as no one produces hydrogen, end users will not switch to hydrogen. On top of that, we need good infrastructure for transmission and storage to be able to match supply and demand. We are going to have to make these connections step by step. This is also why we are looking at North2 with anticipation. A similar project has also been planned in Germany: AquaVentus.’ What is clear is that the Netherlands and Germany are going to need each other in order to fulfil their hydrogen ambitions. The planned Dutch and German backbones will also be interconnected.

Multitude of parties

Matthias: 'Like in the Netherlands, we are trying to create a market and developing a hydrogen backbone. A key difference, however, is that we have a multitude of parties to deal with here in Germany: dozens of TSOs and even more DNOs and energy companies. None of these parties has a central role like the one that Gasunie has in the Netherlands.' 'When it comes to making new policy, all parties are consulted at length, meaning that you always end up with a compromise,' Ksenia concludes. 'And that also goes for the development of the future hydrogen backbone. It sounds utterly reasonable to use our natural gas infrastructure for that. But in Germany, the rules enabling this are nowhere near being a done deal.'

Sustainable financing for our energy transition projects

Over the coming years, Gasunie will be investing heavily in a wide range of projects that contribute to the energy transition. These projects cannot go ahead without financing, with bonds being an important source of funds. Gea Paas Broekman, Gasunie's Treasury Front Office Manager and Dick Ligthart, Green, Social & Sustainability Bonds Director at ABN AMRO, are optimistic about Gasunie's chances of issuing a sustainability bond.



Financing expenditure

Gea: 'For many companies, it is not economically viable to finance all their projects and operations using their own funds. This is no different for Gasunie, as we are facing hefty expansion investments and costly projects as part of the energy transition. We use a broad range of financing options, raising funds both in the money market and in the capital market. We

borrow from institutions such as the European Investment Bank and from various investors. We have, for example, around 2.5 billion euros in bonds on our balance sheet.'

Stable borrower who contributes to the energy transition

'To many parties, Gasunie is an attractive borrower,' Dick continues. 'In November 2020, we organised a digital roadshow, updating around forty permanent investors on the strategy and future investments. One unanimous conclusion from these talks was that investors consider Gasunie to be a solid and stable investment. Gasunie has a first-class rating, the state is the sole shareholder, and all income is regulated or generated largely from long-term contracts. What also emerged is that investors are aware of and appreciate Gasunie's contribution to the energy transition.'



Sustainability bond issue

Gea: 'We want to give investors the opportunity to invest specifically in bonds issued to finance the energy transition. And it is important to us to anchor sustainability across the whole company, so also in our financing. This is why we may be issuing a sustainability bond, also known as a green bond, hopefully in 2021 or, failing that, in 2022.' Dick: 'Such a sustainability bond is essentially the same as a normal bond, but with a promise attached, or actually a condition, that the funds raised will be used for Gasunie projects that contribute to the energy transition. As an investor, you know where your money will go. Besides that, you will get regular reports on the progress made and value created by the projects, such as on the amount of carbon reduction achieved.'

Growth market

‘Sustainability bonds are a huge growth market. Globally, we’re talking a market of over 500 billion dollars in 2020. Energy companies, property companies, banks and governments are leading the way in sustainability bonds. As companies get increasingly serious about sustainability and hitting climate targets, they need more and more financing for efforts in these areas.’ Gea adds: ‘While there are plenty of investors who are just fine with regular bonds, more and more investors specifically want to invest in sustainability bonds. In fact, we are also seeing that merely slapping a sustainability label on a bond is not enough. Investors also want the strategy pursued by the bond-issuing company to be sufficiently sustainable.’

Need for sustainable investments

Dick: ‘It does indeed come from two sides. On the one hand, there are companies with sustainability-related operations, which lend themselves even better for financing through sustainability bonds. On the other hand, there are the investors who want to invest in sustainability. This is not just about them taking their social responsibility, as they are also increasingly looking at how future-proof companies are. They want to invest in companies that will continue to be relevant and successful in a climate-neutral future. So, also from a risk management perspective, it is wise to look at sustainable investments. Moreover, a sustainability bond is also likely to attract a new group of investors: parties that might not have considered investing in Gasunie before.’

Sustainability alongside regular

‘Our investors are loyal and our bonds are in demand. The last time we issued a bond, the order book was oversubscribed three to four times. From a financial perspective, we could suffice by issuing only regular bonds. But we at Gasunie want to show that sustainability is important to us. I do think, however, that it is very likely that we will issue both types of bonds over the coming years, i.e. both a sustainability and a regular bond. For quite a while yet, these bonds will exist side by side. After all, our existing infrastructure will continue to be relevant for many decades to come. As soon as we can link a sufficient number of energy transition projects to the bond, we will issue a sustainability bond. Such sustainability projects that Gasunie is currently working on include WarmtelinQ, DJEWELS, the hydrogen backbone, and NorthH₂.’

Taking pride in going sustainable

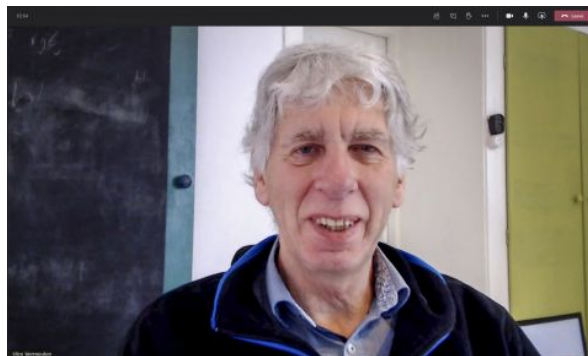
‘This really makes me very happy,’ Gea continues cheerfully. ‘I take great pride in everything we are doing at Gasunie. And that we are now also going sustainable in our financing is simply fantastic.’ Dick agrees wholeheartedly. ‘It is truly inspiring to be working on this. I am genuinely impressed with Gasunie’s contribution to the energy transition. Thanks to the collaboration in the roadshow, it has become even clearer to me how an originally traditional gas transmission company can play a key role in the energy supply of the future.’

NorthH2 accelerates the energy transition and strengthens the north

A consortium made up of Groningen Seaports, Shell Nederland and Gasunie is working on the world's largest green hydrogen project: NorthH2. By 2030, a mega wind farm that will be built out at sea will produce enough power to make three to four GW of green hydrogen. In late 2020, Germany's RWE and Norway's Equinor joined NorthH2 as new partners. We spoke to Cas König, the CEO of Groningen Seaports, and Ulco Vermeulen, Executive Board member and Participations & Business Development Director at Gasunie.

Thinking big

Ulco: 'HyStock was started up in 2019. HyStock is a learning project for us that allows us to practise using the electrolyser, for which we need only one MW. The time has now come to embed this technology into our energy system and scale up step by step. NorthH2 is one of these steps and can be three to four thousand times as big as HyStock by 2030.' Cas adds: 'Only if we do this on a large scale will we be able to reduce the costs of hydrogen to a level where it becomes truly worthwhile. That's why we're thinking so big at this early stage.'



Cost reduction by scaling up

Ulco: 'The costs, that's something we get critical comments about sometimes. If you want to use hydrogen as an energy carrier, you have to make it, just like electricity. You can make it from natural gas, but then you have to do something about the carbon CO₂, such as carbon capture. Electrolysis is another option, but this requires electricity. Elsewhere in the world, they are

looking to the sun for energy, but here in the Netherlands, wind is a more logical choice. And we then need both technology and energy for the conversion. The thing is, however, that technological innovations are always expensive in the beginning; the larger the scale, the lower the costs. This was also the case with wind power and electric vehicles. Hydrogen will therefore not be really cheap, especially in the early stages. But hydrogen is necessary in the energy transition. If we manage to scale up enough, the cost price will be at an acceptable level as soon as by 2030.'

And what about that green power?

Cas: 'Another comment that we often get is that there is not enough green power to make enough hydrogen. And that's precisely why we launched NorthH2! This project will start generating additional green power out at sea.' But why use that green power to make hydrogen? Why not just use the electricity? Ulco: 'That is indeed something to think about. If you can seamlessly slot the electricity into your system, that's what you should do. There are, however, periods when there is so much wind that

the power generated simply doesn't fit into the power grid. These are periods where there is more energy supply than demand. You have to store that energy somewhere to cover periods when there's no wind. Energy is far easier to transport and store in the form of hydrogen. And it also happens to be a great deal cheaper. On top of that, we are going to need a lot of molecules, such as hydrogen, in the Netherlands in the future as well. As a fuel, but also as a feedstock in industry.'

Particularly for industry

Cas, continuing on this point: 'In the first phase, the hydrogen produced by NorthH2 will not be intended for home central heating systems. While it could indeed be used for that, it will not happen until well beyond 2030. The focus is first on decarbonising industry. The energy industry and the chemical industry use a lot of hydrogen, which they currently make from natural gas. In the future, they can use hydrogen made from wind power.' Ulco: 'Most of it will indeed go to industry. That's where the use of hydrogen translates to the biggest environmental gains in the shortest possible time. Four GW may sound like a lot, but it is only a couple of percent of total demand in the Netherlands. This means that we are initially going to have to use it in a very targeted manner, which is why industry will be the first to get hydrogen. Aside from that, a small part will go to the transport industry, especially to power trains and lorries.'

Why in the northern Netherlands?

'The fact that we already have a market here locally that uses hydrogen is one of the reasons why this is such a good place to develop NorthH2. But there are many more reasons,' Cas says enthusiastically. 'North of the Wadden Islands, we have plenty of space available out at sea, where the wind always blows. And at the Eemshaven port, there is ample space available to build the electrolyzers. We also have direct access to the world's most extensive natural gas network. We have salt caverns and experience storing gas in these salt caverns. And finally, our local institutions for higher education, i.e. the University of Groningen, Hanze University of Applied Sciences and Noorderpoort College, have all been focusing on hydrogen for some time now. They offer a large number of relevant programmes, right here in the region.'

Seizing the opportunity

Ulco: 'It really makes sense to take Groningen as the starting point, because the natural gas network was also rolled out from Groningen. The infrastructure for both transport and storage is already in place here. It is, therefore, a unique opportunity, but this also comes with a risk of complacency. We mustn't think that everything will automatically fall into place. Seize that opportunity and fight for that opportunity! There is still a lot of work to do and no one has a crystal ball telling them how things will play out. But the results of the feasibility studies are good and our excitement has only grown, especially now the consortium has become even broader and stronger.' Cas closes: 'For us at Groningen Seaports, too, this is an awesome project. Because of the scale, but also because of the partners we're working with. NorthH2 will be an exemplary project for the rest of the world.'

Joining forces for an integrated climate-neutral energy system

What could our energy system be like in 2050 and how will our infrastructure change? In the 2030-2050 Comprehensive Infrastructure Survey (I13050), Gasunie, TenneT and the regional transmission system operators present four scenarios. Marijke Kellner, Gasunie's Energy System Manager and Gert van der Lee, Long-Term Transmission Grid Planning Policy Adviser at TenneT, tell us all about system integration and the associated challenges.

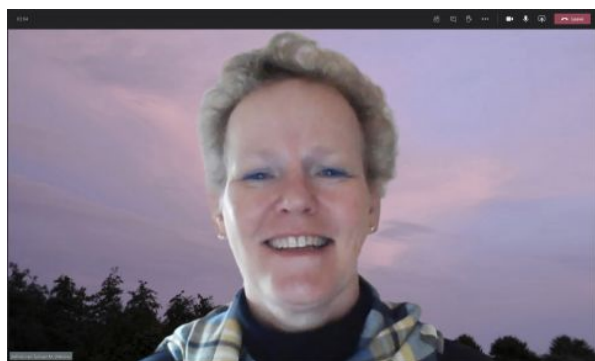
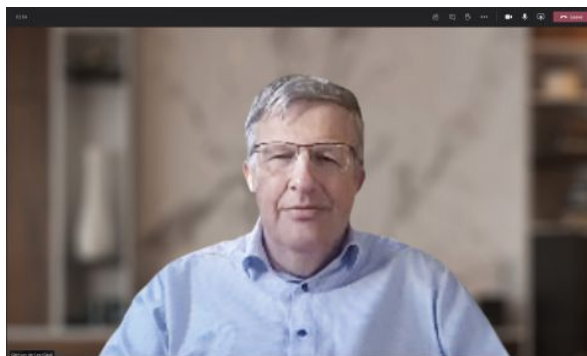
Variable supply and variable demand

Gert: 'The interaction between and interwovenness of gas and electricity supply will increase considerably no matter what. If the Netherlands chooses to go for energy self-sufficiency, we will have to convert our complete energy supply system into a system where the sun and wind are the primary sources of energy.

These are sources where supply varies and

doesn't run in sync with demand. And so, you have to look at conversion and storage, such as in

batteries.' Marijke: 'Surpluses of renewable power could, for example, be used to make hydrogen. And this hydrogen can then be used in industry and for transport. In times of shortages of renewable energy, stored hydrogen can subsequently be converted into electricity. By interconnecting energy systems, we will be able to fill gaps in our energy supply as and when they arise.'



Four climate-neutral prospects

What are the scenarios outlined in the 2030-2050 Comprehensive Infrastructure Survey? In the first scenario, local and provincial governments and citizens drive the transition. Gert: 'This scenario sees solar panels installed on roofs everywhere and energy-intensive industry downsize. The second scenario puts the ball in the government's court and is all about offshore

wind power. This will also require power-to-gas technology, i.e. electrolysis turning power into hydrogen. In the third scenario, the focus is primarily on biomass, from which the Netherlands is envisaged to produce great volumes of green gas. The fourth scenario revolves around things such as hydrogen imports.'

Our energy system in 2050

Which scenario is the most likely to materialise? Gert and Marijke do not want to go there just yet.

Gert: 'We still lack quite a bit of knowledge, so that is really hard to say. We see obstacles in all four scenarios, and drastic changes for all kinds of industries. The different scenarios do, however, give us insight into the interconnectedness that can arise between electricity, hydrogen and heating.'

Getting started with what needs to be done anyway

Marijke: 'At one point, the government will have to make a choice, but we want to keep all options open for as long as possible. In the meantime, we will get to work on measures that are needed for all four scenarios. What are the common denominators across the four scenarios? All four scenarios require solutions to certain bottlenecks in the power grid and include a role for green molecules. The hydrogen backbone and renewable gas storage are two things that we can already get started with now.'

Bottlenecks and discussion

'When it comes to measures needed to solve bottlenecks in the power grid, the uncertainties on the set-up of the energy system are simply still too great for us to be more specific about these measures,' Gert continues. 'As soon as you make minor adjustments somewhere, the whole situation changes.' 'Sure, we have our differences in terms of how we see things and our priorities,' Marijke admits. 'The allocation of roles in the energy transition, for example, leads to discussions sometimes. But we do not let that interfere with the overarching vision on system integration. We are also dealing with a broad group of stakeholders. Government ministries, industry, energy companies, you name it. It is very useful to forge shared insights with them on the steps to take towards an integrated climate-neutral energy system.'

Unique partnership

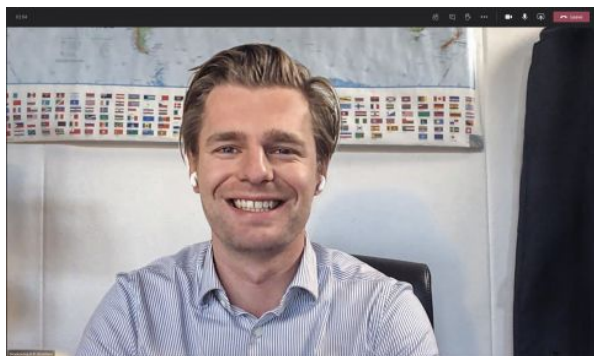
Such a partnership of TSOs that looks beyond the different parties' interests, is that unusual? 'Yes, I think our partnership is quite unique,' says Gert. 'It has caused some surprise in other countries. It's partly down to the fact that everything goes so smoothly in the workplace. Open and honest: we trust each other.' Marijke: 'In the Netherlands, we have been able to strike up a partnership, realising that we need each other and both have an important role to play in the development of the energy system. If we do not interconnect our systems, the overall energy system will ultimately be both unreliable and expensive. Out of a sense of social responsibility, we want to do it together: security of supply at the lowest possible social cost.'

Professional challenge

'What also helps is that we, as a state-owned company, have the same shareholder,' Marijke continues. 'And finally, the people involved. People who are leaders in their respective fields have also taken the lead here. They are all specialists who focus on substance and have sunk their teeth into it.' Gert could not agree more. 'The experts relish the opportunity to work on this. In the past, we would just build another power station now and again and that was pretty much it. Now it's much more dynamic and a lot needs to be done. That's hugely motivating.'

Talent energised by energy transition

We need talent for the energy transition. Talent that is scarce sometimes or prefers to work in other industries. After all, when you have so many companies vying for your talent, why would you choose to work at Gasunie? HR and recruitment consultant Daniel Vermeltvort and management trainee Karsten Hoekzema explain how important the energy transition is as a factor in choosing Gasunie.



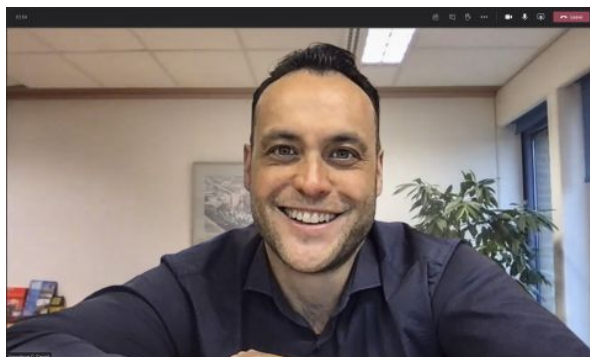
Impactful engineering solutions

Karsten: 'I joined Gasunie as a management trainee in September 2020. After graduating in Civil Engineering and Technology & Operations Management, I asked myself what I looked for in a job. The answer was 'impact'. I love solving complex issues and putting the solutions into practice. And on an entirely different note, I've been a great fan of documentaries such as those

by David Attenborough since I was a boy. I want to make an impact on society by doing something to combat climate change. Quite a wish list, I know. But as a techie, I'm in the fortunate position that I'm in demand. I had recruiters calling me almost every week.'

Social purpose

'But I wasn't one of them,' Daniel says laughingly. 'Actually, Karsten came to us. My brief was to recruit six university graduates with engineering and other backgrounds for this traineeship, which has actually won the prize for 'Best Traineeship in the Benelux' in the personal branding category. Talents such as Karsten are so high profile that they have their pick of hundreds of companies. We ran an ad highlighting what Gasunie has to offer: development, social purpose and flexibility.' Karsten: 'These first two things really energise me. And flexibility is a nice bonus.'



Looking for engineers

'Engineering talent is not only scarce,' Daniel continues, 'you also have to find a way to reach them.' Karsten: 'I think the various programmes are churning out enough engineers. But these engineers often decide not to work in engineering, and work at banks and major consultancies instead. The other way round, however, is not possible; you can't go into engineering if you have a financial background. And that leaves companies that need engineers with slim pickings. Personally, I got increasingly excited as the application process progressed.'

Contributing to the energy transition

Daniel: 'For many people who are considering Gasunie as an employer, the energy transition is a key theme. Applicants for almost every job mention it. It makes Gasunie extra attractive, also for me personally. One of my past jobs was at a company that was highly committed to taking its social responsibility. It just felt good to work there.' The same goes for Karsten: 'Sure, the energy transition is not the only thing you're working on. Safe and reliable natural gas transmission is still Gasunie's primary task. The vacancy was clear on that. But still, no matter how small and modest my role, it feels great to do my bit in helping prevent further climate change.'

Good workplace atmosphere

'Having been here for a while now, I can say that the vacancy really delivered on its promise,' Karsten continues. 'I really like working here. The workplace atmosphere is great at Gasunie. Making time for each other truly is the norm here. And that is certainly not the case everywhere. The atmosphere actually surprised me.' Daniel, too, is positive. 'I've been working here for about a year now and have only become more enthusiastic. What I also like a lot is that Gasunie is very output-driven. At the HR department, we even work almost entirely in a self-managed way.'

The issue of the century

Karsten: 'What I didn't know going into this job is something that I think many people won't know: Gasunie has been meeting the Netherlands' natural gas needs for sixty years! This in itself is already a major social purpose. And other forms of energy are now added to that, combined with an extra societal issue. The energy transition is the number one issue of this century. It is a multidisciplinary problem that calls for smart solutions. And it is further complicated by the huge scale and the short time we have available to pull it off. It is a massive challenge, and that is precisely what makes working for Gasunie so interesting for me as a techie.'

Proud to contribute

Daniel nods. 'We've got a hugely challenging period ahead of us. In fact, it's already here. I'm proud to be able to contribute to that from my role. I'm glad that I can put my expertise to work on this challenge. And that I have Karsten as one of my colleagues, of course!' Karsten bursts out laughing: 'The feeling is entirely mutual, Daniel.'

Annual Report

Financial statements



09 Consolidated financial statements

Consolidated statement of financial position as at 31 December 2020 (before profit appropriation)

<i>In millions of euros</i>	<i>Notes</i>	31 Dec. 2020	31 Dec. 2019
Assets			
Fixed assets			
- tangible fixed assets	4.5	9,125.0	8,766.5
- investments in joint ventures	7	241.2	212.2
- investments in associates	8	0.5	0.5
- other equity interests	9	509.3	515.1
- deferred tax assets	10	267.4	323.1
Total fixed assets		10,143.4	9,817.4
Current assets			
- inventories	11	47.2	46.9
- trade and other receivables	12	173.6	190.3
- corporate income tax	13	3.9	26.2
- cash and cash equivalents	14	17.9	45.3
Total current assets		242.6	308.7
Total assets		10,386.0	10,126.1

<i>In millions of euros</i>	<i>Notes</i>	31 Dec. 2020	31 Dec. 2019
Liabilities			
Total equity			
attributable to shareholder	15	6,341.0	5,935.4
Non-current liabilities			
- interest-bearing loans	16	2,360.1	3,091.9
- lease liabilities	17	92.5	90.2
- contract liabilities	18	47.2	46.9
- deferred tax liabilities	19	179.1	175.3
- employee benefits	20	127.6	118.6
- other provisions	21	30.2	35.1
Total non-current liabilities		2,836.7	3,558.0
Current liabilities			
- current financing liabilities	22	958.2	416.4
- lease liabilities	17	7.5	6.8
- contract liabilities	18	3.4	3.2
- trade and other payables	23	228.2	206.3
- corporate income tax	13	11.0	-
Total current liabilities		1,208.3	632.7
Total liabilities		10,386.0	10,126.1

Consolidated statement of profit and loss for 2020

<i>In millions of euros</i>	<i>Notes</i>	2020	2019
Continuing operations			
Revenues	26	1,372.2	1,278.2
Capitalised expenses		54.8	51.7
Personnel expenses	27	-190.9	-181.8
Depreciation expenses	5	-318.4	-326.5
Reversal of impairment loss	4.5	300.0	-
Other operating expenses	28	-359.0	-318.0
Total expenses		-513.5	-774.6
Operating result		858.7	503.6
Finance income	29	2.8	10.5
Finance expenses	30	-70.6	-91.6
Share in result of joint ventures	7	31.0	35.2
Share in result of associates	8	-	-0.3
Dividend received from participating interests	9	31.3	59.6
Result before taxation		853.2	517.0
Income taxes	31	-253.5	-105.0
Result after taxation		599.7	412.0

Consolidated statement of other comprehensive income for 2020

<i>In millions of euros</i>	<i>Notes</i>	2020	2019
Result after taxation according to consolidated statement of profit and loss		599.7	412.0
Sum of actuarial gains and losses on employee benefits,	20.42	-6.2	-14.5
of which corporate income tax		1.9	4.3
Total of results taken to equity which will not be reclassified subsequently to profit and loss		-4.3	-10.2
Changes in other participating interests measured at fair value	9.41	-5.7	18.8
Changes in the cash flow hedge reserve, of which corporate income tax	15.40	-1.2 0.3	-0.9 0.2
Changes in the cash flow hedge reserve concerning joint ventures and associates	7	5.7	2.6
Total of results taken to equity which will be reclassified subsequently to profit and loss		-0.9	20.7
Total comprehensive income for the year		594.5	422.5
Attributable to shareholder		594.5	422.5

Consolidated statement of changes in equity for 2020

In millions of euros

	Share capital	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappropriated result	Total
2020						
Balance as at 1 January 2020	0.2	0.9	342.2	5,180.1	412.0	5,935.4
Comprehensive income for the financial year	-	-0.9	-5.7	1.4	599.7	594.5
Movement in deferred taxes	-	-	-	99.5	-	99.5
Dividend paid for 2019	-	-	-	-	-288.4	-288.4
Added to other reserves	-	-	-	123.6	-123.6	-
Balance as at 31 December 2020	0.2	-	336.5	5,404.6	599.7	6,341.0
2019						
Balance as at 1 January 2019	0.2	1.6	323.5	5,056.9	325.2	5,707.5
Comprehensive income for the financial year	-	-0.7	18.8	-7.6	412.0	422.5
Equity movements joint ventures	-	-	-	-5.4	-	-5.4
Movement in deferred taxes	-	-	-	39.0	-	39.0
Dividend paid for 2018	-	-	-	-	-228.0	-228.0
Added to other reserves	-	-	-	97.2	-97.2	-
Balance as at 31 December 2019	0.2	0.9	342.2	5,180.1	412.0	5,935.4

Consolidated cash flow statement for 2020

<i>In millions of euros</i>	<i>Notes</i>	2020	2019
<i>Cash flow from operating activities</i>			
Revenues	3.26	1,372.2	1,278.2
Total expenses	27,28,5	-513.5	-774.6
Operating result		858.7	503.6
Adjustments for:			
- depreciation expenses	5	318.4	326.5
- reversal of impairment loss	4.5	-300.0	-
- change in inventories	11	-0.3	-1.8
- change in net working capital	12.23	9.4	-56.5
- change in provisions	20.21	4.1	-45.3
- result from disposals	5	8.9	14.2
Cash generated from business operations		899.2	740.7
Interest received	29	1.7	3.5
Dividend received from joint ventures	7	22.4	24.7
Dividend received from other participating interests	9	31.3	59.6
Interest paid	30	-80.0	-99.5
Corporate income tax paid	31	-59.1	-71.0
Cash flow from operating activities		815.5	658.0

<i>In millions of euros</i>	<i>Notes</i>	2020	2019
<i>Cash flow from investing activities</i>			
Acquisitions (excl. acquired cash and cash equivalents)	2	-11.5	-7.0
Investments in tangible fixed assets	5	-327.5	-404.0
Disposals of tangible fixed assets	5	-0.4	0.1
Investments in joint ventures	7	-14.7	-6.9
Cash flow from investing activities		-354.1	-417.8
<i>Cash flow from financing activities</i>			
Uptake of long-term loans	16	-	494.2
Repayment of long-term loans	16	-21.4	-519.0
Lease payments	17	-9.0	-8.2
Change in short-term financing	22	-170.0	38.8
Dividend paid	43	-288.4	-228.0
Cash flow from financing activities		-488.8	-222.2
Net cash flow for the financial year		-27.4	18.0
Cash and cash equivalents at previous year-end	14	45.3	27.3
Cash and cash equivalents at year-end	14	17.9	45.3
Change in cash and cash equivalents		-27.4	18.0

10 Notes to the consolidated financial statements

Notes to the consolidated financial statements

General

Preparation and adoption of the financial statements

The 2020 financial statements were prepared by the Executive Board on 4 March 2021. The financial statements as prepared will be submitted for adoption to the General Meeting of Shareholders to be held on 29 March 2021.

Reporting entity

N.V. Nederlandse Gasunie (hereafter: 'Gasunie' or the company) is a European energy infrastructure company. Gasunie provides regulated transport services in the Netherlands and Germany. Gasunie is moreover involved in joint arrangements for pipelines that connect the Gasunie transport network with markets outside the Netherlands. Gasunie also provides other energy infrastructure services, including gas storage and the certification of green gas. Gasunie is increasingly making its infrastructure and knowledge available for the further development and integration of alternative energy sources, such as hydrogen, heat and green gas, as well as the development of CC(U)S.

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

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

Reporting period

These financial statements relate to the 2020 financial year, which ended on the balance sheet date of 31 December 2020.

Presentation and functional currency

The financial statements are presented in euros, which is the functional currency of the company. Unless otherwise specified, all amounts are in millions of euros.

Going-concern

These financial statements have been prepared on the basis of the going-concern assumption.

The company has investigated the effect of the COVID-19 pandemic on the application of the going-concern assumption. Management expects – partly on the basis of its experiences in the past financial year – that the financial impact of the COVID-19 pandemic will be limited for the company's balance sheet items, results, liquidity and solvency. This expectation is explained in more detail in [note 1 'Significant matters and events in 2020'](#).

Management believes that there is no uncertainty about using the going-concern assumption.

Elements of the directors' report and the financial statements

The directors' report, as defined in Article 2:391 of the Dutch Civil Code, consists of the following sections of the annual report and the financial statements:

- [From gas transmission company to energy infrastructure company](#)
- [Financial results](#)
- [About Gasunie](#)
- [Optimising infrastructure](#)
- [Connecting Europe](#)
- [Accelerating the energy transition](#)
- [Foundations of our organisation](#)
- [Our dilemmas](#)
- [Governance](#) (except the 'Report from the Supervisory Board')
- Information on financial instruments ([note 24 'Financial instruments'](#) to the consolidated financial statements)
- [Annexes](#) (except the 'Report of the Works Council')

The consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement. References to the notes to the financial statements are included in the aforementioned statements. The notes to the financial statements in the consolidated financial statements are an integral part of the consolidated financial statements. The consolidated financial statements and the company financial statements jointly form the company's statutory financial statements.

Basis for preparation

Statement of compliance

Under Regulation (EC) no. 1606/2002 of the European Parliament, 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 in line with the provisions of Part 9 of Book 2 of the Dutch Civil Code.

In this context, IFRS comprises the IFRS standards and the International Accounting Standards (IAS) published by the International Accounting Standards Board and the interpretations of IFRS and IAS standards published by the IFRS Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) respectively.

New and amended standards for financial reporting

The following amendments to standards became effective at the start of the 2020 financial year:

- Amendment to IAS 1 and IAS 8: Definition of Material
- Amendment to IFRS 3 Business Combinations
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform
- Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions

Furthermore, the standards or amendments to them listed below are expected to become effective in the near future. EU endorsement has not yet been given for these all of these standards.

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (from the 2021 financial year)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (from the 2021 financial year)
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets (from the 2022 financial year)
- Annual Improvements 2018-2020 (from the 2022 financial year)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (from the 2023 financial year)
- IFRS 17 Insurance Contracts; including Amendments to IFRS 17 (from the 2023 financial year)

An analysis by the company revealed that the already adopted standards and those still to be endorsed have or will have no material impact on the company's equity, cash flow and result and that there are no significant additional disclosures required. For that reason, the consequences of these amendments for the company have not been described in detail in these financial statements.

Management judgements and estimates

In preparing the financial statements, management has used estimates and assessments that could affect the assets and liabilities presented as at the balance sheet date and the result for the financial year. The actual results may differ from these estimates. The estimates and underlying assumptions are reviewed at regular intervals. Revisions to estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the review.

The nature of the judgements and estimates, including the assumptions that accompany the uncertainties, are included in the note to the relevant items in the financial statements if they are deemed necessary for providing the information required in Article 2:362, paragraph 1 of the Dutch Civil Code.

The effect of management's judgements and estimates is significant for the:

- measurement and determination of the useful life of fixed assets (as included in [note 4 'Impairment tests'](#) and [note 5 'Tangible fixed assets'](#));
- measurement of other participating interests (as included in [note 9 'Other participating interests'](#));
- measurement of deferred tax assets ([note 10 'Deferred tax assets'](#));
- measurement of pension obligations (as included in [note 20 'Employee benefits'](#));
- classification of equity interests (as included in [note 6 'Investments in joint operations'](#) and [note 7 'Investments in joint ventures'](#)).

Determination of fair value

The determination of fair value is required for a number of accounting policies and disclosures. The fair value of a financial instrument is the amount for which an asset could be traded or a liability settled between parties knowledgeable about the matter who are willing to enter into a transaction and are independent of each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.
- The fair value of non-listed financial instruments is determined by calculating the present value of the expected cash flows at a discount rate equal to the applicable risk-free market rate for the remaining term, plus credit and liquidity surcharges.
- The fair value of derivatives for which no collateral is exchanged is determined by calculating the present value of the cash flows by means of the relevant swap curve plus credit and liquidity surcharges.

When determining the fair value of an asset or a liability, Gasunie makes as much use as possible of market-observable data. Fair values are classified according to various levels on the basis of a fair value hierarchy, depending on the information used to apply valuation methods.

The various levels are defined as follows:

- Level 1: Based on quoted prices on active markets for the same instrument.
- Level 2: Based on prices on active markets for comparable instruments, or based on other valuation methods, with all required key data being derived directly or indirectly from publicly available market information.
- Level 3: Based on valuation methods, with all the required key data not being derived from publicly available market information.

If the information to be used for determining the fair value of an asset or liability can be classified at different levels of the fair value hierarchy, the fair value determined will be classified in its entirety at the lowest applicable level.

Gasunie recognises reclassifications between levels of the fair value hierarchy at the end of the reporting period in which the change has taken place. Management continually assesses changes to significant information it uses and where necessary, adjusts the fair value determination accordingly.

Significant accounting policies for financial reporting

Consolidation principles

General

The consolidated financial statements include the financial data of Gasunie and its group companies. Group companies are companies over which the company can exercise control.

Gasunie exercises control if, directly or indirectly:

- it has power over the relevant activities of the group company in question, is exposed to or entitled to variable returns from its involvement with the company; and
- has the ability to use its power over the group company to influence the amount of the investor's returns.

Generally, it is presumed that if Gasunie has more than 50% of voting rights, it exercises control. However, all facts and circumstances are considered when assessing each participating interest. Management reassesses whether or not it exercises control over a company if circumstances change.

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 measured in accordance with the company's accounting policies.

Intragroup balances and transactions are eliminated, as are any unrealised profit and losses from intragroup transactions.

Consolidation scope

Note 53 'List of group companies and participating interests' contains a list of all the group companies included in the consolidation.

Business combinations and goodwill

Business combinations, such as mergers or acquisitions, are recognised in accordance with the acquisition method as described in IFRS 3 'Business Combinations'. The acquisition price is calculated as the sum of the assets transferred, liabilities entered into or acquired, and, where relevant, equity instruments issued by the acquiring party. Costs relating to the business combination are taken directly to profit and loss. The identifiable assets, liabilities and contingent liabilities acquired as part of the business combinations are recognised by company, as the acquiring party, at fair value on the date of acquisition. Conditional payments are initially measured at fair value on the date of acquisition. A conditional payment that qualifies as a financial instrument is measured at fair value with changes in fair value being recognised in profit and loss at the time these changes occur.

Gasunie classifies the surplus of the acquisition price above the share in the fair value of the net identifiable assets, liabilities and contingent liabilities as goodwill and this is included under intangible fixed assets. After initial recognition, goodwill is measured at cost less any accumulated impairment loss.

Principles for the translation of foreign currencies

Transactions denominated in foreign currencies are measured in the functional currency in their initial recognition by translating them at the foreign exchange rate between the functional currency and foreign currency applicable on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the exchange rate applicable on that date. Exchange differences arising from the settlement of monetary items are recognised in profit and loss in the period in which they arise. Exchange differences arising from the translation of monetary items into foreign currency are recognised in profit and loss in the period in which they arise, unless hedge accounting is applied to these transactions.

Non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the functional currency at the exchange rate applicable on the transaction date.

Exchange rate differences that occur when converting eligible cash flow hedges, to the extent that the hedge is effective, are recognised in other comprehensive income.

Accounting policies for the measurement of assets and liabilities and the determination of the results

General

The principles adopted for measuring assets and liabilities and determining the results are based on historical costs, unless otherwise specified.

Fixed assets

Tangible fixed assets

Tangible fixed assets are measured at cost, less any accumulated depreciation and accumulated impairment losses. When initially measured, the costs of periodic major repairs are recognised in the carrying amount of the asset on the basis of the component approach. Interest expenses are capitalised if they relate to the purchase, construction or production of qualifying assets, provided the assets need a substantial period (more than one year) before being ready for their intended use.

Depreciation is determined by writing off the costs of tangible fixed assets, less their estimated residual value, on a straight-line basis over their estimated useful life. Depreciation is not calculated on land, sites or gas in the pipes.

A substantial part of the assets is intended for regulated business operations. Regulation of future cash flows by the regulatory authority will determine the recoverable amount of the regulated assets. Management is required to make significant estimates and judgements, in particular with regard to the useful life, residual value and future cash flows from gas transportation. The residual value of the asset, the useful life and the depreciation methods are reviewed annually and adjusted if necessary. [Note 5 'Tangible fixed assets'](#) contains a more detailed explanation of the expected useful life of the assets.

Tangible fixed assets are divided into categories. The useful life and associated depreciation period is determined for each category. [Note 5 'Tangible fixed assets'](#) contains a description of the categories and gives the depreciation period for each category.

Third-party contributions to the cost of construction of the gas transport network are deducted from the investments, insofar as such contributions are either government-sourced (including grants) or are not related to transport capacity. Customer contributions to investments which are related to transport capacity are recognised in the balance sheet as contract liabilities in line with the provisions of IFRS 15 and are credited to profit and loss at regular intervals in accordance with the term of the contract with the customer. If there is a significant financing component in the customer contributions, the financing costs are recognised under interest expenses. This recognition is described in more detail under 'Net revenue' in these principles.

Tangible fixed assets not yet in operation as at the balance sheet date are recognised as 'Fixed assets under construction'. Upon commissioning, the relevant assets are classified according to their type in one of the main categories. The volumes of gas and nitrogen permanently present in the pipelines and

caverns which are needed for gas transportation and related services are included under 'Other fixed operating assets'. If any changes occur in the permanent gas stocks, the average gas price for the period in which the change took place is used as the cost price.

Any profit or loss on decommissioning a tangible fixed asset is recognised in profit and loss at the time of decommissioning.

Tangible fixed assets for which the company has the right of use under the terms of a lease agreement are also included in the balance sheet.

Investments in joint operations

Investments in joint operations are participating interests in which the company exercises joint control and in which the company has the rights to assets and liabilities with respect to the participating interest's debts.

The rights to the assets and liabilities with respect to the participating interest's debts, and the associated rights relating to the joint operations' revenues and expenses are included in the financial statements.

Investments in joint ventures

Investments in joint ventures are participating interests in which the company exercises joint control with other parties and has rights to the participating interests' net assets.

These participating interests are measured using the equity method. In accordance with this method, the participating interests are measured at cost (including goodwill) plus the share in the result and the share in other comprehensive income from the moment of acquisition less the share in dividend payments. The company's share in the result of joint ventures is recognised in the statement of profit and loss and in the consolidated statement of other comprehensive income.

Investments in associates

Investments in associates are participating interests in which the company exercises significant influence on operating and financial principles, but has no control.

These participating interests are measured using the equity method. In accordance with this method, the participating interests are measured at cost (including goodwill) plus the share in the result and the share in other comprehensive income from the moment of acquisition less the share in dividend payments. The company's share in the result of associates is recognised in the statement of profit and loss.

Elimination of transactions with participating interests

Unrealised profit from transactions with participating interests measured using the equity method are eliminated in proportion to Gasunie's share in the participating interest.

Other participating interests

On the basis of IFRS 9, other participating interests are measured at fair value after initial recognition, with unrealised gains or losses taken to other comprehensive income. No recycling takes place through the profit and loss account.

When determining the fair value of the other participating interests, management makes assumptions, including assumptions relating to current and non-current developments in the relevant regulatory framework, makes estimates of aspects such as future cash flows, and determines the discount rate. Note 9 'Other participating interests' describes the most important assumptions. If the fair value cannot be reliably determined based on these assumptions, the cost or net asset value is used as the basis for fair value and this is mentioned in the notes to the financial statements.

The share in the result of other participating interests is taken to profit and loss as soon as the formal decision has been made that these participating interests will pay dividends or as soon as the dividend has been made available for payment.

Impairment of fixed assets

At regular intervals, the company investigates whether there is any impairment of fixed assets, including tangible and financial fixed assets. Management determines 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 carrying amount, the difference is taken to profit and loss. Due to the nature of the tangible fixed assets, it is often not possible to determine the recoverable amount of an individual asset. In such cases, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The company also investigates whether an impairment loss recognised in previous periods no longer exists or has decreased. If an impairment loss recognised in the past is found to no longer exist or to have decreased, the increased carrying amount of the relevant asset or cash-generating unit will not be set higher than the carrying amount which would have been determined if no impairment loss for the asset or cash-generating unit had been recognised. Any reversal is recognised in profit and loss.

Current assets

Inventories

Inventories are measured at the lower of cost and recoverable amount. Cost comprises the acquisition price or the cost of manufacture plus any other costs involved in taking inventories to their current place and keeping them in their current condition. The net realisable value is based on the most reliable estimate of the amount that the inventories will generate less any costs to be incurred.

Trade and other receivables

At initial recognition, trade and other receivables are measured at fair value. The company uses the simplified IFRS 9 method to measure trade and other receivables. This means that a provision is formed upon the first measurement of the receivable to cover expected credit losses due to non-payment. This expectation is based on historical payment data. After initial recognition, receivables are measured at amortised cost based on the effective interest method less a provision for bad debts.

Trade receivables also include the amounts that have not yet been invoiced as at the balance sheet date for services rendered during the financial year. A provision for bad debts is also recognised if there is an objective reason to do so.

Cash and cash equivalents

Cash and cash equivalents include the available financial resources in cash, bank balances and at third parties, such as deposits or call funds. A deposit is only recognised as a cash equivalent if it can be converted into a known cash amount within 90 days and is not subject to a material risk of impairment.

Cash equivalents are held with the aim of meeting current liabilities and are not normally used for investments or other purposes.

Derivative financial instruments

Cash flow hedge accounting

The company makes use of derivative financial instruments in a limited number of cases in order to manage financial risks arising from future transactions (cash flow). These include forward foreign exchange contracts used to hedge exchange rate risks arising from future transactions in foreign currencies. These instruments are initially recognised at fair value on the date on which the contract is entered into (the value is generally zero at that point). After that, the fair value is redetermined at regular intervals. 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 taken directly to profit and loss.

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 no longer expected to occur, the gains or losses on the effective part, which are recognised in equity, are taken directly to profit and loss.

Effective derivative financial instruments designated for hedge accounting are recognised in the same way as the hedged position. Depending on the nature and the term of the hedged position, the instruments are classified as either non-current or current.

Other derivative financial instruments

Changes in the fair value of other derivative financial instruments for which no cash flow hedge accounting is used are immediately recognised in profit and loss from initial recognition onwards.

If the fair value of a derivative is positive, the instrument is included under 'other receivables'. If the fair value of a derivative 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 non-current or current.

Non-current liabilities

These are liabilities with a remaining nominal term of more than one year. Repayment obligations that are due within a year are included under current liabilities.

Interest-bearing loans are initially recognised at fair value less transaction costs and any discount applicable. After initial recognition, interest-bearing loans are measured at amortised cost on the basis of the effective interest method, with the transaction costs and the discount recognised in profit and

loss in the period to which they relate. Discount and transaction costs not yet taken to profit and loss are recognised as a reduction in the non-current liabilities to which they relate.

When the contractual obligation has lapsed or expired, loans are no longer recognised in the balance sheet.

Employee benefits

Employee benefits are recognised as an expense in profit and loss in the period in which the work is performed and, until paid out, as a liability in the balance sheet. Personnel expenses include all costs related to employee benefits during and after employment. In addition to the liabilities that are legally enforceable, the company's liabilities with respect to employee benefits also include any liabilities involving a situation where the company has no realistic alternative other than to comply with the obligation ('constructive obligations').

Liabilities for employee benefits concern pension obligations, long-service awards and the costs of post-employment fringe benefits for non-active and retired employees.

Personnel-related provisions

Personnel-related provisions comprise the provision for pension obligations and other personnel-related provisions.

Pension plans

Gasunie and the group companies included in the consolidation have entered into pension plans entitling their employees to a number of benefits, including a retirement pension and a dependants' pension.

The pension plan for employees of Gasunie in the Netherlands is a defined contribution pension plan. This means that the company has committed itself to paying a fixed, predetermined contribution. This contribution is based on a conditional average-salary pension plan in line with prevailing tax and pension legislation. Pension accrual in a conditional average-salary pension plan has been capped at 1.875% per annum of average pensionable earnings up to the statutory maximum pensionable salary. Pension accrual is not guaranteed. The premiums payable in respect of employees' pension entitlements are paid to Stichting Pensioenfonds Gasunie, which administers the pension plan.

A new pension plan reinsured with a pension fund was set up for employees of Gasunie Deutschland who joined the company in or after 2012. This pension plan also qualifies as 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 plan for employees of Gasunie Deutschland who joined the company before 2012 is a defined benefit pension plan, based on a final salary pension system. These employees' entitlements are not fully funded. A pension provision has been included in the balance sheet for this purpose.

The present value of the provision for pension obligations is calculated in line with the 'projected unit credit method'. Significant assumptions have been made in the calculation about the market interest rate on high-quality corporate bonds for the purpose of determining the discount rate, expected future

increases in salary, expected future increases in pensions and average life expectancy. For more information on these variables, see [note 20 'Employee benefits'](#) to the consolidated statement of financial position.

Actuarial gains and losses and experience adjustments are recognised in the statement of other comprehensive income and subsequently taken to equity in the period in which they occur, net of deferred taxation. The relevant actuarial calculations are drawn up and assessed by external actuaries every year.

Other personnel-related provisions are described below.

Provision for long-service awards

This provision relates to long-service awards paid by Gasunie to its employees. Account is taken of the likelihood that the award will be made 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 obligation.

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

This provision relates to the allowance that Gasunie pays to its employees after they retire. It represents the present value of the benefits already committed to non-active and retired employees. Account is taken of life expectancy and a pre-tax discount rate, which incorporates the prevailing market assessments of the time value of money and the risks inherent in the obligation.

The assumptions on which this provision is based are assessed and adjusted at regular intervals in terms of mortality tables, interest and cost developments.

Other provisions

A provision is included in the balance sheet if:

- there is a legally enforceable or factual liability resulting from a past event;
- a reliable estimate of the above can be made; and
- it is probable that an outflow of resources is required to settle that liability.

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 liability, taking into account the probability of the event.

Other provisions comprise the provision for certain abandonment costs and redevelopment.

Provision for abandonment costs and redevelopment

This provision is made due to management decisions to decommission, remove or redevelop specific identifiable assets in the foreseeable future as required under legislation where applicable. The size of the provision is partially determined on the basis of experience figures derived from previous abandonments and redevelopments.

The provision is measured based on the present value of the expenditure deemed necessary to settle the liability. 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 liability.

Leases

Initial recognition and measurement of leases is as follows:

- The company breaks down lease liabilities into lease and non-lease components. The non-lease components are not considered to fall within the scope of IFRS 16. The costs resulting from these contracts are recognised in profit and loss in the period to which they relate.
- The expected term of the lease liability is determined on the basis of the contractual term of the agreement, taking into account any potential optional extensions, in the event that the company may reasonably be expected to use them.
- If applicable, account is taken of residual value guarantees, significant variable lease payments and penalty clauses when measuring the lease liabilities.
- In principle, the present value of the lease liabilities is calculated at the implicit interest rate. Where the implicit interest rate cannot be directly derived from the leases, Gasunie's incremental borrowing rate will be used. A borrowing rate representative of the portfolio as a whole is used for portfolios of leases with similar conditions.
- The right-of-use asset connected with the lease is initially included in the balance sheet at the present value of the lease liability, plus any directly attributable costs.
- Leases with a term of less than one year or with a contract value of less than € 5,000 are not included in the balance sheet, in accordance with the provisions of IFRS 16.

The assets associated with the lease liability are recognised under tangible fixed assets in the main category right-of-use assets.

The subsequent measurement of the leases as follows:

- Right-of-use assets are measured at cost, less straight-line depreciation calculated over the expected term of the lease agreement. An explanation of how the cost price is determined is given above under 'initial recognition and measurement of leases'.
- After initial recognition, the lease liabilities are measured at amortised cost based on the effective interest method.
- If the principles in the lease change (e.g. due to indexation or other modifications), the carrying amount of the lease liability and the right-of-use asset is remeasured and recognised in the balance sheet.

Trade and other current liabilities

After initial recognition, current liabilities and other financial obligations are measured at amortised cost based on the effective interest method. The effective interest is recognised directly in profit and loss.

Net revenue

Net revenue is the sum of revenues from gas transport and related services provided to third parties, after deduction of discounts (for non-regulated services) and taxation on these revenues, such as VAT. Revenues are subject to management estimates of expected credit losses due to non-payment and, in the case of contract liabilities arising from customer contributions, the relevant interest rate.

If the result of a transaction involving the rendering of a service can be estimated reliably, the revenues relating to the service are recognised in proportion to the services rendered in the financial year. Gasunie provides services in the field of gas transport, storage and related activities. These services are offered as capacity services. This gives customers the right to use pre-agreed capacities for a pre-contracted period (hour, day, month, etc.). Gasunie regards the service as delivered over the period concerned and recognises the revenue accordingly. The realisation of net revenues can be reliably determined. Gasunie is compensated by customers solely on the basis of the pre-agreed amounts.

The tariffs for regulated activities are determined by independent regulatory authorities. No discounts are applied by the regulated transmission system operators. Customer contributions to the cost of construction or improvement of the transport infrastructure or discounts/prepayments in the non-regulated sector are a possibility, however. These are considered to be contract liabilities under IFRS 15 and are recognised in the balance sheet. They are periodically credited to profit and loss over the expected useful life of the asset. In the event that a prepayment or discount contains a significant financing component, the value of this component is determined based on an estimate of the relevant interest rate. The financing component is recognised in the financial income and expenses in the period to which it refers.

Capitalised costs

Capitalised costs include operating expenses incurred by the company in connection with the construction of tangible fixed assets. These costs mainly comprise the cost of the company's own employees and hired workers, plus part of the overhead expenses of support departments.

Government grants

Operating grants are credited to profit and loss in the year to which the subsidised spending is allocated. Any pre-payments are included under current liabilities.

Pre-paid investment grants are initially presented under the other liabilities. As soon as investment spending starts and meets the conditions for capitalisation, the investment grants are then deducted from the tangible fixed assets for which the grant is intended.

Other costs

These costs 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.

Financial income and expenses

Included in this item are income and expenses relating to financing and similar income and expenses. Interest income and similar income is recognised in the period to which it relates, 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 and similar expenses are recognised in the period to which they relate. Financial expenses also include the amortisation of discount and transaction costs and premiums paid on the accelerated buy-back of bond loans.

The recognition of capitalised interest expenses is described under the heading 'Tangible fixed assets'.

Income taxes

Taxes on the result include income tax and deferred taxation due over the reporting period and previous periods. These taxes are taken to profit and loss, except when they relate to items recognised directly in equity, in which case the tax effect is also recognised directly in equity.

The tax owed for the financial year is the tax expected to be payable on the taxable profit for that financial year, calculated on the basis of tax rates determined on the reporting date or materially decided upon on the reporting date, plus any corrections to the tax owed for previous years. The tax owed is calculated taking into account tax-exempt items and costs that are either non-deductible or only partly deductible.

If the carrying amount of assets and liabilities for financial reporting purposes differs from their carrying amounts for tax purposes, these are classed as temporary differences. A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences, to the extent that it is likely that sufficient taxable profit will be available for future set-off. For this purpose, management makes assumptions about future taxable profits and the point at which the temporary differences are realised.

Deferred tax liabilities and assets are measured at the nominal value. The tax rates used for the measurement 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 or materially decided upon as at the balance sheet date. The movements in corporate income tax arising from possible rate changes are recognised in profit and loss, with the exception of the movements that were originally taken directly to equity. These movements are taken directly to equity.

Tax assets and liabilities, whether deferred or not, are presented as a net amount if:

- there is a legally enforceable right to set off tax assets and liabilities, and the assets and liabilities relate to income tax imposed by the same tax authority on the same taxable entity; and/or;
- taxable entities intend to set off the tax assets and liabilities, or the tax assets and liabilities are realised simultaneously on different types of tax.

Gasunie and its wholly-owned Dutch group companies constitute a fiscal unity for corporate income tax. Gasunie Deutschland GmbH & Co. KG (Gasunie Deutschland) and its wholly-owned German group companies constitute a fiscal unity for German corporate income tax.

Financial information by operating segment

Information on operations about which separate financial information is available and whose operating results are regularly assessed by management should be described per segment. Management has defined the following operational segments:

- Gasunie Transport Services
- Gasunie Deutschland
- Participations

For more detailed financial information by operating segment, see [note 3 'Financial information by operating segment'](#) to the consolidated financial statements.

Cash flow statement

The cash flow from operating activities is determined using the indirect method, based on the net revenues presented in the consolidated statement of profit and loss. The cash in the cash flow statement consists of cash and cash equivalents that can be converted into a known cash amount without restrictions and without significant risk of impairments as a consequence of the transaction.

Gasunie recognises interest received and paid, dividends received from joint ventures, associates and other participating interests and corporate income tax paid under 'cash flow from operating activities'.

The acquisition price of acquisitions is included under 'cash flow from investment activities' insofar as payment was made in cash. The cash available in the acquired participating interest or operations is deducted from the purchase price.

Cash flows from derivative financial instruments recognised as cash flow hedges are allocated to the same category as the cash flows from the hedged positions.

Events after the balance sheet date

Events that provide further information about the actual situation at the balance sheet date and that appear before the date on which the financial statements are prepared are recognised in the financial statements.

Events that do not provide further information about the actual situation on the balance sheet date are not recognised in the financial statements. If such events are important for users to form an opinion of the financial statements, the nature and estimated financial effects are explained in the financial statements.

11 Additional notes to the consolidated financial statements

1. Significant matters and events in 2020

COVID-19 pandemic

Starting in the first quarter of 2020, the COVID-19 pandemic spread throughout the Netherlands and the rest of Europe. As a European energy infrastructure company, Gasunie has investigated the consequences of the COVID-19 pandemic on its operations and its financial position. In so doing, management considered a range of scenarios which were repeatedly updated throughout 2020 on the basis of the most recent information and developments. Additional measures were taken to be able to continue to perform our operations – including the continuity of the gas transport – safely and reliably.

The financial results for 2020 were not significantly adversely affected by the pandemic. No important operations were halted and major investment projects were continued, with adjustments due to stricter safety guidelines where necessary.

The revenue and costs of regulated activities and those which are non-regulated or are exempt from regulation did not deviate substantially from the business plan as a result of the pandemic. No adjustments took place in terms of measurement of sales, purchase and lease contracts in 2020, nor did existing contracts give rise to the recognition of additional liabilities or provisions in the balance sheet.

The refinancing calendar was unaffected by the pandemic. The liquidity position is good, including access to money markets and capital markets. No adjustments were made to the dividend policy either. Gasunie did not make use of the emergency financial measures brought in by the Dutch and German governments. The COVID-19 pandemic had no significant consequences for the valuation of trade and other receivables.

In particular, management investigated whether COVID-19 affected the transactions recognised in accordance with the following reporting standards:

- Revenue recognition
- Measurement of fixed assets
- Financial instruments
- Leases
- Provisions
- Taxes

Management concluded that the COVID-19 pandemic had no consequences for the application of the aforementioned accounting policies.

Publication of method decision for GTS

ACM published the 2022-2026 draft method decision for GTS on 31 August 2020, followed by its publication of the 2022-2026 final method decision for GTS on 1 February 2021. The consequences of this decision for GTS' permitted income and therefore for the valuation of GTS' gas transport network are included in [note 4 'Impairment tests'](#).

2. Business combinations and new entities

Acquisition of ZEBRA gas pipeline and EHD networks

On 31 December 2020, Gasunie Transport Services (GTS) acquired the ZEBRA gas pipelines and a number of extra-high-pressure networks (*Extra Hoge Druk netten* - EHD) in the south-western Netherlands from an alliance of four network operators. The aim of the acquisition was among other things to integrate these networks into GTS' national network as well as in the TTF market area. Their integration will make a positive contribution to the utilisation of the national network. The acquisition is accounted for in line with IFRS 3. The fair value of the tangible fixed assets acquired is the same as the acquisition price: € 11.5 million. The acquisition price was paid outright and in cash. There is no question of goodwill or the acquisition of liabilities, nor are there any tax effects to be measured. The acquisition had no consequences for revenue or the result for 2020. The technical and operational integration of the ZEBRA gas pipeline and the EHD networks into GTS' existing network was completed as at the acquisition date. The assets acquired became part of GTS' regulated assets after the acquisition.

Other

A number of new entities were set up in 2020 with the aim of further developing the existing and future CC(U)S and hydrogen activities. N.V. Nederlandse Gasunie holds all the shares in these new entities. The establishment of these entities had no significant effect on the consolidated result and the consolidated cash flows for 2020 nor on the consolidated equity at year-end 2020 and has therefore not been explained in any more detail in these financial statements. The newly established entities have been included in [note 53 'List of group companies and participating interests'](#).

3. Financial information by operating segment

The financial information is segmented in line with the company's activities. The operating segments reflect the management structure. Gasunie differentiates between the following segments:

- **Gasunie Transport Services**

This segment covers network operations in the Netherlands and is responsible for managing gas transport, developing the network and related plants, and promoting market forces.

- **Gasunie Deutschland**

This segment covers network operations in Germany and is responsible for managing gas transport, developing the network and related plants, and promoting market forces.

● Participations

This segment focuses on developing energy transition projects, utilising existing participating interests to the full and facilitating new gas flows to north-western Europe using an LNG connection and long-distance pipelines. This segment also includes a number of joint arrangements for pipelines that connect the Gasunie transport network with markets outside the Netherlands.

The accounting policies for measurement of assets and liabilities and the determination of the results used for the operating segments are the same as the accounting policies used when drawing up these consolidated financial statements. The assets, revenues and results of a segment comprise items directly related to the segments and items that can reasonably be attributed to them. Because the financing of Gasunie mainly takes place at group level, liabilities are not segmented and are therefore not reported on separately. Transactions between companies which belong to the segments are carried out at arm's length. Transactions between segments are eliminated in the financial information by operating segment.

In 2020, the financial information for the GTS segment was significantly affected by the consequences of reversing an impairment loss recognised in the past, as included in [note 4 'Impairment tests'](#).

Revenues and results for each operating segment

The information about revenues and the result for each operating segment is as follows:

<i>In millions of euros</i>	Revenue		Result	
	2020	2019	2020	2019
Operating segments				
- Gasunie Transport Services	945.7	921.2	651.7	340.1
- Gasunie Deutschland	310.9	247.3	166.8	126.1
- Participations	151.9	143.9	40.2	37.4
Inter-segment adjustments	-36.3	-34.2	-	-
Operating segments total	1,372.2	1,278.2	858.7	503.6
Unallocated financial income and expenses			-5.5	13.4
Result before taxation			853.2	517.0
Income taxes			-253.5	-105.0
Revenue and result after taxation for the year	1,372.2	1,278.2	599.7	412.0

During 2020, the Gasunie Transport Services operating segment provided inter-segment services worth € 8.9 million (2019: € 6.9 million), the Gasunie Deutschland operating segment provided such services to the value of € 0.1 million (2019: € 0.2 million) and the Participations operating segment provided such services to the value of € 27.3 million (2019: € 27.1 million).

Assets by operating segment

The information about assets by operating segment is as follows:

<i>In millions of euros</i>		Assets
	31 Dec. 2020	31 Dec. 2019
Operating segments		
- Gasunie Transport Services	6,898.7	6,572.6
- Gasunie Deutschland	1,587.9	1,553.8
- Participations	1,389.4	1,369.9
Operating segments total	9,876.0	9,496.3
Unallocated assets	510.0	629.8
Total consolidated assets	10,386.0	10,126.1

Allocated assets include tangible fixed assets, investments in joint ventures and associates, and investments in other participating interests. Unallocated assets comprise deferred tax assets and current assets.

Investments and depreciation of tangible fixed assets and other non-monetary items are as follows:

<i>In millions of euros</i>		Gasunie Transport Services	Gasunie Deutschland	Participations	Operating segments total
Investments in tangible fixed assets	2020	262.6	78.5	32.8	373.9
	2019	224.4	173.4	25.2	423.0
Depreciation of tangible fixed assets	2020	-241.8	-40.9	-35.7	-318.4
	2019	-250.1	-34.3	-35.1	-319.5
Other non-monetary items	2020	314.6	5.9	2.1	322.6
	2019	3.8	-33.3	-0.2	-29.7

Other important non-monetary items include movements related to the reversal of an impairment loss recognised in the past, employee and other provisions, results from disposals and tax effects.

Assets by geographical area

Fixed assets by geographical area are determined primarily on the basis of the area where the activities take place. Gasunie differentiates between two geographical areas: the Netherlands and outside the Netherlands.

The geographical distribution of the assets is as follows:

<i>In millions of euros</i>		Fixed assets
	31 Dec. 2020	31 Dec. 2019
The Netherlands	7,522.0	7,171.5
Outside the Netherlands	2,354.0	2,328.2
Total fixed assets	9,876.0	9,499.7

Fixed assets included in the table cover tangible fixed assets and the share in the joint ventures, associates and other participating interests. The increase in assets in the Netherlands can predominantly be explained by the reversal of an impairment loss recognised in the past, as included in [note 4 'Impairment tests'](#).

Information about joint ventures and associates

Operating segment information about joint ventures and associates is as follows:

<i>In millions of euros</i>		Investments in joint ventures and associates		Share in equity of joint ventures and associates
	2020	2019	31 Dec. 2020	31 Dec. 2019
Operating segments				
- Gasunie Transport Services	-	-	-	-
- Gasunie Deutschland	-	-	102.7	104.6
- Participations	14.7	6.9	139.0	108.1
Operating segments total	14.7	6.9	241.7	212.7

Investments in joint ventures in 2020 mainly refer to the Gate terminal, German LNG Terminal and SKW participating interests.

<i>In millions of euros</i>		Acquisition joint ventures and associates		Share in result joint ventures and associates
	2020	2019	2020	2019
Operating segments				
- Gasunie Transport Services	-	-	-	-
- Gasunie Deutschland	-	-	6.5	11.5
- Participations	-	-	24.5	23.4
Operating segments total	-	-	31.0	34.9

More details about the movements in joint ventures and associates can be found in [note 7 'Investments in joint ventures'](#) and [note 8 'Investments in associates'](#).

4. Impairment tests

At regular intervals, management determines whether there is any incidence or indication of impairment of fixed assets. As mentioned in [note 1 'Significant matters and events in 2020'](#), the COVID-19 pandemic had no consequences for the valuation of fixed assets as at 31 December 2020. The outcomes of this analysis for each significant cash-generating unit are shown below.

Gas transport network in the Netherlands

Impairment test of the gas transport network in the Netherlands

Reason for the test

The Netherlands Authority for Consumers and Markets (ACM) is authorised to use a regulatory framework to set the tariffs that GTS is allowed to charge for transport, transport-related activities and its connection, balancing and quality conversion duties. This is known as a method decision and is the basis for determining the permitted revenues and tariffs during the regulatory period.

The current regulatory period ends on 31 December 2021. ACM published the 2022-2026 method decision for GTS on 1 February 2021, which was preceded by its publication of the 2022-2026 draft method decision for GTS on 31 August 2020. ACM has decided to set the regulatory method for five years once again.

The publication of the method decision can have consequences for GTS' permitted revenues in the future. By inference, it may also have consequences for the valuation of the gas transport network as of 31 December 2020. These consequences may be positive or negative for the company. Prior to the impairment test at year-end 2020, the carrying amount of the gas transport network – which is considered to be a single interrelated cash-generating unit – was approximately € 6.5 billion.

Test method

Management makes use of a value-in-use approach to establish the recoverable amount of the transport network. The value-in-use of the gas transport network is calculated on the basis of expected cash flows for the 2021 financial year based on the business plan plus the expected cash flows for the 2022-2026 regulatory period.

At the end of the 2022-2026 regulatory period, the value of the network is derived from the standardised asset value expected at that time. The standardised asset value is the value of the investments which the network operator may charge through the tariffs allowing for a reasonable return.

There are no indications that the fair value less costs of disposal is higher than the value in use.

Starting point when determining the recoverable amount

The recoverable amount is determined primarily on the basis of the regulatory framework as laid down in the 2022-2026 Method Decision for GTS and in other regulations and decisions. The main elements in the new method decision are (i) the renewed application of an efficiency discount, (ii) the lowering of the capital cost allowance for investment, (iii) the introduction of a subsequent costing regime for a nominal capital cost allowance, (iv) the estimation of the capital costs of future investments and subsequent costing of these estimates, (v) the estimation, for the most part, and subsequent costing of energy costs and (vi) the introduction of a declining factor in the method of depreciation.

Furthermore, a number of variables, such as the expected development of operating costs, the investment level and the IFRS discount rate are determined by the management of the company. The most important operating and investment cash flows (relevant for the capital cost allowance and its subsequent costing) are based on the business plan for the next three years adopted by the Executive Board, on the investment plan for GTS assessed by ACM, as well as on a recent long-range forecast for the medium term.

The most important assumptions and estimates in the impairment test are explained below.

Most important assumptions and estimates

Efficiency after the 2022-2026 regulatory period

ACM has set GTS' average weighted static efficiency at 96.1% for the 2022-2026 regulatory period (current method decision: 88.6%). Over the past years, GTS has demonstrably worked to improve its efficiency, partly through workforce restructuring, long-term cost savings and maintenance optimisation. Management will of course continue to work on further optimising efficiency in the coming years. In carrying out the impairment test, the provisional assumption was made at year-end 2020 that the efficiency discount imposed by ACM will also apply in future regulatory periods.

Capital cost allowance - ACM WACC

The method decision for the 2022-2026 regulatory period includes a capital cost allowance which is, among other things, dependent on a WACC determined by ACM. The nominal WACC for new capital is set at 3.0% before tax. The nominal WACC before tax for existing capital will be decreased gradually from 3.1% in 2022 to 3.0% in 2026. Every year, ACM determines the actual applicable WACC, which is then subsequently costed and settled in GTS' permitted revenues in the following years. When setting up the impairment test, account is taken of the possible effects of subsequent costing on this part of the capital cost allowance.

IFRS discount rate

A nominal pre-tax discount rate of 2.9-4.0% is applied when performing the impairment test. A nominal pre-tax discount rate of 4.8%-5.3% was applied when performing the previous impairment test in 2016. The decrease in the discount rate was mainly caused by developments on the capital market since 2016 and has been further reinforced as a consequence of fluctuating interest rates in the period around the balance sheet date.

Sensitivity analysis

The table below provides an indication of the effect that changes to an important assumption or estimate will have on the recoverable amount. All other things being equal, the change is assumed to have taken place at the beginning of the new regulatory period.

Change in the assumption or estimate	Size	Impact on recoverable amount
Efficiency after the regulatory period	+/- 1% point	+/- approx. € 50 million
Capital cost allowance for the 2022-2026 regulatory period - ACM WACC	+/- 0.25% point	+/- approx. € 50 million
IFRS pre-tax discount rate	+/- 0.25% point	+/- approx. € 80 million

Outcome of the test

On the basis of the information currently available, management has concluded that on 31 December 2020, there was no impairment loss for the gas transport network in the Netherlands.

Because the current and more volatile market rates were used on the balance sheet date in the context of determining the recoverable amount under IFRS, the valuation of the gas transport network in the Netherlands at year-end 2020 is some € 300 million higher than the carrying amount. This amount is consequently recognised as a reversal of a past impairment loss. The reversal can primarily be attributed to a decrease in the IFRS discount rate on the balance sheet date compared to the discount rate that was applicable in 2016 when the previous impairment test was performed. Without this effect, the recoverable amount of the gas transport network in the Netherlands would be almost equal to the carrying amount.

Gas transport network in Germany

The valuation of the gas transport network in Germany partly depends on the company's regulated income. In 2019, a bill was adopted in relation to the amendment of the regime for investment measures ('AregV-Novelle'). The German Ministry of Economic Affairs is investigating whether the current regulatory framework should be amended in this regard in the future. Further results of the possible decision-making process of the German Ministry of Economic Affairs are expected in 2021. The results of the bill and its impact on the regulatory framework cannot currently be predicted.

Management's assessment has not revealed any incidence or indication of an impairment of the gas transport network in Germany as at 31 December 2020.

Gas transport network BBL Company

At year-end 2019, management investigated the valuation of BBL Company's tangible fixed assets and concluded that there was no evidence of an impairment. There was no evidence of any facts or circumstances in 2020 which provided significantly different information about the assumptions and estimates as at year-end 2019.

Management's assessment has not revealed any incidence or indication of an impairment of the BBL Company gas transport network as at 31 December 2020.

EnergyStock underground gas storage facility

Management's assessment has not revealed any evidence or indication of an impairment of the EnergyStock gas storage facility as at 31 December 2020.

Other tangible and financial fixed assets

Management's assessment has not revealed any evidence or indication of an impairment of other tangible and financial fixed assets as at 31 December 2020.

5. Tangible fixed assets

Movements in tangible fixed assets in 2020 were as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2020	Acquisitions	Investments	Disposals	Depreciation	Reversal of impairment loss	Carrying amount as at 31 Dec. 2020
Land and buildings	140.4	-	3.4	-0.2	-7.8	6.0	141.8
Compressor stations	796.3	-	18.5	-2.3	-46.6	30.3	796.2
Installations	942.7	0.6	48.2	-3.5	-60.6	35.7	963.1
Main transmission lines and related plant and equipment	4,806.0	10.7	19.6	-0.3	-105.8	187.0	4,917.2
Regional transmission lines and related plant and equipment	882.0	-	30.6	-1.0	-25.8	36.7	922.5
Underground gas storage	448.1	-	1.8	-1.1	-26.7	-	422.1
Other fixed operating assets	278.1	0.2	14.1	-0.1	-36.7	4.3	259.9
Right-of-use assets	95.5	-	10.9	-	-8.4	-	98.0
Fixed assets under construction	377.4	-	226.8	-	-	-	604.2
Total for 2020 financial year	8,766.5	11.5	373.9	-8.5	-318.4	300.0	9,125.0

Fixed assets under construction and investments in such assets mainly related to the construction of the new nitrogen plant for GTS and the development of phase 2 of the EUGAL pipeline. The sums mentioned under acquisitions relate to the acquisition of the ZEBRA gas pipeline and the EHD networks, as described in [note 2 'Business combinations and new entities'](#). More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#).

Tangible fixed assets includes an amount of € 98.0 million (year-end 2019: € 95.5 million) for right-of-use assets at year-end 2020. Gasunie has economic but not legal ownership of these assets. More detailed information about the associated lease liabilities can be found in [note 17 'Lease liabilities'](#).

Movements in right-of-use assets associated with leases in 2020 are as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2020	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2020
Land and buildings	88.6	8.1	-	-5.4	91.3
Regional transmission lines and related plant and equipment	0.5	-	-	-0.4	0.1
Fixed assets under construction	6.4	2.8	-	-2.6	6.6
Total for 2020 financial year	95.5	10.9	-	-8.4	98.0

Movements in tangible fixed assets in 2019 were as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2019	Acquisitions	Investments	Disposals	Depreciation	Reversal of impairment loss	Carrying amount as at 31 Dec. 2019
Land and buildings	136.4	-	12.2	-0.1	-8.1	-	140.4
Compressor stations	820.1	-	31.7	-4.7	-50.8	-	796.3
Installations	967.7	-	44.0	-1.0	-68.0	-	942.7
Main transmission lines and related plant and equipment	4,703.4	-	205.8	-0.7	-102.5	-	4,806.0
Regional transmission lines and related plant and equipment	882.8	-	32.2	-7.9	-25.1	-	882.0
Underground gas storage	467.4	-	7.0	-	-26.3	-	448.1
Other fixed operating assets	288.4	-	29.3	-1.5	-38.1	-	278.1
Right-of-use assets	106.3	-	2.5	-5.7	-7.6	-	95.5
Fixed assets under construction	308.7	7.2	61.5	-	-	-	377.4
Total for 2019 financial year	8,681.2	7.2	426.2	-21.6	-326.5	-	8,766.5

Investments in the main transport pipelines in 2019 related among other things to the commissioning of phase 1 of the EUGAL pipeline. Fixed assets under construction related mainly to the construction of a new nitrogen plant for GTS. Acquisitions related to the acquisition of the assets associated with the WarmtelinQ project (previously: 'Leiding door het Midden', Pipeline through the Centre).

Movements in right-of-use assets associated with leases in 2019 were as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2019	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2019
Land and buildings	99.0	-	-5.7	-4.7	88.6
Regional transmission lines and related plant and equipment	0.8	-	-	-0.3	0.5
Fixed assets under construction	6.5	2.5	-	-2.6	6.4
Total for 2019 financial year	106.3	2.5	-5.7	-7.6	95.5

The cost and accumulated depreciation of tangible fixed assets were as follows:

<i>In millions of euros</i>	Cost as at 31 Dec. 2020	Accumulated depreciation * as at 31 Dec. 2020	Cost as at 31 Dec. 2019	Accumulated depreciation * as at 31 Dec. 2019
Land and buildings	250.5	-108.7	248.3	-107.9
Compressor stations	1,396.1	-599.9	1,386.0	-589.7
Installations	1,870.5	-907.4	1,841.4	-898.7
Main transmission lines and related plant and equipment	7,527.1	-2,609.9	7,498.7	-2,692.7
Regional transmission lines and related plant and equipment	1,213.2	-290.7	1,191.9	-309.9
Underground gas storage	605.3	-183.2	605.2	-157.1
Other fixed operating assets	653.7	-393.8	640.9	-362.8
Right-of-use assets	114.0	-16.0	103.1	-7.6
Fixed assets under construction	604.2	-	377.4	-
Total	14,234.6	-5,109.6	13,892.9	-5,126.4

** including accumulated impairment losses and their reversals*

Depreciation periods

There was no reason to review the depreciation period in 2020. The regulatory authority for the regulated networks in the Netherlands assumes a long depreciation period (up to 55 years for transport pipelines) in the current method decision and in the 2022-2026 method decision for GTS. The situation for the German gas transport network is similar, with the added element that, in Germany, work is still ongoing to phase out the use of oil and coal.

For the short to medium term, natural gas and LNG are good alternatives, being quickly available and relatively clean. Management endorses a long-term vision in which account is taken of the possibility that, in due course, the existing gas transport infrastructure could be used to transport alternative energy carriers, such as hydrogen, or to transport captured carbon.

It should be noted, however, that limited adjustments to depreciation periods may be made in specific cases. The anticipated closure of the Groningen field and increased imports from sources outside the Netherlands are changing gas flows and directions, as well as the use of certain parts of our gas infrastructure, including compressor stations and related components, in specific locations. These installations have been or are due to be decommissioned in the near future and will be depreciated more quickly until the time of decommissioning. When determining the technical decommissioning method, the future possibility of making the installations suitable for transporting alternative energy sources will also be considered. The installations will therefore not be redeveloped, but sustainably preserved.

Management has no indications that the expected useful life of the other installations and the underground gas storage facility is shorter than the current depreciation period. These assets have a much shorter depreciation period anyway, mostly based on a shorter technical life.

The depreciation periods for the most important asset categories are as follows:

Land	no depreciation
Buildings	50 years
Compressor stations	30 years
Installations	30 years
Main transmission lines and related plant and equipment	until 2070
Regional transmission lines and related plant and equipment	until 2070
Underground gas storage facility	until 2035
Other fixed operating assets	5-20 years
Fixed assets under construction	no depreciation

Right-of-use assets are depreciated in accordance with the above categories; leased land is depreciated in accordance with the useful life of the asset with which the land lease is connected. Depreciation is not calculated on land, gas and nitrogen stocks and assets under construction.

6. Investments in joint operations

Gasunie has interests in the following joint operations, either directly or through its group companies:

Company name	Registered office	Interest	
		31 Dec. 2020	31 Dec. 2019
Ambigo V.O.F.	Groningen	46.7%	46.7%
BBL Company V.O.F.	Groningen	60.0%	60.0%
EUGAL BTG	Kassel, Germany	16.5%	16.5%
Arbeitsgemeinschaft GOAL / Fluxys NEL-Projektphase	Hanover, Germany	-	51.3%

Ambigo

Ambigo was founded at the end of 2017 and is a joint arrangement between Gasunie, Engie, ECN, PDENH and DRT Investments. PDENH withdrew as a partner in 2020. Each partner has an equal interest in the joint arrangement; there is joint control based on the contractual arrangement. The aim of the joint arrangement is to build installations for biogas feed-in to the gas transport network by demonstrating the viability of generating energy through gasification of waste. The decision to terminate the joint arrangement was made in 2020 and is expected to take effect in 2021. The planned termination has no consequences for the consolidated cash flows or Gasunie's result.

BBL Company

BBL Company was founded in 2004 and it has been operating a gas pipeline between Balgzand in the Netherlands and Bacton in the United Kingdom since 2006. Gasunie has a 60% financial interest in the BBL Company joint arrangement. The other partners, Fluxys and Uniper, each hold a 20% interest in the joint arrangement. Based on the agreements between the partners of BBL Company, significant decisions require a majority of 80%. Gasunie therefore has no control. In the Netherlands, a V.O.F. structure is considered to be transparent, with the partners having a direct interest in the assets and liabilities of the V.O.F. The legal and economic reality of BBL Company is therefore comparable with that of a joint operation.

EUGAL

In 2017, Gasunie Deutschland acquired a 16.5% interest in the joint arrangement that is developing the EUGAL pipeline project. EUGAL stands for European Gas Pipeline Link (*Europäische Gas-Anbindungsleitung - EUGAL*). The other interests are held by the German gas transport network operators Gascade, ONTRAS and Fluxys. Based on the contractual arrangement, Gasunie has joint control. The EUGAL pipeline will run from the town of Greifswald on the Baltic Sea to the southern part of Saxony and from there on to the Czech border, covering a distance of approx. 485 kilometres. Gascade retains a 50.5% financial interest in the project and is responsible for construction and management of the pipeline. Phase 1 of the EUGAL pipeline became operational on 1 January 2020. The second pipeline is expected to be operational from April 2021.

GOAL / Fluxys NEL- Projektphase

In 2013, Gasunie Ostseeanbindungsleitung ('GOAL', part of Gasunie Deutschland since 2015) and Fluxys Deutschland entered into a joint arrangement in the form of an *Arbeitsgemeinschaft*, which was responsible for the completion of the North European Gas Pipeline (*Nordeuropäische Erdgasleitung - NEL*). This joint arrangement was dissolved in December 2020. The dissolution had no consequences for the consolidated result and the cash flows for the financial year or for the consolidated equity at financial year-end; the joint arrangement was no longer carrying out any operational activities.

7. Investments in joint ventures

Gasunie has interests in the following joint ventures, either directly or through its group companies:

Company name	Registered office	Interest	
		31 Dec. 2020	31 Dec. 2019
Biogas Netwerk Twente B.V.	Almelo	50.0%	50.0%
Demonstratie Faciliteit Super Kritische Water Vergassing (SKW) Alkmaar B.V.	Alkmaar	50.0%	50.0%
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH	Handewitt, Germany	75.0%	75.0%
DEUDAN - Deutsch/Dänische Erdgastransport-GmbH & Co. KG	Handewitt, Germany	33.4%	33.4%
Gate terminal C.V.	Rotterdam	50.0%	50.0%
Gate terminal Management B.V.	Rotterdam	50.0%	50.0%
German LNG Terminal GmbH	Hamburg, Germany	33.3%	33.3%
NETRA GmbH Norddeutsche Erdgas Transversale	Emstek/Schneiderkrug, Germany	50.0%	50.0%
NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG	Emstek/Schneiderkrug, Germany	44.1%	44.1%
Porthos Development C.V.	Rotterdam	33.3%	-
Porthos Development Management GP B.V.	Rotterdam	33.3%	-

Biogas Netwerk Twente

Biogas Network Twente is a joint arrangement with Cogas for the construction and management of pipelines and associated facilities, and the construction, maintenance and provision of installations for biogas feed-in into the gas transport network. Gasunie's share in the voting rights is 50%. Based on the contractual arrangement, Gasunie has joint control.

Demonstratiefaciliteit SKW

SCW Systems and Gasunie founded the SKW Alkmaar demonstration facility (*Demonstratiefaciliteit SKW*) in 2017. It is a joint arrangement for developing installations for biogas feed-in into the gas transport network by means of supercritical water gasification (SKW).

The aim of the joint arrangement is to build a demonstration facility to demonstrate that this new technology can work robustly on an industrial scale over the coming years. SCW Systems and Gasunie each own half the shares. Based on the contractual arrangement, Gasunie has joint control.

DEUDAN

DEUDAN stands for German/Danish Natural Gas Transport (*Deutsch/Dänische Erdgastransport - DEUDAN*) and operates a gas pipeline in Germany between the Itzehoe region and the German/Danish border in the Flensburg region. The other shareholder is Open Grid Europe. Gasunie Deutschland's financial interest in this participating interest differs from its voting right. Gasunie Deutschland has a 75.0% interest in DEUDAN. However, based on the agreements between the shareholders, the two companies have joint control.

Gate terminal

Gate terminal is a joint arrangement with Royal Vopak for the operation of a terminal for liquefied natural gas (LNG) on the Maasvlakte in the Netherlands. Gasunie and Royal Vopak each have a 50% financial interest in both Gate terminal Management B.V. and Gate terminal C.V. Gate terminal B.V. is the actual operator of the LNG terminal and is wholly-owned by Gate terminal C.V. However, based on the agreements between the shareholders, the two companies have joint control.

German LNG Terminal

German LNG Terminal is a joint arrangement between Gasunie, Royal Vopak and Oiltanking with the aim of developing an LNG terminal in northern Germany. Gasunie's economic interest and share in the voting rights of this joint arrangement is 33.3%. Based on the contractual arrangement, Gasunie has joint control.

NETRA

NETRA stands for North German Natural Gas Pipeline (*Norddeutsche Erdgas Transversale*) and manages a network of approx. 350km of pipeline and two compressor stations. The other shareholder in NETRA is Open Grid Europe. Gasunie Deutschland has a 44.1% financial interest in NETRA. Open Grid Europe has the remaining financial interest of 55.9%. Gasunie Deutschland's financial interest in this participating interest differs from its voting right. However, based on the agreements between the shareholders, the two companies have joint control.

Porthos

Porthos is a joint arrangement between Gasunie, Energie Beheer Nederland (EBN) and Port of Rotterdam Authority. Porthos is investigating carbon storage options in empty gas fields on the North Sea bed. The project focuses on developing a capture, storage and transport system, which various industries and businesses can connect to. Gasunie is contributing its expertise particularly in terms of transport and storage. Based on the agreements between the shareholders, the companies have joint control. Gasunie has a 33.3% financial interest.

The movements in joint ventures are aggregated as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	212.2	197.7
Investments	14.7	6.9
Changes in equity	5.7	-2.9
Result from joint ventures	31.0	35.2
Dividend received	-22.4	-24.7
Balance as at 31 December	241.2	212.2

In 2020, Gasunie mainly invested in joint ventures which focus on building infrastructure for the further development and integration of alternative energy carriers. The direct movements in equity refer to the revaluation of the interest in Gate terminal as a consequence of the change in fair value of

one of Gate terminal's cash flow hedges. Gasunie has recognised this change in equity in other comprehensive income.

Of the joint ventures, Gate terminal has a material effect on the company's equity and result. Information about the carrying amount, the share in other comprehensive income, the result for the financial year and the dividend received on investments broken down into Gate terminal and other joint ventures is as follows:

<i>In millions of euros</i>		Gate terminal	Other joint ventures	Total joint ventures
Carrying amount as at 31 December	2020	122.2	119.0	241.2
	2019	97.9	114.3	212.2
Share in result after taxation for the financial year	2020	26.0	5.0	31.0
	2019	24.9	10.3	35.2
Gasunie's share in comprehensive income	2020	31.8	5.0	36.8
	2019	27.4	10.3	37.7
Dividend received in the financial year	2020	14.0	8.4	22.4
	2019	17.4	7.3	24.7

Due to the material effect on Gasunie's equity and result, more detailed information is included below with regard to Gate terminal.

Information about Gate terminal

Gate terminal's consolidated financial information is as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Fixed assets	958.5	977.4
<i>of which deferred tax assets</i>	27.3	25.3
Current assets	66.9	59.7
<i>of which current taxes assets</i>	1.6	1.3
<i>of which cash and cash equivalents</i>	59.1	53.8
Non-current liabilities	-709.7	-769.7
<i>of which interest-bearing loans</i>	-434.1	-480.5
<i>of which derivative financial instruments</i>	-108.7	-118.9
Current liabilities	-71.4	-71.6
<i>of which current financing liabilities</i>	-47.5	-47.2
<i>of which current tax liabilities</i>	-2.9	-3.3
Net investment	244.3	195.8
Gasunie's share	50%	50%
Carrying amount	122.2	97.9

<i>In millions of euros</i>	2020	2019
Revenues	167.6	165.3
Total expenses	-66.6	-64.4
<i>of which depreciation</i>	-43.4	-42.9
Finance expenses	-31.3	-33.7
Taxes	-17.7	-17.5
Result after taxation	52.0	49.7
Other comprehensive income	11.6	5.1
Total comprehensive income	63.6	54.8
Gasunie's share	50%	50%
Gasunie's share in comprehensive income	31.8	27.4

8. Investments in associates

At year-end 2020, Gasunie had investments in the following associates:

GASPOOL

Gasunie Deutschland has a share in GASPOOL Balancing Services (GASPOOL) GmbH. GASPOOL is the virtual gas trading platform in northern Germany. Gasunie's share in the voting rights of this participating interest as at year-end 2020 was 20% (year-end 2019: 20%).

GASPOOL has no material effect on the company's equity and result.

The movements in investments in associates are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	0.5	0.8
Share in result after taxation	-	-0.3
Balance as at 31 December	0.5	0.5

Gasunie's total share in the comprehensive income of associates in 2020 was zero (2019: € 0.3 million negative).

9. Other participating interests

The other participating interests are as follows:

Company name	Registered office	31 Dec. 2020	Interest 31 Dec. 2019
Energie Data Services Nederland (EDSN) B.V.	Arnhem	12.5%	12.5%
Nord Stream AG	Zug, Switzerland	9.0%	9.0%
PRISMA European Capacity Platform GmbH	Leipzig, Germany	12.7%	12.7%

Energie Data Services Nederland (EDSN)

EDSN works in conjunction with the regional transmission system operators, TenneT and GTS on central market facilitation for the energy sector. EDSN develops and manages IT infrastructure for the energy market. EDSN has its registered office in Arnhem, the Netherlands. Based on agreements with shareholders, Gasunie has no significant influence in EDSN.

Nord Stream

Nord Stream operates the two gas pipelines that form the Nord Stream 1 connection through the Baltic Sea from Russia to Germany. The participating interest in Nord Stream is intended as a long-term investment supporting Gasunie's objectives.

PRISMA European Capacity Platform

PRISMA is a European platform for trading transport capacity. Gasunie offers its transport capacity on this and other platforms. PRISMA has its registered office in Leipzig, Germany. Based on agreements with shareholders, Gasunie has no significant influence in PRISMA.

The movements in other participating interests are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	515.1	496.3
Movement in fair value, recognised in other comprehensive income	-5.8	18.8
Balance as at 31 December	509.3	515.1

The fair value of the other participating interests was € 509.3 million at year-end 2020 (€ 515.1 million at year-end 2019). The decrease in fair value of € 5.8 million (2019: increase of € 18.8 million) is recognised in Gasunie's other comprehensive income. Income from dividend payments by Nord Stream amounted to € 31.3 million (2019: € 59.6 million). The reduction in dividend payments by Nord Stream in 2020 was incidental and due to the timing of the payment. In 2019, Nord Stream paid both the regular dividend for 2019 and the dividend for a previous financial year. This meant that the higher dividend payment in 2019 was incidental. PRISMA and EDSN paid no dividends in 2020 (2019: the same).

The measurement of the fair value of other participating interests is based on the present value of projected future cash flows. The determination of the fair value took place according to level 3 (year-end 2019: level 3). When determining the fair value of the aforementioned other participating interests, Gasunie applies a discount rate based on the risk-free market interest rate, plus credit and liquidity surcharges. The discount rate varies between 3% and 6% after tax, depending on the participating interest's risk profile.

The valuation of the participation in Nord Stream is based on the present value of projected future cash flows. Use was made of a Nord Stream calculation model, which is annually updated in line with the most recent business plan. This model is presented for assessment and approval to the shareholders of Nord Stream, including Gasunie. The model is additionally assessed by Gasunie at regular intervals on the basis of Nord Stream's periodic financial reports. The projected cash flows are partly based on

contractual agreements. All things being equal, if the discount rate changes by 0.5% points, this will indicatively result in a change in the fair value amount of € 20.0 million at year-end (2019: € 22.0 million).

The total carrying amount for the interests in PRISMA and EDSN is less than € 0.1 million (year-end 2019: less than € 0.1 million). Partly due to their limited size, the carrying amount for these participating interests is assumed to be an approximation of the fair value and therefore no fair value calculation or sensitivity analysis has been included in the financial statements.

10. Deferred tax assets

Deferred tax assets arise from temporary differences between the measurement of assets and liabilities for financial reporting purposes and their measurement for tax purposes. There are no capitalised losses carried forward.

The temporary differences concern the tax treatment of the purchase price paid by the Dutch State, the differences in respect of the measurement of tangible fixed assets and other temporary differences. The first difference arose when Gasunie was split into a transport and a trading company in 2005. At the time, the Dutch State made a deemed capital contribution to the company for tax purposes. Gasunie did not capitalise this purchase price for tax purposes under IFRS. This recognition of the purchase price has given Gasunie an additional tax depreciation potential, for which a deferred tax asset has been recognised.

The temporary difference resulting from the measurement of tangible fixed assets is mainly due to the one-time revaluation of tangible fixed assets when Gasunie was split in 2005 and the subsequent transition to IFRS. In addition, the depreciation method for tax purposes deviate from time to time from the depreciation principles under IFRS (including the recognition of impairment losses and their reversals). Such temporary differences are recognised in the balance sheet. On balance, temporary differences in tangible fixed assets result in a deferred tax liability.

The other differences relate mainly to temporary differences resulting from employee benefits. Temporary differences in financial instruments were realised in 2020 through the regular settlement of the instruments in question.

The aforementioned deferred tax assets and liabilities relate to the Dutch part of the fiscal unity for corporate income tax and satisfy the conditions for setting off tax debts. The deferred taxation is therefore presented as a net amount.

The movements in deferred tax assets in 2020 are as follows:

<i>In millions of euros</i>	Purchase price paid by the Dutch State	Financial instruments	Tangible fixed assets	Other	Total
Balance as at 1 January 2020	1,154.2	-0.3	-831.6	0.8	323.1
Recognition of temporary differences in profit and loss	-52.9	-	24.9	1.4	-26.6
Recognition of temporary differences in equity	-	0.3	-	-	0.3
Result of change in corporate tax rate recognised in profit and loss	-	-	-54.0	0.1	-53.9
Result of change in corporate tax rate recognised in equity	167.5	-	-68.0	-	99.5
Result of reversal of impairment loss recognised in profit and loss	-	-	-75.0	-	-75.0
Balance as at 31 December 2020	1,268.8	-	-1,003.7	2.3	267.4

The deferred tax assets at year-end 2020 to be settled within one year after the balance sheet date amount to € 29.6 million (year-end 2019: € 23.5 million). This amount is not shown separately under current assets.

At the end of 2020, the Dutch House of Representatives and Senate both approved the tax plan for 2021. In contrast to earlier plans from 2018 and 2019, the rate of corporate income tax in 2021 and beyond has not been reduced to 21.7% but maintained at 25.0%. This decision has a significant impact on the valuation of the company's deferred tax assets.

Since the deferred tax impact of the tax treatment of the purchase price paid by the Dutch State was taken directly to equity, the effect of the changes to future rates for corporate income tax will also be taken directly to equity. This has led to an upward adjustment of € 167.5 million in 2020, (2019: € 66.1 million).

The tax impact of the revaluation of tangible fixed assets was also taken directly to the company's equity, which is why the effect of the changes to the future rates of corporate income tax have been taken directly to equity here as well. This led to an adjustment of minus € 68.0 million in 2020 (2019: minus € 27.1 million).

And finally, the reversal of the impairment loss recognised in the past has consequences for the size of the temporary differences in measurement. More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#).

The movements in deferred tax assets in 2019 were as follows:

<i>In millions of euros</i>	Purchase price paid by the Dutch State	Financial instruments	Tangible fixed assets	Other	Total
Balance as at 1 January 2019	1,141.0	-0.5	-821.7	11.2	330.0
Recognition of temporary differences in profit and loss	-52.9	-	38.7	-10.4	-24.6
Recognition of temporary differences in equity	-	0.2	-	-	0.2
Result of change in corporate tax rate recognised in profit and loss	-	-	-21.5	-	-21.5
Result of change in corporate tax rate recognised in equity	66.1	-	-27.1	-	39.0
Balance as at 31 December 2019	1,154.2	-0.3	-831.6	0.8	323.1

Movements in deferred tax assets in 2019 related to regular movements as well as movements due to the review of the rate of corporate income tax for the financial year 2020 and beyond.

11. Inventories

Inventories refer to items kept for regular daily maintenance, for the company's own (future) investments and for projects for third parties.

The carrying amount of inventories at year-end 2020 amounted to € 47.2 million (2019: € 46.9 million). The valuation at year-end 2020 takes into account a write-down for obsolescent inventories of € 13.7 million (year-end 2019: € 12.5 million).

The movements in the provision for obsolescence are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	12.5	12.1
Addition, charged to profit and loss	3.5	0.4
Write-offs charged against the provision	-2.3	-
Release, credited to profit and loss	-	-
Balance as at 31 December	13.7	12.5

12. Trade and other receivables

Trade and other receivables are as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Trade receivables	112.8	124.3
Receivables from joint ventures	11.0	0.3
Other taxes	23.2	31.8
Other receivables and accruals	26.6	33.9
Total trade and other receivables	173.6	190.3

Receivables from joint ventures mainly refer to investments made by Gasunie for the joint ventures in which it participates.

Other taxes consist of receivable VAT and receivable non-Dutch withholding tax on foreign dividends received.

Trade and other receivables are measured less a provision for doubtful debts. Movements in the provision for doubtful debts are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	16.5	16.1
Addition, charged to profit and loss	0.1	0.4
Write-offs charged against the provision	-	-
Release, credited to profit and loss	-	-
Balance as at 31 December	16.6	16.5

Trade and other receivables have a nominal term of less than one year. Please refer to [note 24 'Financial instruments'](#) for the securities provided.

Trade receivables, receivables from joint ventures and other receivables totalled € 150.4 million at year-end 2020 (year-end 2019: € 158.5 million). The ageing of these receivables as at the balance sheet date is as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Not due and not impaired	146.2	150.2
Due and not impaired:		
< 30 days	2.3	4.0
30 - 60 days	1.0	0.3
60 - 90 days	-	0.2
90 - 120 days	-	-
> 120 days	0.9	3.8
Total	150.4	158.5

13. Corporate income tax

N.V. Nederlandse Gasunie and its wholly-owned Dutch group companies constitute a fiscal unity for corporate income tax. Gasunie Deutschland GmbH & Co. KG and its wholly-owned German group companies constitute a fiscal unity for German corporate income tax. Receivables and liabilities relating to corporate income tax on different fiscal unities are not set off.

Current receivables and liabilities relating to corporate income tax constitute the corporate income tax due for the current and previous financial years less any sums paid on receipt of provisional or final tax returns for the fiscal unities in question.

14. Cash and cash equivalents

Cash and cash equivalents are as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Banks	16.5	43.6
Call funds and deposits	1.4	1.7
Total cash and cash equivalents	17.9	45.3

Bank balances carry an interest rate based on daily interest. Deposits constitute securities provided. Both have a maximum maturity of 90 days.

15. Equity

Please also refer to the notes to equity in the company financial statements ([note 39 'Issued share capital'](#), [note 40 'Revaluation reserve'](#), [note 41 'Legal reserve'](#), [note 42 'Other reserves'](#) and [note 43 'Unappropriated result'](#)).

Issued share capital

The authorised share capital amounts to € 756,000 and is divided into 7,560 ordinary shares, each having a nominal value of € 100, of which 1,513 have been issued and paid up in full. No movements took place in the financial year (2019: the same).

All shares issued are held by the Dutch State.

Cash flow hedge reserve

The cash flow hedge reserve can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Cash flow hedge of N.V. Nederlandse Gasunie,	-	1.2
<i>of which corporate income tax</i>	-	-0.3
Total cash flow hedge reserve	-	0.9

Movements in the cash flow hedge reserve are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	0.9	1.6
Reclassified to profit and loss,	-1.2	-0.9
of which corporate income tax	0.3	0.2
Balance as at 31 December	-	0.9

The entire cash flow hedge was wound up at year-end 2020.

Fair value reserve

Please refer to the notes to equity in the company financial statements ([note 41 'Legal reserve'](#)) for a description of the fair value reserve.

Other reserves

Items included under 'other reserves' are classified as accumulated profits under IFRS.

16. Interest-bearing loans

At year-end 2020, the nominal amount of € 3,102.4 million (year-end 2019: € 3,123.8 million) in non-current loans comprised € 2,552.4 million (year-end 2019: € 2,552.4 million) in bond loans and € 550.0 million (year-end 2019: € 571.4 million) in private loans. The transaction costs and discount still to be amortised amounted to € 9.1 million at year-end 2020 (year-end 2019: € 10.5 million). These are loans drawn at group level, but which also serve as financing for group companies.

Movements in interest-bearing loans are as follows:

<i>In millions of euros</i>	2020	2019
Principle amount as at 1 January 2020	3,450.0	3,250.0
Total repayments as at 1 January 2020	326.2	107.1
Remaining principle amount as at 1 January	3,123.8	3,142.9
Costs and discounts on loans to be amortised	-10.5	-6.0
Balance as at 1 January	3,113.3	3,136.9
Movements financial year		
Repayments	-21.4	-519.0
Loans and bonds issued	-	500.0
Amortization of costs and discounts on loans	1.4	1.3
Addition of costs and discounts	-	-5.8
Total movements financial year	-20.0	-23.6
Principle amount as at 31 December	3,300.0	3,450.0
Total repayment as at 31 December	197.6	326.2
Remaining principle amount as at 31 December	3,102.4	3,123.8
Costs and discounts on loans to be amortized	-9.1	-10.5
Balance as at 31 December	3,093.3	3,113.3
Included under current liabilities	-733.2	21.4
Total	2,360.1	3,091.9

The maturity schedule for interest-bearing loans (at nominal value) is as follows:

<i>In millions of euros</i>	First half-year	Second half-year	Total
Repayment in			
2021	300.0	433.2	733.2
2022	369.2	125.0	494.2
2023	-	125.0	125.0
2024	50.0	125.0	175.0
2025	-	125.0	125.0
na 2025			1,450.0
Total repayment obligations			3,102.4

Non-current loans, including current repayment obligations are as follows:

In millions of euros

Type of loan	Principle amount	Term	Effective interest rates	Interest review date	Remaining principle amount 2020	Remaining principle amount 2019
private loan	125.0	2008-2023	4.80%	Fixed rate until maturity	125.0	125.0
private loan	125.0	2008-2022	4.50%	Fixed rate until maturity	125.0	125.0
private loan	125.0	2009-2024	4.27%	Fixed rate until maturity	125.0	125.0
private loan	125.0	2010-2025	3.58%	Fixed rate until maturity	125.0	125.0
private loan	150.0	2013-2020	0.00%	28 April and 28 October every year	-	21.4
private loan	50.0	2014-2024	1.33%	Fixed rate until maturity	50.0	50.0
Total private loans					550.0	571.4
Bond loan	300.0	2006-2021	4.55%	Fixed rate until maturity	300.0	300.0
Bond loan	500.0	2011-2021	3.64%	Fixed rate until maturity	433.3	433.3
Bond loan	500.0	2012-2022	2.70%	Fixed rate until maturity	369.1	369.1
Bond loan	650.0	2016-2026	1.04%	Fixed rate until maturity	650.0	650.0
Bond loan	300.0	2018-2028	1.48%	Fixed rate until maturity	300.0	300.0
Bond loan	500.0	2019-2031	0.47%	Fixed rate until maturity	500.0	500.0
Total bond loans					2,552.4	2,552.4
Total nominal amount interest bearing loans					3,102.4	3,123.8

One private loan was repaid in full in 2020. At year-end 2020, the original nominal principal sum amounted to € 3,300.0 million (year-end 2019: € 3,450.0 million).

The weighted average effective interest rate on the non-current loans at year-end 2020 was 2.4% (year-end 2019: 2.4%).

N.V. Nederlandse Gasunie provided no securities to its credit providers for the interest-bearing loans. Neither were there any significant financial covenants or ratios with which the company had to comply. There are conditions attached to five loans Gasunie received from the European Investment Bank (EIB) with a remaining value of € 550,0 million at year-end 2020. In the unlikely situation that Gasunie's share capital is no longer wholly held by the Dutch State and – in a worst case scenario and after an agreed consultation period – if the European Investment Bank is of the opinion that Gasunie's financial stability is no longer sufficiently guaranteed, it can claim immediate repayment of these loans.

For more information on the financial risks associated with the interest-bearing loans and how Gasunie manages the financial risk with the aim of limiting these risks, please refer to [note 24](#), 'Financial instruments'.

17. Lease liabilities

Gasunie and its group companies have entered into lease contracts covering such matters as land and buildings, regional transport pipelines and the company vehicles. These right-of-use assets are for the company's own use; there are no sub-leases involved. More detailed information about the associated right-of-use assets can be found in [note 5 'Tangible fixed assets'](#).

Movements in lease liabilities are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	97.0	106.3
New leases	3.4	2.5
Terminated leases	-	-0.9
Modifications	7.4	-4.7
Lease payments	-9.0	-8.2
Interest on leases	1.5	1.6
Foreign exchange result	-0.3	0.4
Total	100.0	97.0
Included under current liabilities	-7.5	-6.8
Balance as at 31 December	92.5	90.2

The weighted average incremental borrowing rate in 2020 was 1.17% (2019: 1.57%). Lease contracts with a term of less than one year or with a contract value of less than € 5,000 are not included in the balance sheet. They represented less than € 0.1 million per year at year-end 2020 (2019: the same).

Modifications are interim adjustments of variables in the existing lease contracts that result in a change in the measurement of the agreements, such as expected or agreed lease terms and the amount of lease payments.

The remaining term of the lease liabilities is as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Maturity < 1 year	7.5	6.8
Maturity ≥ 1 year and ≤ 5 years	21.7	19.3
Maturity ≥ 5 years	70.8	70.9
Total lease liability	100.0	97.0

The current part of the lease liabilities is presented separately under current liabilities.

18. Contract liabilities

Contract liabilities relate to the company's revenue from contracts with customers. The payment schedule for certain contracts is not synchronous with the way in which Gasunie is required to allocate revenues to the financial years. This happens in the case of contracts in which customers have made a financial contribution to an investment in specific transport capacity. In principle, these contributions are attributed to the contract with the customer and not to the asset to which the contribution relates. A contract liability is included for such customer contributions, taking account of the financing element in these contracts.

At year-end 2020, Gasunie's contract liabilities amounted to € 50.6 million (year-end 2019: € 50.1 million). The following table shows the movements in these contract liabilities.

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	50.1	50.3
Reclassified in profit and loss	-4.4	-3.4
Interest on liability	1.8	1.9
New contributions	3.1	1.3
Total	50.6	50.1
Included under current liabilities	-3.4	-3.2
Balance as at 31 December	47.2	46.9

The remaining term of the contract liabilities is as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Maturity < 1 year	3.4	3.2
Maturity ≥ 1 year and ≤ 5 years	17.1	14.1
Maturity ≥ 5 years	30.1	32.8
Total contract liabilities	50.6	50.1

The current part of the contract liabilities is presented separately under current liabilities.

19. Deferred tax liabilities

Deferred tax liabilities arise from temporary differences between the measurement of assets and liabilities for financial reporting purposes and the measurement for tax purposes. In particular, deferred tax liabilities mainly refer to temporary differences in the measurement of tangible fixed assets in Germany. In addition, there are a few other differences that lead to deferred tax liabilities and assets.

The deferred tax liabilities and assets relate to the German part of the fiscal unity for corporate income tax and satisfy the conditions for setting off tax debts. Deferred taxation is therefore presented as a net amount.

The movements in deferred tax liabilities in 2020 were as follows:

<i>In millions of euros</i>	Tangible fixed assets	Financial fixed assets	Employee benefits	Abandonment costs and redevelopment	Total
Balance as at 1 January 2020	164.8	11.5	-20.7	19.7	175.3
Recognition of temporary differences in profit and loss	5.2	-0.2	-0.4	1.1	5.7
Recognition of temporary differences in equity	-	-	-1.9	-	-1.9
Result of change in corporate tax rate recognised in profit and loss	-	-	-	-	-
Result of change in corporate tax rate recognised in equity	-	-	-	-	-
Balance as at 31 December 2020	170.0	11.3	-23.0	20.8	179.1

The amount of deferred tax liabilities to be settled more than one year after the balance sheet date was € 179.1 million at year-end 2020 (year-end 2019: € 175.3 million).

The movements in deferred tax liabilities in 2019 were as follows:

<i>In millions of euros</i>	Tangible fixed assets	Financial fixed assets	Employee benefits	Abandonment costs and redevelopment	Total
Balance as at 1 January 2019	161.0	6.5	-16.2	18.6	169.9
Recognition of temporary differences in profit and loss	4.0	5.0	-0.2	1.1	9.9
Recognition of temporary differences in equity	-	-	-4.3	-	-4.3
Result of change in corporate tax rate recognised in profit and loss	-0.2	-	-	-	-0.2
Result of change in corporate tax rate recognised in equity	-	-	-	-	-
Balance as at 31 December 2019	164.8	11.5	-20.7	19.7	175.3

20. Employee benefits

The liability in the balance sheet relating to deferred employee benefits can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Pension obligations Gasunie Deutschland	116.8	108.5
Jubilee benefits	10.4	9.5
Post-employment fringe benefits for non-active and retired employees	0.4	0.6
Total employee benefits	127.6	118.6

Provisions for pension obligations, Gasunie Deutschland

The provision for pension obligations only relates to the pension plan for employees who joined Gasunie Deutschland before 2012. This pension plan is treated as a defined benefit pension plan. The pension plan for other employees in the Netherlands and Germany qualifies as a defined contribution pension plan. No pension obligation has been included in the balance sheet for the defined contribution pension plans. The increase in the pension obligation in 2020 can be mainly explained by the decrease in the discount rate.

The pension obligation as at the end of the financial year is set out in the historical summary below:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Present value of pension entitlements	116.8	108.5	91.8	88.1	85.5
Pension obligation	116.8	108.5	91.8	88.1	85.5
Experience adjustments	-2.2	0.1	1.3	-1.4	-2.4

The weighted average duration of the pension obligations was approximately 21 years at year-end 2020 (year-end 2019: approximately 20 years). The assumptions underlying the calculation of the pension obligations are as follows:

	31 Dec. 2020	31 Dec. 2019
Discount rate	0.8%	1.1%
Expected future salary increases	2.7%	2.7%
Expected future pension increases	1.7%	1.7%

Movements in the present value of pension obligations are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	108.5	91.8
Increase in pension entitlements	2.6	2.1
Interest on obligation	1.2	1.7
Actuarial result and adjustments in actuarial tables	6.2	14.5
Pension benefits paid	-1.7	-1.6
Balance as at 31 December	116.8	108.5

The actuarial results are as follows:

<i>In millions of euros</i>	2020	2019
Changes in actuarial financial assumptions	8.4	14.6
Experience adjustments	-2.2	-0.1
Total actuarial result on pension entitlements	6.2	14.5

Actuarial results taken directly to other comprehensive income totalled a loss of € 6.2 million in 2020 (2019: a loss of € 14.5 million). At year-end 2020, the accumulated actuarial result, net of deferred taxation, showed a loss of € 47.2 million (2019: loss of € 41.0 million). The actuarial results are accounted for in other comprehensive income.

The sensitivity of the calculation of the provision for pension obligations is as follows:

- 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 and a change in other comprehensive income of € 2.4 million (2019: € 2.2 million).
- If the expected future salary increase changes by 0.1% point in otherwise unchanged circumstances, this is expected to lead to a change in the present value of pension entitlements and a change in other comprehensive income of € 0.5 million (2019: € 0.5 million).
- If the expected future pension increase changes by 0.1% point in otherwise unchanged circumstances, this is expected to lead to a change in the present value of pension entitlements and a change in other comprehensive income of € 1.8 million (2019: € 1.7 million).

The total pension expenses for the defined benefit pension plan as presented in the statement of profit and loss comprise:

<i>In millions of euros</i>	2020	2019
Increase in pension entitlements	2.6	2.1
Interest on obligation	1.2	1.7
Total pension expenses	3.8	3.8

Provision for long-service awards

This provision relates to long-service awards paid by Gasunie to its employees. The movements in this provision are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	9.5	7.6
Addition, charged to profit and loss	1.0	2.2
Amounts charged against the provision	-0.2	-0.3
Release, credited to profit and loss	-	-
Balance as at 31 December	10.3	9.5

The increase in the provision is almost entirely due to the lower discount rate. For the most part, this is a non-current provision.

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

This provision relates to certain allowances that Gasunie pays to its employees after they retire. The movements in this provision are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	0.4	6.1
Addition, charged to profit and loss	0.1	-
Amounts charged against the provision	-0.1	-5.7
Release, credited to profit and loss	-	-
Balance as at 31 December	0.4	0.4

For the most part, this is a non-current provision.

21. Other provisions

Other provisions completely comprise the provision for certain abandonment costs and redevelopment.

Provision for abandonment costs and redevelopment

The provision for abandonment costs and redevelopment was formed in 2010 due to the company's decisions to decommission or redevelop specific assets. Legislation, regulations and permits, including those governing the environment and spatial planning, require redevelopment to take place in certain cases.

This provision relates to the redevelopment of decommissioned pipelines. The redevelopment programme also includes pipelines that have already been disconnected and former third-party pipelines for which GTS is currently responsible. The redevelopment programme is a long-term programme.

A provision for long-term abandonment costs for the gas transport network as a whole is not recognised, because it is currently considered unlikely that the full removal of transport pipelines and appurtenances will be needed. In the context of the energy transition, revenues from alternative use (in the longer term) less the costs of conservation are anticipated to offset the costs of removal, including societal costs.

Movements in the provision are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	35.1	50.1
Interest on provisions	0.6	0.8
Amounts charged against the provision	-5.5	-7.1
Release, credited to profit and loss	-	-8.7
Balance as at 31 December	30.2	35.1

The current part of the provision for abandonment costs and redevelopment totalled € 6.6 million at year-end 2020 (year-end 2019: € 7.4 million). This amount is not shown separately under current liabilities. The discount rate is 1.0% (2019: 1.0%).

22. Current financing liabilities

Current financing liabilities are as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Repayment obligation non-current loans	733.2	21.4
Short-term loans	225.0	395.0
Total current financing liabilities	958.2	416.4

More detailed information about non-current interest-bearing loans can be found in [note 16 'Interest-bearing loans'](#).

At year-end 2020, Gasunie had drawn € 225.0 million (year-end 2019: € 395.0 million) in current interest-bearing loans at prevailing market rates. These include deposits taken and commercial paper issued with terms of less than one year.

23. Trade and other payables

Trade and other payables can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Trade payables	17.8	27.0
Other taxes and social security contributions	7.0	6.0
Other liabilities and accruals	203.4	173.3
Total trade and other payables	228.2	206.3

Other taxes and social security contributions primarily consist of VAT payable, social security contributions and wage tax payable.

The other liabilities and accruals consist mainly of accrued interest on loans, receivable invoices, investment grants still to be capitalised (pre-paid) and security deposits received. Security deposits received relate to securities customers have given to the company to cover the risk of bad debt. A market interest charge is calculated for the security deposits.

Trade and other payables, apart from the security deposits received, bear no interest and have a term of less than one year.

24. Financial instruments

General

The main financial risks to which Gasunie is exposed are market risk (consisting of interest rate risk and currency risk), credit risk and liquidity risk. Gasunie uses financial risk management to limit these risks through operational and financial measures. Specific hedging instruments can be used for this purpose, depending on the nature and size of the risks.

The Treasury department at Gasunie is responsible for managing financial risks at group level. The credit risk relating to operational transactions (which lead to trade and other receivables) is generally monitored by the business units. Management receives regular reports on the nature and size of the risks, as well as the measures taken.

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 risks aims to limit the effects of interest rate fluctuations on the result. The risk policy relating to currency risks aims to limit the effects of exchange rate fluctuations on the result. Derivative financial instruments are only used to hedge risks and not for trading or any other purpose.

A sensitivity analysis has been included for currency and interest rate risks, which shows the financial effects of reasonable hypothetical changes in relevant risk variables on the result and on equity. These effects are determined by relating the hypothetical changes to the risk variables to the balance sheet amounts of the financial instruments as at the reporting date, assuming that the balance sheet amounts as at the reporting date are representative of the remaining term of the financial instrument.

Interest rate risk

The interest rate risk to which the company is exposed relates to the risk that future outgoing interest cash flows will increase due to changes to the market interest rate for interest-bearing loans with floating interest rates and for deposits taken and commercial paper issued with terms of less than one year. The interest rate risk of these instruments, to the extent they are held by the company itself or its wholly-owned group companies, is not hedged. The company is also exposed to an interest rate risk in the period between the decision to issue or refinance non-current loans with a fixed rate and the uptake of these loans. Gasunie considers the interest rate risk to be limited, since almost all non-current loans at year-end 2020 have been arranged with a fixed rate of interest.

During the year, the company had an average of between € 200 million and € 400 million in outstanding current financing liabilities arranged at variable interest rates. A 1% point change in the interest rate will increase the financial income and expenses by approximately € 2.0 million to € 4.0 million. Given their limited size, the interest rate risk on these loans has not been hedged.

Currency risk

Currency risks arise if financial instruments are entered into in a currency that is not the functional currency. The currency risk the company is exposed to consists of the risk that future cash flows, including payables and receivables, will fluctuate over time due to changes in exchange rates.

The currency risk is limited in the context of normal operations because most transactions take place in euros. Only a limited number of transactions take place in currencies other than the euro. Gasunie aims to limit or neutralise the currency risk for a number of these transactions by making use of specific hedging instruments, such as forward foreign exchange contracts. Currency risks are hedged if there is sufficient certainty about the amount and timing of the foreign currency cash flows. Hedging the currency risk on transactions in Swiss francs is one example of this.

At year-end 2020, a total of € 5.7 million (translated) in transactions denominated in Swiss francs was hedged (year-end 2019: € 10.7 million). This hedging refers entirely to the periodic refund of withholding tax deducted from dividend payments from the Nord Stream participating interest (which has its registered office in Switzerland) to Gasunie. The outstanding tax refunds are completely hedged, thus fully mitigating the currency risk. The positions in Swiss francs have therefore not been included in the sensitivity analysis below.

The sensitivity analysis for the other foreign currencies for which no hedging applies takes account of the ranges within which past exchange rate fluctuations have occurred. The same ranges are used by the company internally for potential risks. There were no other foreign currency positions of a significant amount at year-end 2020, other than those disclosed in the table below. The position in GBP at year-end 2020 concerned the balance in a bank account in pound sterling (2019: the same).

<i>In millions of euros</i>	Exposure in euros	Exchange rate increase / decrease	Effect on result before taxation	Effect on equity
2020				
Euro/GBP	5.5	+/- 30%	1.6	1.2
2019				
Euro/GBP	5.8	+/- 30%	1.7	1.3

Credit risk

Credit risk relates to the loss that would arise if counterparties were to entirely or partially default and fail to meet their contractual obligations. At the balance sheet date, the company was not exposed to any material credit risk with regard to any individual customer or counterparty (year-end 2019: the same).

In making use of derivative and other financial instruments the company applies strict limits on counterparties to limit the credit risk. This limits the level of risk the company is exposed to from its counterparties. The company has drawn up criteria for selecting counterparties in financial transactions. These criteria limit the risk associated with possible credit concentrations and market risks.

To limit the credit risk on trade and other receivables, if appropriate, Gasunie asks for guarantees from its customers and other parties with whom transactions take place.

Gasunie has received the following guarantees from third parties:

<i>In millions of euros</i>	31 Dec. 2020		31 Dec. 2019	
	Number	Value	Number	Value
Security Deposit	89	34.9	115	40.3
Bank Guarantee	62	94.1	70	198.1
Parent Company Guarantee	31	385.7	28	358.7
Letter of Awareness	6	108.4	10	191.1
Surety Agreement	10	32.0	12	20.1
Total guarantees received	198	655.1	235	808.3

The securities received predominantly relate to securities from gas transport arrangements. The security deposits are held in cash and are interest-bearing. A market interest charge is calculated for the security deposits.

Furthermore, guarantees are received relating to financial securities from contractors involved in construction projects. The letters of awareness mainly relate to legally unlimited guarantees received from the parent company or the shareholder of the customers to which they relate. An internal creditworthiness analysis and the maximum allowed exposure of the customers in question subsequently determined by Gasunie form the basis for quantifying the value of these guarantees.

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 immediately payable current liabilities. Gasunie quantifies its liquidity risk by using a long-range forecast of capital expenses and investments and a liquidity forecast with a horizon of at least one year for operational expenses. With respect to the hedging instruments held as at the balance sheet date, there are no obligations to provide collateral if the fair value of these instruments is negative.

Gasunie's policy is to reduce its liquidity risk at as low a cost as possible. The options for reducing this risk depend on the solvency of the company. Gasunie is a solvent company and can therefore attract credit facilities relatively easily. According to Standard & Poor's, Gasunie's long-term creditworthiness is AA- with a stable outlook, while the short-term rating is A-1+. According to Moody's Investors Service, the long-term credit rating is A1 with a stable outlook, and the short-term rating is P-1.

Gasunie aims to have a conservative financial profile which will enable it to implement its strategy and, at the same time, will lead to a satisfactory credit rating which matches the company's profile and the shareholder's policy.

At year-end 2020, the company had an uncommitted current account facility of € 45 million (year-end 2019: € 45 million), a committed credit facility of € 600 million (year-end 2019: € 680 million), a Euro Commercial Paper (ECP) programme of € 750 million (year-end 2019: € 750 million) and a European Medium Term Note (EMTN) programme of € 7.5 billion (year-end 2019: € 7.5 billion) to hedge its liquidity risk. The committed credit facility was renewed for a period of five years on 16 April 2020 and can be renewed twice more for one year. No amounts were drawn on the committed credit facility in the past financial year. However, as part of its normal operational activities, Gasunie has regularly raised short-term loans on the money market in the form of deposit loans and debt securities under the ECP. Under the EMTN programme, € 2.6 billion was issued in loans as at year-end 2020 (year-end 2019: € 2.6 billion). The EMTN programme is regularly updated.

In early 2020, Gasunie reached an agreement with the EIB on a non-current loan to fund the construction of the Zuidbroek nitrogen installation. The loan granted by the EIB totals € 240 million. At year-end 2020, this loan had not yet been drawn. The interest rate will be set when Gasunie draws the loan.

Summary of future cash flows

The maturity profile of future cash flows relating to non-current and current financial liabilities outstanding as at the balance sheet date is as follows:

<i>In millions of euros</i>	Total	Due immediatly	< 1 year	1-5 years	> 5 years
2020					
Non-current liabilities					
- interest-bearing loans	2,369.2	-	-	919.2	1,450.0
- lease liabilities	100.0	-	7.5	21.7	70.8
Current liabilities					
- current financing liabilities	958.2	-	958.2	-	-
- trade payables	17.8	17.4	0.4	-	-
- tax liabilities	7.0	-	7.0	-	-
- other liabilities and accruals	203.3	27.1	176.2	-	-
Interest payable on liabilities	183.3	-	58.9	97.3	27.1
Total for the 2020 financial year	3,838.8	44.5	1,208.2	1,038.2	1,547.9

The maturity profile of future cash flows relating to non-current and current financial liabilities outstanding in 2019 is as follows:

<i>In millions of euros</i>	Total	Due immediatly	< 1 year	1-5 years	> 5 years
2019					
Non-current liabilities					
- interest-bearing loans	3,102.4	-	-	1,527.4	1,575.0
- lease liabilities	97.0	-	6.8	19.3	70.9
Current liabilities					
- current financing liabilities	416.4	-	416.4	-	-
- trade payables	27.0	24.6	2.4	-	-
- tax liabilities	6.0	-	6.0	-	-
- other liabilities and accruals	158.3	26.1	132.2	-	-
Interest payable on liabilities	256.9	-	73.5	141.5	41.9
Total for the 2019 financial year	4,064.0	50.7	637.3	1,688.2	1,687.8

Fair value

Various financial instruments measured at fair value or for which the fair value can deviate from the carrying amount on the basis of amortised cost are included in these financial statements. This relates to:

- Other participating interests
- Interest-bearing loans
- Other primary financial instruments

The way in which fair value is determined is described under 'Determining fair value' in the accounting policies for the measurement of assets and liabilities and the determination of the results.

Other participating interests

At year-end 2020, the value of other participating interests measured at fair value in the balance sheet was € 509.3 million (year-end 2019: € 515.1 million). The determination of this fair value took place according to level 3 (year-end-2019: level 3). For more information, please refer to [note 9 'Other participating interests'](#) to the consolidated financial statements.

Interest-bearing loans

The interest-bearing loans comprise bond loans with a listing on the Amsterdam stock exchange, and private loans.

The fair value of listed bonds is the same as the year-end exit price. The determination of the fair value took place according to level 1 (year-end 2019: level 1). The fair value of the private loans has been determined by calculating the present value of the expected future cash flows at a discount rate equal to the applicable risk-free market interest for the remaining term, plus credit and liquidity surcharges. Account has been taken of the company's risk profile. The determination of the fair value took place according to level 3 (year-end 2019: level 3).

The carrying amount and the fair value of the interest-bearing loans as at 31 December 2020 were:

<i>In millions of euros</i>	31 Dec. 2020			31 Dec. 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Bonds	2,543.3	2,669.8	126.5	2,541.9	2,679.8	137.9
Private loans	550.0	631.3	81.3	571.4	669.6	98.2
Total interest-bearing loans	3,093.3	3,301.1	207.8	3,113.3	3,349.4	236.1

Other primary financial instruments

Other primary financial instruments comprise trade and other receivables, cash and cash equivalents, current financing liabilities (excluding current repayment obligations on non-current loans), trade and other payables.

Given the short term of these instruments, their carrying amount approximates their fair value.

25. Off-balance sheet obligations

Investment obligations

Gasunie entered into conditional investment obligations of € 205.2 million at year-end 2020 (year-end 2019: € 395.0 million). The obligations mainly relate to the development of a new nitrogen plant, the completion of phase 2 of the EUGAL pipeline and regular replacement investments.

Guarantees issued

Gasunie has issued – either directly or indirectly – the following guarantees to third parties:

<i>In millions of euros</i>	31 Dec. 2020		31 Dec. 2019	
	Number	Value	Number	Value
Bank Guarantee	4	0.4	5	0.9
Parent Company Guarantee	11	92.5	10	95.5
Surety agreements	-	-	2	4.5
Other	1	0.8	2	5.8
Total guarantees issued	16	93.7	19	106.7

The securities provided predominantly comprise securities and guarantees provided to customers and to a few creditors or other stakeholders. The guarantees are not freely assignable. The term of the securities provided is 5 to 10 years.

The main guarantees are provided for the Gate terminal joint venture. As at year-end 2020, Gasunie issued a guarantee on behalf of Gate terminal for the future lease to be paid to the Port of Rotterdam Authority of € 24.5 million (year-end 2019: € 28.0 million). The guarantee for the Port of Rotterdam Authority will expire at year-end 2027. Furthermore, Gasunie has issued guarantees of € 22.5 million (year-end 2019: € 22.5 million) to certain Gate terminal customers.

Long-term obligations

Long-term obligations are as follows:

Term	Contract value	
<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
0 – 1 year	66.1	57.3
1 – 5 years	67.3	76.1
> 5 years	63.9	72.8
Total other commitments	197.3	206.2

Long-term obligations mainly refer to the procurement of nitrogen production capacity, electricity and IT services.

Joint and several liability of the fiscal unity

Gasunie and its Dutch wholly-owned group companies form a fiscal unity for the collection of corporate income tax and VAT. Pursuant to the Dutch Collection of State Taxes Act, the company is jointly and severally liable for the corporate income tax and VAT liabilities of all the companies in the fiscal unity. There is a similar liability regime in Germany for the German fiscal unity.

Joint and several liability of private companies

Gasunie has a number of indirect joint arrangements in the form of private companies (without legal personalities). In addition, the company is an indirect managing partner in a number of limited partnerships. The group company above the relevant company without legal personality and its managing partners are jointly and severally liable for the obligations these private companies enter into.

26. Net revenue

Revenue increased by 7.4% compared to the previous financial year (2019: increase of 2.2%). The increase in revenue is primarily explained by the commissioning of the first pipeline in the EUGAL pipeline project and by the changing gas flows in Germany. This resulted in greater demand for transport capacity at Gasunie Deutschland, which also largely explains the increase in revenue outside the Netherlands and the increase in revenue from regulated services. The increase in revenue in the Netherlands can predominantly be explained by the higher gas transport tariffs for 2020, although this increase was partly attenuated by a slight fall in capacity bookings compared to 2019.

Information about operating activities

The company categorises its revenues according to the way in which economic factors influence the nature, amount, timing and uncertainty of the cash flows. A distinction can be made between two categories in the case of Gasunie. The first revenue stream relates to revenue from regulated transport and related services, as generated by Gasunie Transport Services and Gasunie Deutschland. The Dutch and German regulatory authorities set the permitted income for this revenue stream for the long term.

The second revenue stream relates to non-regulated services and/or those exempt from regulation. The income for these services is determined by the market on the basis of supply and demand and it is generally subject to greater volatility in revenue compared to the regulated services. Revenue from the non-regulated services and/or those exempt from regulation is almost completely generated by the Participations segment.

Revenue for each operating activity is as follows:

<i>In millions of euros</i>	2020	2019
Regulated services	1,222.8	1,139.9
Non-regulated and/or exempt services	149.4	138.3
Total revenue	1,372.2	1,278.2

Information on products and services

Revenue can be divided into revenue from gas transport and related services and from other activities. Gas transport and associated services covers revenue from regulated gas transport and from non-regulated or exempt gas transport. Other activities includes revenue from gas storage.

The breakdown is as follows:

<i>In millions of euros</i>		Revenue
	2020	2019
Gas transport and related services	1,279.9	1,188.3
Other services	92.3	89.9
Total revenue	1,372.2	1,278.2

Geographical information

Revenue per geographical area is determined on the basis of the area where the activities take place (in or outside the Netherlands). The geographical distribution of the revenue is as follows:

<i>In millions of euros</i>		Revenue
	2020	2019
Netherlands	1,006.7	984.9
Outside the Netherlands	365.5	293.3
Total revenue	1,372.2	1,278.2

Major customers

The company generated more than 10% of its external revenues from gas transport and associated services from a single customer in 2020 (2019: the same). This customer had no payment arrears at year-end 2020 (2019: the same). For a more detailed explanation of the credit risk, see [note 24 'Financial instruments'](#).

27. Personnel expenses

Personnel expenses are as follows:

<i>In millions of euros</i>	2020	2019
Salary expenses	145.5	136.6
Social security expenses	16.4	16.6
Pension expenses	29.0	28.6
Total personnel expenses	190.9	181.8

The increase in personnel expenses can partly be explained by an addition to a short-term restructuring provision of € 4.7 million.

The cost of the defined contribution plans recognised in profit and loss is € 24.9 million (2019: € 24.5 million). Please refer to [note 20 'Employee benefits'](#) for the cost of the defined benefit pension plan and the part of the costs taken directly to other comprehensive income.

Remuneration for members of the company's Executive Board and Supervisory Board

Remuneration for members of the company's Executive Board in 2020 was as follows:

<i>In euros</i>	Salary	Variable remuneration	Fixed & variable remuneration	Deferred remuneration	Social security expenses	Other benefits	Total
2020							
Executive Board							
Mr J.J. Fennema, chair	327,271	55,636	382,907	76,817	7,995	24,194	491,913
Ms J. Hermes	232,546	40,448	272,994	55,125	7,995	372	336,486
Mr U. Vermeulen	261,806	44,507	306,313	61,825	7,995	26,717	402,850
Mr B.J. Hoevers	261,806	44,507	306,313	61,825	7,995	14,375	390,508
Total for 2020 financial year	1,083,429	185,098	1,268,527	255,592	31,980	65,658	1,621,757

Remuneration for members of the company's Executive Board in 2019 was as follows:

<i>In euros</i>	Salary	Variable remuneration	Fixed & variable remuneration	Deferred remuneration	Social security expenses	Other benefits	Total
2019							
Executive Board							
Mr J.J. Fennema, chair	317,584	60,341	377,925	74,556	9,921	23,477	485,879
Mr I.M. Oudejans *	219,797	26,376	246,173	51,705	7,441	16,426	321,745
Ms J. Hermes **	52,500	9,975	62,475	12,480	2,480	-974	76,461
Mr U. Vermeulen	254,057	48,271	302,328	60,008	9,921	25,926	398,183
Mr B.J. Hoevers	254,057	48,271	302,328	60,008	9,921	3,061	375,318
Total for 2019 financial year	1,097,995	193,234	1,291,229	258,757	39,684	67,916	1,657,586

* Up to 30 September. ** from 1 October.

The variable remuneration shown in the table above is based on the meeting of agreed targets during the financial year. The agreed targets comprise both collective Gasunie targets and long-term strategic targets, as described in the annual report under '[Remuneration policy for the Executive Board](#)'. The collective Gasunie targets relate to achieving agreed financial and operational results in 2020.

The pension plan for members of the Executive Board is the same as that for other Gasunie employees in the Netherlands.

The reimbursements under the 'Other benefits' item are payments from the flexible allowance.

Remuneration for members of the company's Supervisory Board in 2020 was as follows:

<i>In euros</i>	SB	AC	RAC	HIA premium	Total
2020					
Supervisory Board					
Mr P.J. Duisenberg , chair*	30,606	1,392	1,677	-	33,675
Mr D.J. van den Berg	24,492	-	2,236	1,791	28,519
Ms M.M. Jonk	22,260	-	2,236	-	24,496
Mr W.J.A.H. Schoeber	22,260	5,568	-	1,865	29,693
Mr A.S. Visser	22,260	5,568	-	-	27,828
Ms C. Wielinga	22,260	5,568	-	-	27,828
Mr R. de Jong **	7,705	-	516	-	8,221
Total for 2020 financial year	151,843	18,096	6,665	3,656	180,260

* Chair of Supervisory Board from 25 March, left the AC on 1 April, joined the RAC on 1 April. ** Stepped down on 25 March.

Remuneration for members of the company's Supervisory Board in 2019 was as follows:

<i>In euros</i>	SB	AC	RAC	HIA premium	Total
2019					
Supervisory Board					
Mr R. de Jong, chair *	32,396	2,700	2,168	-	37,264
Mr D.J. van den Berg	23,764	-	2,168	1,802	27,734
Ms C. Wielinga **	15,369	3,101	-	-	18,470
Ms M.M. Jonk	21,600	-	2,168	-	23,768
Ms M.J. Poots-Bijl ***	4,800	1,200	-	417	6,417
Mr W.J.A.H. Schoeber	21,600	5,400	-	1,876	28,876
Mr A.S. Visser	21,600	5,400	-	-	27,000
Mr P.J. Duisenberg ****	7,200	1,350	-	-	8,550
Total for 2019 financial year	148,329	19,151	6,504	4,095	178,079

* Left the AC on 23 July. ** Joined on 15 April. On AC from 4 June. Chair of AC from 23 July. *** Until 20 March.

**** Joined on 1 September. AC from 1 October.

Remuneration for members of the Supervisory Board comprises a basic payment and an additional payment for those who participate in the Audit Committee (AC) and/or the Remuneration, Selection and Appointment Committee (RAC). Remuneration also includes premiums to be paid under the Dutch Health Insurance Act.

28. Other costs

The other costs are as follows:

<i>In millions of euros</i>	2020	2019
Costs of subcontracted work and other external costs	170.2	160.4
Cost of network management	149.0	123.3
Other operating expenses	39.8	34.3
Total other operating expenses	359.0	318.0

The cost of network operations mainly comprises the procurement of electricity, nitrogen and gas for the company's own use, and gas transport storage. The increase in costs compared to 2019 is mainly due to greater demand for conversion, which was partly met by expanding capacity in the Wieringermeer blending station, and to higher prices for the procurement of energy.

Other costs also include additions to the provision for obsolescent inventories of € 3.5 million (2019: € 0.4 million), as well as an addition to the provision for doubtful debts of € 0.1 million in 2020 (2019: € 0.4 million).

29. Financial income

Financial income can be broken down as follows:

<i>In millions of euros</i>	2020	2019
Interest income and similar income	2.8	9.9
Foreign exchange results	-	0.6
Total finance income	2.8	10.5

Interest income and similar income include the interest on tax assessments, interest (including negative interest) on deposits taken and commercial paper issued with a term of less than one year, as well as interest income on security deposits received (security provided by customers, to which a negative interest rate applies).

The decrease in interest income and similar income in 2020 is mainly due to the once-only release of € 4.9 million of an interest accrual in 2019.

30. Financial expenses

Financial expenses can be broken down as follows:

<i>In millions of euros</i>	2020	2019
Interest on loans	75.2	94.9
Interest on leases	1.5	1.6
Other finance expenses	3.8	3.4
Interest and finance expenses	80.5	99.9
Capitalised as part of tangible fixed assets	-9.9	-8.3
Total finance expenses	70.6	91.6

Interest expenses comprise interest on loans, on lease liabilities and on contract liabilities. The decrease in interest expenses on loans can mainly be explained by the once-only expense of approximately € 15.7 million in 2019 as a consequence of the partial repayment of two bond loans ahead of schedule.

A total of € 9.9 million (2019: € 8.3 million) of interest expenses was capitalised in 2020, based on a weighted average interest rate for the non-current loan portfolio of 2.4% (2019: 2.5%).

The other finance expenses mainly comprise interest on contract liabilities, amortised transaction costs and discount on non-current loans as well as other financing costs.

31. Income taxes

The tax expense is as follows:

<i>In millions of euros</i>	2020	2019
Corporate income tax for the financial year	100.9	80.8
Corporate income tax for the previous financial years	-8.5	-31.8
Movement in deferred taxation	161.1	56.0
Total tax expense	253.5	105.0

The total tax expense was substantially affected by the adjustments to corporate income tax rates in the Netherlands in both 2019 and 2020. For a more detailed explanation of the change to the corporate income tax rate, see [note 10 'Deferred tax assets'](#). Furthermore, the reversal of the impairment loss recognised in the past had consequences for deferred taxation. More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#).

The effective tax rate is as follows:

<i>In percentages</i>	2020	2019
Applicable tax rate in the Netherlands	25.0%	25.0%
Effect of tax rates in other countries	0.6%	-0.1%
Prior-year adjustments	-0.5%	-6.1%
Effect of corporate income tax rate change on deferred taxation	6.4%	4.2%
Effect of innovation box	-0.3%	-0.4%
Other differences	-1.5%	-2.3%
Effective rate	29.7%	20.3%

Other differences principally relate to non-taxable results as a consequence of the application of the participation exemption in the Netherlands and Germany.

32. Workforce

The average number of employees in full-time equivalents in 2020 totalled 1,518 (2019: 1,602). At year-end 2020, the company employed 1,558 full-time equivalents (year-end 2019: 1,482). The number of employees grew throughout the year due to an increase in energy transition activities.

33. Related parties

Intra-group transactions

Services between Gasunie and its group companies and between group companies are provided at arm's length. This also applies to transactions with joint ventures and associates and other participating interests.

Transactions with members of the Executive Board and Supervisory Board

The Executive Board qualifies as a related party, because it can exercise control or significant influence on the company's financial or operational policy. No other transactions took place with the Executive Board other than the transactions by virtue of their remuneration. The same applies to members of the Supervisory Board. For a description of the remuneration of the members of the Executive Board and Supervisory Board, see [note 27 'Personnel expenses'](#) to the consolidated financial statements.

Other transactions with related parties

GTS provides gas transport services to its customers, including GasTerra B.V. The sole shareholder of the company, the Dutch State, also owns 50% of GasTerra. This allows the Dutch State, in its capacity as shareholder, to exercise significant influence on the policy of the two companies.

The services provided by GTS to GasTerra are performed in line with the provisions of the Dutch Gas Act. Under this legislation, GTS must not discriminate in its treatment of all market parties and must conduct business as requested. The tariffs charged to GasTerra are determined by the Dutch regulatory authority, ACM. ACM works independently of GTS, GasTerra and the Dutch State.

34. External auditor's fees

The following fees charged by PricewaterhouseCoopers Accountants N.V. (PwC Accountants N.V.) for auditing the consolidated and company financial statements are charged to the company, its subsidiaries and other companies it consolidates, in accordance with Article 2:382a, paragraph 1 and 2 of the Dutch Civil Code.

In millions of euros

	Total PwC		Of which PwC Accountants N.V.	
	2020	2019	2020	2019
Audit of the financial statements	0.7	0.7	0.6	0.5
Other audit engagements	0.3	0.3	0.3	0.3
Tax-related advisory services	-	-	-	-
Other non-audit services	-	< 0,1	-	< 0,1
Total external auditor's fees	1.0	1.0	0.9	0.8

35. Events after the balance sheet date

On 1 February 2021, ACM published the 2022-2026 method decision for GTS. The consequences of this decision for Gasunie's permitted income and therefore for the valuation of the gas transport network are included in [note 4 'Impairment tests'](#).

No other significant events occurred between the balance sheet date and the date of these financial statements that could give rise to an adjustment of the financial statements or an addition to the explanatory notes to the company's financial statements.

12 Company financial statements

Company statement of financial position as at 31 December 2020

(before profit appropriation)

<i>In millions of euros</i>	<i>Notes</i>	31 Dec. 2020	31 Dec. 2019
Assets			
Fixed assets			
- tangible fixed assets	36	80.4	79.6
- financial fixed assets	37	9,894.0	9,705.9
Total fixed assets		9,974.4	9,785.5
Current assets			
- inventories		42.0	42.0
- trade and other receivables		25.7	57.5
- receivables from group companies	38	151.3	103.0
- receivables from joint ventures		7.7	-
- cash and cash equivalents		11.8	38.0
Total current assets		238.5	240.5
Total assets		10,212.9	10,026.0

<i>In millions of euros</i>	<i>Notes</i>	31 Dec. 2020	31 Dec. 2019
Liabilities			
Equity			
- issued share capital	39	0.2	0.2
- revaluation reserve	40	1,642.3	1,660.0
- legal reserve	41	336.6	342.2
- other reserves	42	3,762.2	3,521.0
- unappropriated result	43	599.7	412.0
Total equity		6,341.0	5,935.4
Provisions	44	103.3	88.6
Non-current liabilities			
- interest-bearing loans		2,360.1	3,092.0
- lease liabilities		74.9	73.6
Total non-current liabilities		2,538.3	3,254.2
Current liabilities			
- current financing liabilities		958.2	415.6
- lease liabilities		6.1	6.4
- trade and other payables	45	190.8	169.3
- liabilities to group companies	46	178.5	245.1
Total current liabilities		1,333.6	836.4
Total liabilities		10,212.9	10,026.0

Company statement of profit and loss for 2020

<i>In millions of euros</i>	<i>Notes</i>	2020	2019
Continuing operations			
Revenues	47	443.8	403.1
Personnel expenses	48	-160.8	-153.2
Depreciation expenses	36	-7.3	-7.1
Other operating expenses	49	-302.7	-268.9
Total expenses		-470.8	-429.2
Operating result		-27.0	-26.1
Financial income and expenses	50	37.3	22.3
Share in result in participating interests	37	608.3	430.4
Result before taxation		618.6	426.6
Income taxes	51	-18.9	-14.6
Result after taxation		599.7	412.0

13 Notes to the company financial statements

Notes to the company financial statements

General

These company financial statements and the consolidated financial statements jointly form the company's financial statements in accordance with the articles of association. The financial information of the company is included in the consolidated financial statements.

The company financial statements comprise the company statement of financial position and the company statement of profit and loss; the notes to the company financial statements form an integral part of the company financial statements.

Basis for preparation

The company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. To determine the accounting policies for the measurement of assets and liabilities and the determination of the results of its company financial statements, the company makes use of the option offered in Article 2:362, paragraph 8 of the Dutch Civil Code. This means that the accounting policies for the measurement of assets and liabilities and the determination of the results of the company financial statements are the same as for the consolidated financial statements drawn up on the basis of EU-IFRS.

If no other policies are mentioned, reference is made to the policies described in the consolidated financial statements. To interpret these company financial statements correctly, the company financial statements ought to be read in conjunction with the consolidated financial statements.

Information about the use of financial instruments and associated risks is included in the notes to the consolidated financial statements. The same applies to the notes to events after the balance sheet date, the notes to transactions with related parties, the notes to off-balance sheet obligations and the notes to the remuneration of members of the Executive Board and the Supervisory Board.

Participating interests in group companies

Group companies are all entities over which the company has direct or indirect control. Participating interests in group companies are recognised in the company financial statements at their net asset value, with goodwill being separately disclosed under intangible fixed assets, if any, by applying the accounting policies for the measurement of assets and liabilities and the determination of the results as set out in the notes to the consolidated financial statements. If and to the extent that the company is unable to transfer results to itself due to restrictions, the results (or that part of the results) will be added to a legal reserve.

Share in result of participating interests

The share in the result of companies participated in comprises the company's share in the results of these participating interests. Results from transactions in which assets and liabilities are transferred between the company and its participating interests and between individual participating interests are eliminated where they cannot be regarded as realised.

Equity

Financial instruments that are designated as equity instruments are presented under 'Equity'. Profits distributed to the holders of these instruments are deducted from equity.

Income taxes

N.V. Nederlandse Gasunie and its wholly-owned Dutch group companies constitute a fiscal unity for corporate income tax. No corporate income tax is allocated to these group companies, with the exception of the group company Gasunie Transport Services. Gasunie's tax expense included in the company statement of profit and loss therefore relates to all the companies in the fiscal unity, with the exception of the portion allocated to Gasunie Transport Services.

14 Additional notes to the company financial statements

36. Tangible fixed assets

Movements in tangible fixed assets in 2020 were as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2020	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2020
Other fixed operating assets	1.2	0.6	-	-0.7	1.1
Right-of-use assets	78.4	7.5	-	-6.6	79.3
Total for 2020 financial year	79.6	8.1	-	-7.3	80.4

At year-end 2020, tangible fixed assets included an amount of € 79.3 million (year-end 2019: € 78.4 million) of leases. Gasunie has economic but not legal ownership of these assets. Right-of-use assets relate mainly to land and buildings and the company vehicles.

Movements in tangible fixed assets in 2019 were as follows:

<i>In millions of euros</i>	Carrying amount as at 1 Jan. 2019	Investments	Disposals	Depreciation	Carrying amount as at 31 Dec. 2019
Other fixed operating assets	1.4	0.7	-	-0.9	1.2
Right-of-use assets	87.8	2.5	-5.7	-6.2	78.4
Fixed assets under construction	0.1	-0.1	-	-	-
Total for 2019 financial year	89.3	3.1	-5.7	-7.1	79.6

The cost and accumulated depreciation (including impairment losses) are as follows:

<i>In millions of euros</i>	Cost as at 31 Dec. 2020	Accumulated depreciation * as at 31 Dec. 2020	Cost as at 31 Dec. 2019	Accumulated depreciation * as at 31 Dec. 2019
Other fixed operating assets	5.1	-4.0	4.6	-3.4
Right-of-use assets	92.3	-13.0	84.6	-6.2
Total	97.4	-17.0	89.2	-9.6

* including impairment losses and reversal of impairment losses

37. Financial fixed assets

Movements in tangible fixed assets were as follows:

<i>In millions of euros</i>	2020	2019
Group companies and participating interests		
Balance as at 1 January	5,394.7	4,930.1
Movements		
- Investments	8.9	-
- Movements in equity	95.2	44.7
- Issue (+)/ Repayment (-) of share premium	-1.2	203.2
- Dividend received	-407.3	-213.7
- Share in result in group companies and participating interests	608.3	430.4
Balance as at 31 December	5,698.6	5,394.7
Loans to group companies and participating interests		
Balance as at 1 January	4,311.2	4,629.6
Movements		
- Non-current loans granted	168.4	139.5
- Interest accrual	5.0	-
- Repayment of non-current loans	-289.2	-457.9
Balance as at 31 December	4,195.4	4,311.2
Total financial fixed assets as at 31 December	9,894.0	9,705.9

Group companies and participating interests

Investments in group companies and participating interests in 2020 relate mainly to investments in the Gasunie entities which focus on the further development of alternative energy carriers.

Direct movements in the group companies' equity refer to the revaluation of the interest in Nord Stream (as included in [note 9 'Other participating interests'](#) and [note 41 'Legal reserve'](#)), the effect of the changes to corporate income tax rates for GTS (as included in [note 10 'Deferred tax assets'](#), [note 40 'Revaluation reserve'](#) and [note 42 'Other reserves'](#)), the actuarial result for the Gasunie Deutschland

pension plan (as included in [note 20 'Employee benefits'](#) and [note 42 'Other reserves'](#)) and to the revaluation of the interest in Gate terminal as a result of the change in value of a cash flow hedge (as included in [note 42 'Other reserves'](#)).

The reversal of the impairment loss recognised in the past had consequences for the financial year's result for the GTS group company. More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#).

The list of participating interests, their registered offices and Gasunie's participation percentage are included in [note 53 'List of group companies and participating interests'](#).

Loans to group companies and participating interests

The interest rate on the non-current loans granted to wholly-owned group companies was the weighted average interest rate of Gasunie's non-current loan portfolio plus 12.5 basis points (2019: the same).

The fair value of the non-current loans to group companies was € 5,064.9 million at year-end 2019 (€ 5,160.3 million at year-end 2019).

No other special conditions have been agreed between Gasunie and the group companies concerning the non-current loans granted. No provision has been made for expected credit losses, because there is no reason to do so on the basis of historical data and current outlook.

The current part of the non-current loans to group companies was zero at year-end 2020 (year-end 2019: zero).

Loan to group company GTS

The non-current loan granted to GTS totalled € 3,583.1 million at year-end 2020 (year-end 2019: € 3,521.0 million). This concerns the de facto balance of borrowings drawn under a loan facility capped at € 6.0 billion, made available as of 1 January 2014. The loan terminates on 31 December 2029 and has an extension option. It has been agreed with GTS that the facility can be drawn or redeemed without restrictions during the term of the loan. No repayment schedule has been agreed.

GTS is the transmission system operator of the national gas grid as defined in the Dutch Gas Act. The Dutch Minister of Economic Affairs and Climate Policy has set rules with regard to proper financial management by a transmission system operator (Besluit Financieel Beheer Netbeheerders (BFBN)). Each quarter, taking account of the provisions of the BFBN, the management of GTS must assess whether the credit facility should be redeemed or drawn in order to meet the BFBN requirements. In this periodic assessment, the company not only takes into account the current financial position, but also the expectations for the coming years regarding the expected volume and timing of the investment expenditure, the expected dividend payments and the expected operating costs for the gas transport network. Due to the size and volatility of these variables, it is not currently possible to make a reliable estimate regarding potential future repayments. For this reason, the loan issued is fully presented under non-current receivables as at the balance sheet date.

Loans to other group companies

At year-end 2020 the non-current loans granted to Gastransport Noord-West Europa Holding totalled € 495.6 million (year-end 2019: € 645.6 million). The loans expire on 31 December 2022 and 2023. It has been agreed with Gastransport Noord-West Europa Holding that full or partial repayments of all loans may be made during the term of the loan.

The non-current loans granted to Gasunie BBL totalled € 92.8 million at year-end 2020 (year-end 2019: € 120.7 million). This concerns the balance drawn on a loan facility capped at € 200 million, made available as of 12 December 2014. The loan expires on 1 December 2024 and has an extension option. It has been agreed with Gasunie BBL that the facility can be drawn or redeemed during the term of the loan.

Loans to other participating interests

The loans granted to other participating interests amounted to € 23.9 million at year-end 2020 (year-end 2019: € 23.9 million). The interest rate on these loans varies depending on the participating interest's risk profile.

38. Receivables from group companies

Intra-group positions arise from services provided by N.V. Nederlandse Gasunie to group companies and vice versa, from dividend payments within the group and from cash pool transactions carried out by the head of the group on behalf of the group companies as part of normal continuing operations.

No repayment schedule has been agreed for the receivables from group companies; the receivables have the characteristics of a current account facility.

The group company pays arm's length interest on the balance of the intra-group receivables, based on a variable interest rate plus a surcharge appropriate to both Gasunie's risk profile and that of the group company in question.

No provision has been made for expected credit losses because, on the basis of historical data and the current outlook for the group companies in question, there is no reason to do so.

39. Issued share capital

The authorised share capital amounts to € 756,000 and is divided into 7,560 ordinary shares, each having a nominal value of € 100, of which 1,513 have been issued and paid up in full. No movements took place in the issued and paid-up shares during the financial year (2019: the same).

All shares issued are held by the Dutch State.

40. Revaluation reserve

The revaluation reserve relates to the revaluation of the tangible fixed assets. This revaluation was connected to the division of Gasunie and the subsequent introduction of IFRS in 2005 and was calculated in line with the situation as at 1 January 2004. Deferred taxation relating to the revaluation is

recognised in the liability for deferred taxation, which is part of the deferred tax assets for the Dutch fiscal unity. The revaluation reserve is realised in proportion to the depreciation of the tangible fixed assets to which the revaluation reserve relates.

Furthermore, up to year-end 2020, a cash flow hedge related to a non-current loan was included in the revaluation reserve. This cash flow hedge was completely wound up at year-end 2020. For further details, please refer to the explanation of the cash flow hedge reserve in [note 15 'Equity'](#) to the consolidated financial statements.

The revaluation reserve can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Revaluation of tangible fixed assets as at 1 January 2004	1,642.3	1,659.0
Cash flow hedge of N.V. Nederlandse Gasunie, of which corporate income tax	- -	1.3 -0.3
	-	1.0
Total revaluation reserve	1,642.3	1,660.0

Movements in the revaluation reserve are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	1,660.0	1,745.1
Realised share in the unrealised revaluation	-47.8	-57.3
Adjustment revaluation reserve due to reversal of impairment losses	99.0	-
Effect of tax rate change on deferred taxation	-68.0	-27.1
Transferred to profit and loss, of which corporate income tax	-1.2 0.3	-0.9 0.2
Balance as at 31 December	1,642.3	1,660.0

More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#). As a consequence of this reversal, part of the realisation of the revaluation reserve recognised in the past has been reversed at the expense of the other reserves.

41. Legal reserve

The legal reserve relates to the legal reserve for participating interests which concerns the 9% interest in Nord Stream. This interest is measured at fair value. Since Gasunie has no control over this interest and therefore cannot enforce profit distributions, a legal reserve has been recognised for that part of the fair value measurement that exceeds the original acquisition price.

Movements in the legal reserve are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	342.2	323.4
Movement in other participating interests measured at fair value	-5.8	18.8
Balance as at 31 December	336.6	342.2

More detailed information about the valuation of the interest in Nord Stream can be found in [note 9](#), [‘Other participating interests’](#).

42. Other reserves

Movements in the other reserve are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	3,521.0	3,313.5
Appropriation of result for previous financial year	123.6	97.2
Change in cash flow hedge participations	5.7	2.6
Sum of actuarial gains and losses on employee benefits, of which corporate income tax	-6.2 1.9	-14.5 4.3
Realised share in the unrealised revaluation	47.8	57.3
Adjustment revaluation reserve due to reversal of impairment losses	-99.0	-
Change in deferred taxes	167.4	66.1
Changes in equity of joint ventures	-	-5.4
Balance as at 31 December	3,762.2	3,521.0

For a description of the movements, please refer to [note 7 ‘Investments in joint ventures’](#), [note 10 ‘Deferred tax assets’](#), [note 20 ‘Employee benefits’](#), [note 40 ‘Revaluation reserve’](#) and [note 43 ‘Unappropriated result’](#).

The group company GTS is the network operator of the national gas grid as defined in the Netherlands in the Dutch Gas Act. The Dutch Minister of Economic Affairs and Climate Policy has set rules with regard to proper financial management by network operators (‘Besluit Financieel Beheer Netbeheerders’). These rules consist of a number of financial ratios, including a minimum for equity, which can lead to restrictions with regard to the level of GTS’ distributable reserves. When the occasion arises, such circumstances could also affect the level of N.V. Nederlandse Gasunie’s distributable reserves. At year-end 2020, no such restriction applied and no reserve provided for by the articles of association or legal reserve was recognised (year-end 2019: the same).

43. Unappropriated result

Movements in the unappropriated result are as follows:

<i>In millions of euros</i>	2020	2019
Balance as at 1 January	412.0	325.2
Dividend paid	-288.4	-228.0
Allocated to other reserves	-123.6	-97.2
Result for the year	599.7	412.0
Balance as at 31 December	599.7	412.0

Profit appropriation for the 2019 financial year

The 2019 financial statements were adopted by the General Meeting of Shareholders on 24 March 2020. The General Meeting of Shareholders has appropriated the result in accordance with the Executive Board's proposal.

The profit for 2019 amounted to € 412.0 million, of which € 288.4 million was paid out as dividend in 2020. The remainder of € 123.6 million was added to the other reserves.

Profit appropriation proposal for the 2020 financial year

The Executive Board proposes that, of the profit for 2020, an amount of € 262.3 million be paid as dividend to the shareholder and that € 337.4 million be added to the other reserves. The dividend per share is € 173.3 thousand.

This proposal for profit appropriation has not been recognised in the balance sheet as at 31 December 2020 or in the notes.

44. Provisions

Provisions can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Provision for deferred tax liabilities	88.5	79.1
Provision for jubilee benefits	9.6	8.9
Provision for post-employment fringe benefits for non-active and retired employees	0.5	0.6
Provision for restructuring	4.7	-
Total provisions	103.3	88.6

The restructuring provision relates to the planned closure of two regional offices in 2021, the associated staffing and material consequences. The restructuring provision is expected to have a term of less than one year.

For more detailed information about the other provisions, please refer to [note 10 'Deferred tax assets'](#), [note 20 'Employee benefits'](#) and [note 21 'Other provisions'](#) in the notes to the consolidated financial statements.

45. Trade and other payables

Trade and other payables can be broken down as follows:

<i>In millions of euros</i>	31 Dec. 2020	31 Dec. 2019
Trade payables	17.1	22.1
Tax liabilities	6.6	6.0
Other liabilities and accruals	167.1	141.2
Total trade and other payables	190.8	169.3

Tax liabilities relate to the wage tax payable and social security contributions.

The other liabilities and accruals consist mainly of interest payable, receivable invoices and security deposits received. Security deposits received relate to securities that customers of N.V. Nederlandse Gasunie have given to the company or its group companies to cover the risk of bad debt. A market interest charge is calculated for the security deposits.

Due to the current nature of the trade and other payables, the fair value approximates the carrying amount of these liabilities.

46. Liabilities to group companies

Intra-group positions arise from services provided by N.V. Nederlandse Gasunie to group companies and vice versa, from dividend payments within the group and from cash pool transactions carried out by the head of the group on behalf of the group companies as part of normal continuing operations.

No repayment schedule has been agreed for the liabilities to group companies; the liabilities have the characteristics of a current account facility.

Gasunie pays arm's length interest on the balance of the intra-group liabilities, based on a variable interest rate plus a surcharge appropriate to the both Gasunie's risk profile and that of the group company in question.

47. Net revenue

N.V. Nederlandse Gasunie procures external services for its group companies and/or other participating interests. Furthermore, N.V. Nederlandse Gasunie is the legal employer of employees who work for Gasunie and its group companies. N.V. Nederlandse Gasunie's net revenue largely comprises sums charged to its group companies and/or other participating interests for the activities of its own personnel and/or the supply of goods and external services. N.V. Nederlandse Gasunie acts as a principal with respect to its group companies.

48. Personnel expenses

Personnel expenses are as follows:

<i>In millions of euros</i>	2020	2019
Salary expenses	123.1	115.4
Social security expenses	12.8	13.3
Pension expenses	24.9	24.5
Total personnel expenses	160.8	153.2

The average number of employees in full-time equivalents in 2020 totalled 1,277 (2019: 1,244), two of whom (2019: three) work outside the Netherlands.

The specification of the remuneration for members of the Executive Board and Supervisory Board has been included in [note 27 'Personnel expenses'](#) to the consolidated financial statements.

49. Other expenses

Other operating expenses can be broken down as follows:

<i>In millions of euros</i>	2020	2019
Costs of subcontracted work and other external costs	137.8	133.5
Cost of network management	135.9	113.6
Other operating expenses	29.0	21.8
Total other operating expenses	302.7	268.9

Other operating expenses mainly comprise goods and services which N.V. Nederlandse Gasunie procures for providing services to its group companies, including GTS as the national transmission system operator for gas transport in the Netherlands. The cost of network operations mainly comprises the procurement of nitrogen production capacity, electricity and gas for the company's own use for gas transport.

50. Financial income and expenses

Financial income and expenses can be broken down as follows:

<i>In millions of euros</i>	2020	2019
Interest income and similar income	115.3	118.8
Total finance income	115.3	118.8
Interest expenses and similar expenses	-74.2	-93.0
Other finance expenses	-3.8	-3.5
Total finance expenses	-78.0	-96.5
Total finance income and expenses	37.3	22.3

Interest income and similar income mainly covers interest charged on loans to group companies and interest on tax assessments.

Interest expenses and similar expenses primarily relate to the interest charged on non-current loans. The decrease in interest expenses can mainly be explained by the once-only expense of approximately € 15.7 million in 2019 as a consequence of the partial repayment of two bond loans ahead of schedule.

51. Income taxes

N.V. Gasunie heads the fiscal unity in the Netherlands for the purposes of corporate income tax and VAT. The tax expense in the statement of profit and loss can be broken down as follows:

<i>In millions of euros</i>	2020	2019
Corporate income tax for the financial year	55.7	45.9
Corporate income tax for the previous financial years	-8.6	1.4
Corporate income tax for the fiscal unity	47.1	47.3
Movement in deferred taxation	155.5	46.1
Tax expense fiscal unity	202.7	93.4
Allocated to Gasunie Transport Services B.V.	-183.8	-78.8
Total tax expense N.V. Nederlandse Gasunie	18.9	14.6

The movements in deferred taxation in 2019 and 2020 are partly attributable to the changes in the Dutch corporate income tax rate. Furthermore, the reversal of the impairment loss recognised in the past had consequences for deferred taxation. More information about the reversal of the impairment loss recognised in the past can be found in [note 4 'Impairment tests'](#).

52. Other items

For information on other items in the company statement of financial position and statement of profit and loss, please see the [notes to the consolidated financial statements](#).

53. List of group companies and participating interests

A list of the group companies and other participating interests is provided below.

Company	Registered office		Interest as at
		31 Dec. 2020	31 Dec. 2019
Subsidiaries			
Gasunie BBL B.V.	Groningen	100%	100%
Gridwise Engineering & Services B.V.*	Groningen	100%	100%
Gasunie New Energy B.V.	Groningen	100%	100%
Gasunie Waterstof Holding B.V.**	Groningen	100%	
Hynetwork Services B.V.***	Groningen	100%	100%
Gasunie LNG Holding B.V.	Groningen	100%	100%
Gasunie Ambigo B.V.	Groningen	100%	100%
Gasunie Transport Services B.V.	Groningen	100%	100%
Gasunie Energy Information Services B.V	Groningen	100%	100%
EnergyStock B.V.	Groningen	100%	100%
Gastransport Noord-West Europa Holding B.V.	Groningen	100%	100%
Gastransport Noord-West Europa 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 Deutschland GmbH & Co. KG	Hanover, Germany	100%	100%
Gasunie Deutschland Verwaltungs GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Transport Services Holding GmbH	Hanover, Germany	100%	100%
Gasunie Deutschland Transport Services GmbH	Hanover, Germany	100%	100%
Gasunie Infrastruktur AG	Zug, Switzerland	100%	100%
Gasunie Warmte Holding B.V.	Groningen	100%	100%
LdM Beheer B.V.	Rotterdam	100%	100%
LdM C.V.	Rotterdam	100%	100%
LdM 1 B.V.	Rotterdam	100%	100%
LdM 2 B.V.	Rotterdam	100%	100%
LdM 3 B.V.	Rotterdam	100%	100%
LdM 4 B.V.	Rotterdam	100%	100%
LdM 5 B.V.	Rotterdam	100%	100%
LdM 6 B.V.	Rotterdam	100%	100%
LdM 7 B.V.	Rotterdam	100%	100%
Vertogas B.V.	Groningen	100%	100%
Gasunie CC(U)S Holding B.V.**	Groningen	100%	-
Gasunie Rotterdam CC(U)S B.V.**	Groningen	100%	

Company	Registered office		Interest as at
		31 Dec. 2020	31 Dec. 2019
Joint operations			
BBL Company V.o.f.	Groningen	60.0%	60.0%
Arbeitsgemeinschaft GOAL/Fluxys NEL-Projektphase****	Hanover, Germany	-	51.3%
European Gas Pipeline Link (EUGAL) BTG	Kessel, Germany	16.5%	16.5%
Ambigo V.o.f.	Groningen	46.7%	46.7%
Joint ventures			
Biogas Netwerk Twente B.V.	Almelo	50.0%	50.0%
Demonstratie Faciliteit Super Kritische Water Vergassing (SKW) Alkmaar B.V.	Alkmaar	50.0%	50.0%
DEUDAN - Deutsch/Dänische Erdgastransport GmbH	Handewitt, Germany	75.0%	75.0%
DEUDAN - Deutsch/Dänische Erdgastransport GmbH & Co. KG	Handewitt, Germany	33.4%	33.4%
Gate terminal C.V.	Rotterdam	50.0%	50.0%
Gate terminal Management B.V.	Rotterdam	50.0%	50.0%
German LNG Terminal GmbH	Hamburg, Germany	33.3%	33.3%
NETRA GmbH Norddeutsche Erdgas Transversale	Emstek/Schneiderkrug, Germany	50.0%	50.0%
NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG	Emstek/Schneiderkrug, Germany	44.1%	44.1%
Porthos Development C.V.**	Rotterdam	33.3%	-
Porthos Development Management GP B.V.**	Rotterdam	33.3%	-
Associates			
GASPOOL Balancing Services GmbH	Berlijn, Germany	20.0%	20.0%
Other participating interests			
Energie Data Services Nederland (EDSN) B.V.	Arnhem	12.5%	12.5%
PRISMA European Capacity Platform GmbH	Leipzig, Germany	12.7%	12.7%
Nord Stream AG	Zug, Switzerland	9.0%	9.0%

* Previously Gasunie Engineering B.V.

** Newly founded entity in 2020

*** Previously Gasunie Waterstof B.V.

**** Entity liquidated in 2020

15 Signature

Signature

The Executive Board,

Mr J.J. Fennema*, chair

Ms J. Hermes*

Mr B.J. Hoevers

Mr U. Vermeulen

The Supervisory Board,

Mr P.J. Duisenberg, chair

Mr D.J. van den Berg

Ms M.M. Jonk

Mr W.J.A.H. Schoeber

Mr A.S. Visser

Ms C. Wielinga

Groningen, 4 March 2021

*Director under the articles of association

Annual Report

Other information



16 Other information

Provisions of the articles of association governing profit appropriation

In line with Article 39, paragraph 2 of the articles of association, the profit in the financial year 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.

Independent auditor's report

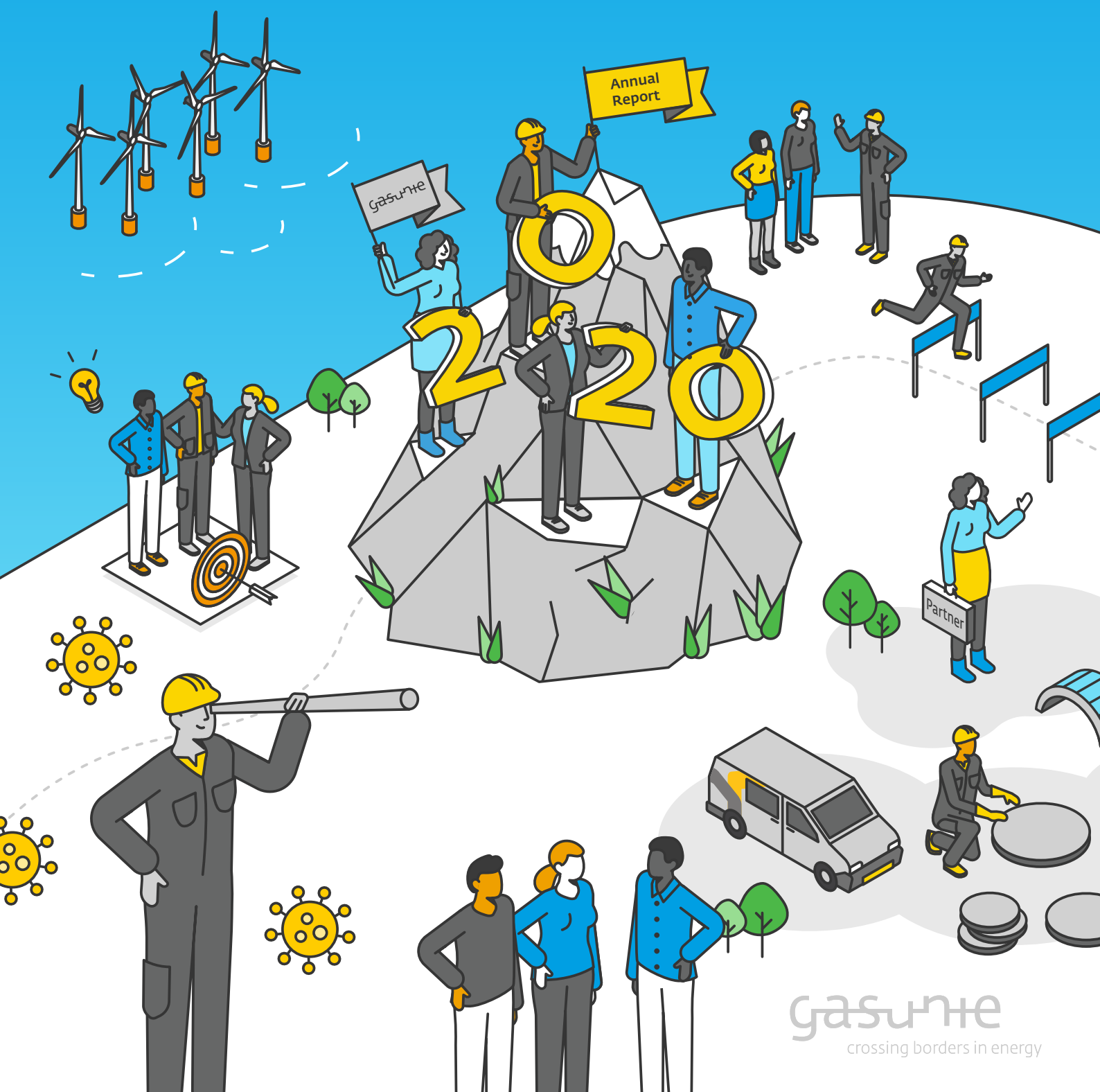
The independent auditor's report with respect to the consolidated and company financial statements 2020 is included in the annual report in Dutch. Refer to [Controleverklaring van de onafhankelijke accountant](#).

Assurance report of the independent auditor

The assurance report of the independent auditor with respect to the 2020 Sustainability Information is included in the annual report in Dutch. Refer to [Assurancerapport van de onafhankelijke accountant](#).

Annual Report

Annexes



17 Annexes

Report of the Works Council

As the Works Council, we safeguard the balance between the interests of the organisation and those of its employees *. We actively join the Executive Board's thought process to implement the plans that are needed for the continuity of our organisation and expect our Executive Board to give our employees the opportunity to grow with the changes that are required at the company.

* The Works Council looks after the interests of Dutch-based employees. For our employees in Germany, there is a Betriebsrat, which deals with individual HR matters and not, like in the Netherlands, with matters concerning the workforce as a whole.

The making of a social plan

The request for advice on the closure of the regional offices in Deventer and Waddinxveen at the end of 2021 made it truly hit home last year what impact this proposed decision will have on a large number of Gasunie employees. Site-specific jobs will cease to exist when these two sites close at year-end 2021, field staff have been reassigned to other bases, and office staff have been informed that they will be transferred to Groningen. If they want to keep their job, they will have to move to Groningen. Not every employee is able or willing to do that, and so, a number of employees stand to lose their jobs. With this in mind, we teamed up with the Executive Board and trade unions to put together a sound social plan that is geared towards helping employees find other work - along with a severance payment. We are pleased with the result: in April, Gasunie adopted the social plan for colleagues who will be made redundant.

An organisation in a state of flux

As part of the further optimisation of the organisation, we looked at a number of requests for advice over the past year. Our recommendations have, for example, led to a flatter IT department. And a Hydrogen Business Development department was set up to put more steam behind the realisation of our ambitions in that area.

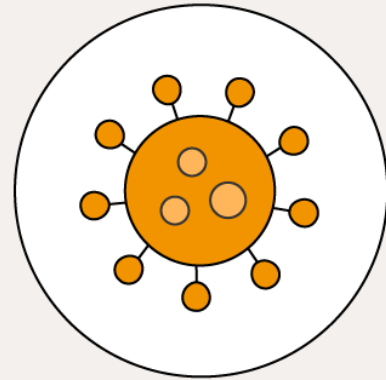
We also bid farewell to an outdated performance review system. From 2021 onwards, instead of reviewing past performance, we will look ahead to future performance through engaging conversations between manager and employee, with a focus on development and learning. This is in keeping with the learning organisation that Gasunie aspires to be, and is necessary to be able to meet the targets from our Vision 2030. The new performance assessment system has been named FLOW, which is the Dutch acronym for Focus on Learning, Development and Agility. It revolves around how each individual employee can contribute to Gasunie's vision, charting the ideal development path for each employee individually.

Together with the Supervisory Board, we started the search for two new Supervisory Board members to replace Martika Jonk and Willem Schoeber at the 2022 AGM. In the profile we have put together, we look specifically at the added value created for our overall area of work. The new members will have to be

able to contribute to the role we want to fulfil in the energy transition in the European playing field. Experience working at an organisation in a state of flux would also be a plus.

The impact of COVID-19

Like the rest of our organisation, the Works Council was also impeded in its activities by the global COVID-19 outbreak. Our in-person meetings became online Teams meetings, which turned out to be challenging given that there are fifteen of us, plus our official secretary and the various guest speakers we invited. We were also forced to rather abruptly abandon our good habit of having our meetings at various sites across the country, as well as the lunches with the people we represent to get a feel for what is happening across the organisation. As a replacement for these opportunities for coordination with employees across the country, we will be organising virtual meetings in 2021. And we will continue to do so until we are able to safely meet in person again.



Upcoming challenges

As the Works Council, we back the Vision 2030 that many colleagues had a hand in drawing up last year. We understand that we, as an organisation, are facing a major challenge. A challenge that will bring several changes and increasingly require us to become more agile. The way we work together is set to change and we will need new competencies. This means that we need to get a good idea of what changes are coming at us and what this means for our employees, so that as many of them as possible can help shape that future.

Conclusion

We will continue to work hard to process requests for advice and consent quickly and meticulously. When it comes to organisational changes with a minor impact, we will handle them without a formal procedure after running a series of careful checks, like we did last year. This, too, is a sign of a flexible organisation.

Other data – employees

1. Total number of employees

Type of contract, gender	Full-time equivalents			Number of persons		
	GU	GU-NL	GU-D	GU	GU-NL	GU-D
Permanent employment contract, female	213	163	50	239	184	55
Permanent employment contract, male	1267	1086	181	1288	1106	182
Temporary employment contract, female	29	28	1	33	32	1
Temporary employment contract, male	49	39	10	50	40	10
Total	1558	1316	242	1610	1362	248

Type of employment, gender	Full-time equivalents			Number of persons		
	GU	GU-NL	GU-D	GU	GU-NL	GU-D
Full-time, female	136	99	37	136	99	37
Full-time, male	1187	999	188	1188	999	189
Part-time, female	106	92	14	136	117	19
Part-time, male	129	126	3	151	147	4
Total	1558	1316	242	1611	1362	249

2. Total number of temporary employees

Gender	Full-time equivalents			Number of persons		
	GU	GU-NL	GU-D	GU	GU-NL	GU-D
Female	52	52	0	61	61	0
Male	327	327	1	363	361	2
Total	379	378	1	424	422	2

Other data – stakeholders

We identify our stakeholders by the extent to which our activities affect them, and the extent to which they can have an influence on our organisation or operations.

We value the feedback of our stakeholders. It helps us to better align our services with their needs. We collect feedback during all contact opportunities. Below, we give a brief overview of our stakeholders, their interests and the way we take these into account in the implementation of our strategy, our policy and our activities:

Stakeholder	Interests /expectations of stakeholders	Manner and frequency of involvement	Discussion points and outcomes in 2020
Employees	Good employment practices	Intranet (daily)	Developing new business with new opportunities and possibilities
		Dynamo teams (theme-based consultation teams/think tanks) (as often as needed)	
		'Rondje Land' (Executive Board) (annually)	
		Koers (staff magazine about the business plan, Green Deals, and other topics) (annually)	
		Employees may be members of a trade union	

Stakeholder	Interests /expectations of stakeholders	Manner and frequency of involvement	Discussion points and outcomes in 2020
Works Council	Safe and healthy	Employee survey (once every two years), Safe@Gasunie Safety Day (annually)	Safe@Gasunie Safety Day, which takes into account the interests of society, which benefits from reliable, safe and affordable gas transport and a safe working environment for employees.medewerkers
	Development opportunities	Through Works Council (monthly), Intranet	Safe and healthy working environment, sustainable employability programme for 2020, which will be developed by employees
	Clarity regarding proposed plans and activities	Consultations with the board (once every two months)	
	Good representation of employees' interests	Committees (monthly)	New business plan
Local residents		Working groups for Requests for Advice (periodically)	Closure of Deventer and Waddinxveen regional offices
		Unit meetings (quarterly)	
	Safe environment	Open Days (varying)	Timely information about activities that affect immediate surroundings
	Information about activities	Newsletters and letters (periodically)	Strict safety measures during activities
Shareholder (the Dutch state)	Inclusion in advance in the event of new plans/projects	Information evenings (varying)	At the start of the project, we discuss the impact the project might have on local residents and, if necessary, look for customised solutions to prevent temporary inconvenience.
		Educational packages for schools	
		Websites and social media (daily)	
	Solid returns	Regular consultations and reporting	Solid results, approval of investments
Customers and affiliates	Safe, reliable and sustainable energy supply	Annual General Meeting of Shareholders	Remuneration policy, approval of appointments
	Gasunie's strategy	Regular consultations	Approval of recalibrated strategy
	Products and services that meet market demand and/or comply with European laws and regulations	Personal contacts (daily)	High transport security
	Transport security	Customer desk (daily)	Products and services based on (among other things) market demand and laws and regulations
Investors and bond holders		Shipper meetings (twice a year)	
		Website (daily)	
		Stakeholder event (annually)	
	Solid returns, financing	Road show, providing investor relations information when annual report goes live	
Suppliers	Long-term relationship	Personal contacts (daily)	Long-term contracts
	Good price and adding the most value	Audits (varying; on average ten times a year)	Competitive tenders
		Website (daily)	Independent audits
			Improvement plans for suppliers, based on the outcomes of audits
Dutch Ministries (including Economic Affairs and Climate Policy)/House of Representatives	Safe, reliable and sustainable energy supply	Periodic consultations and working visits	Informatievoorziening (in het bijzonder ten behoeve van het Groningendossier en energietransitie)
	Well-functioning energy market	Regular consultations	Informatievoorziening en kennisuitwisseling
	Affordable energy market	Periodic consultations	Informatievoorziening en kennisuitwisseling
		Participation in policy consultations (periodically)	
Social organisations	Energy transition	Periodic consultation, advice on the phase-out of gas production from the Groningen field	
	Climate Agreement	Participation in the Electricity round table and in the working groups on sustainable gases, hydrogen and system integration	Exchange of knowledge and embedding our activities in terms of the energy transition and the Climate Agreement
			Signing of the Climate Agreement by Gasunie
	Safe, reliable and sustainable energy supply	Consultations	Sustainable initiatives (e.g. in the field of green gas, CO ₂ , hydrogen and heat)
	Minimum environmental impact	Social platforms like Springtij (annually)	Collaboration and participation in new initiatives aimed at making the energy supply more sustainable
		Working visits and consultation (periodically)	Collaboration and participation in new initiatives aimed at making the energy supply more sustainable

Stakeholder	Interests /expectations of stakeholders	Manner and frequency of involvement	Discussion points and outcomes in 2020
		Coalition formation, such as the Hydrogen Coalition, Dutch Renewable Energy Federation (NVDE), Transition Coalition	Adding policy bottlenecks to the agenda with the aim of accelerating the energy transition
Regulatory authority	Well-functioning gas market	Consultations (periodically)	ACM's new method decision
	Market-based rates	Sounding board groups (periodic)	BNetzA decision on cost allocation
			Implementing of tariff regulation
			Efficiency measures

Other data regarding safety and the environment

Reportable incidents

The table below shows the number of incidents that occurred involving Gasunie employee and incidents involving contractors' employees while carrying out work for Gasunie.

	2019	2019	2019	2020	2020	2020
	NL	DU	Totaal	NL	DU	Totaal
Number of reportable incidents						
Reportable incidents resulting in absence						
- Gasunie employees	0	1	1	1	0	1
- Third parties	3	1	4	1	3	4
Reportable incidents not resulting in absence						
- Gasunie employees	2	0	2	2	0	2
- Third parties	2	0	2	3	0	3
Total reportable incidents	7	2	9	7	3	10
Frequency index for reportable incidents (number of incidents per 1 million hours worked)						
Reportable incidents resulting in absence						
- Gasunie employees	0.0	2.6	0.4	0.5	0.0	0.4
- Third parties	1.2	4.4	1.5	0.5	10.1	1.7
Reportable incidents not resulting in absence						
- Gasunie employees	0.9	0.0	0.8	0.9	0.0	0.8
- Third parties	0.8	0.0	0.7	1.4	0.0	1.3
Total frequency index	1.5	3.3	1.7	1.7	4.4	2.0

Reportable incidents can be categorised as follows:

- Fatal incidents

In 2020, there were no work-related fatalities among Gasunie employees or external employees.

- Reportable incidents resulting in absence

An incident involving injury whereby the injured person does not resume work within 1 working day (24 hours) and there is no option for the injured person to do alternative work.

- Reportable incidents not resulting in absence are:

- Incident with alternative work

An incident following which the injured person is unable to resume normal work within 1 working day (24 hours) but can do alternative work within 24 hours.

- Medical treatment

An incident where medical treatment was required (= treatment by a general practitioner or medical specialist).

CO₂ emissions according to the GHG Protocol

Emission source	2016	2017	2018	2019	2020
(in kilotonnes of CO ₂ equivalents)					
Scope 1					
Leased cars and company cars	5	4	4	3	2
Gas consumption in buildings	2	2	2	3	3
Methane (network losses)	181	124	129	115	111
SF ₆	-	-	-	-	-
Gas usage in installations	119	124	119	128	169
Emergency generators	-	0	0	-	0
Refrigerants	-	6	1	-	1
Total scope 1	307	260	255	249	286
Scope 2					
Heating in buildings	-	-	-	-	-
Electricity usage in buildings	4	3	2	1	0
Electricity usage in installations	313	267	163	78	0
Total scope 2	317	270	165	79	0
Scope 3					
Business travel, flights and train travel	1	1	1	1	0
Commuting	1	2	1	1	0
Procurement of N ₂	113	112	108	92	42
Total scope 3	115	115	110	94	42
Total net scope 1 + 2 + 3	739	645	530	421	328
Decarbonising through Guarantees of Origin	78	247	358	521	728
Total gross scope 1 + 2 + 3	817	892	888	942	1056

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, and our own gas consumption for heating buildings and for the boilers at gas receiving stations). This category also includes the CO₂ equivalents due to methane emissions and the emission of hydrofluorocarbons (HFCs) used in cooling processes.

Scope 2

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

From consumption to CO₂ equivalents

The table below shows the calculation of the CO₂ equivalents for 2019 for the largest sources of emissions, broken down by country (the Netherlands and Germany). The conversion factor for electricity consumption is based on the statement from the energy supplier (2019 fuel mix). The conversion factor for the network losses is derived from the IPCC Fourth Assessment Report 'Climate Change 2007' (Direct Global Warming Potential, Methane, time horizon 100 years = 25).

From consumption	Unit	Consumption		CO2 equivalents	Made sustainable with	kilotonnes of CO2 equivalents (net scope)	
to CO2 equivalents							
		NL	DE	conversion factor	certificates	NL	DE
					Kilotonne of CO2e		
Scope 1							
Network losses	tonnes of methane	4.000	433	25 kg CO2/kg CH4	-	100,0	10,8
Gas consumption in buildings and installations	million kWh	485	484	approx. 1.8 kg CO2/m3	-	89,0	82,9
Mobility (own)	fuel					1,7	0,1
Other						1,5	-
Subtotal						192,2	93,8
Scope 2							
Electricity consumption NL GTS/Participating interest	million kWh	557/148		0.57 kg CO2/kWh	313,8/83,7	-	
Electricity consumption DE	million kWh		9	0 kg CO2/kWh	none		-
Subtotal						-	-
Scope 3							
Procurement of N2	million kWh	657	-	0.57 kg CO2/kWh	330,4	41,7	
Mobility (third parties)	fuel				0,1	0,6	0,2
Subtotal						42,3	0,2
Scope 1+2+3							
						234,5	94,0

Natural gas consumption

Our natural gas consumption over the past five years was as follows:

Natural gas consumption	2016	2017	2018	2019	2020
(in millions of kWh; conversion factor 9.77 kWh=1m ³)					
Netherlands	492,4	518,8	485,6	458,8	485,0
Germany	229,6	215,9	210,1	284,5	483,8
Total	722,0	734,7	695,7	743,3	968,7

Our natural gas consumption depends in particular on the demand for natural gas and the weather conditions during the year. The increase in natural gas consumption over the past year came primarily as a result of increasing use of the Wieringermeer compressor station. Wieringermeer is used for transport and quality conversion from high-calorific gas to Groningen-quality gas.

Electricity consumption

Our electricity consumption over the past five years was as follows:

Electricity consumption	2016	2017	2018	2019	2020
(in millions of kWh)					
Netherlands	685,9	690,2	763,9	656,2	704,9
Germany	7,3	7,5	8,5	8,4	8,5
Total	693,2	697,7	772,4	664,6	713,4

Our electricity consumption depends on the use of our electrically-powered compressors and the energy required for our own nitrogen production operation. A small percentage of the electricity consumption is required for our offices. In 2020, our electricity consumption was up slightly on 2019. This increase was caused by the fact that the Noord-Holland compressor station now transports gas both to and from the UK.

NO_x emissions

Our NO_x emissions over the past five years were as follows:

NO _x emissions	2016	2017	2018	2019	2020
(in tonnes)					
Netherlands	70	83	95	59	71
Germany	29	29	29	42	79
Total	99	112	124	101	149

Our NO_x emissions increased in 2020 compared to 2019. This was due to the increased use of the Wieringermeer compressor station in the Netherlands. In Germany, more gas was transported in 2020, meaning that the compressor stations were used more.

Health, safety and environment

Our goal in terms of Health, Safety and Environment (HSE) is to make sure that everyone working on our infrastructure can do their work safely and without being exposed to risks of long-term health effects. In this same context, it is also important that people and animals can continue to live safely near our infrastructure and that the environment be protected. We have set up our HSE processes in accordance with the highest standards in the industry.

At Gasunie, we have opted for a proactive approach to preventing workplace accidents and incidents, both for our own employees and those of third parties. Everyone who works for us is obliged to comply with laws and regulations and with our own additional requirements.

Moreover, when accidents, incidents and dangerous situations are reported, we determine which measures need to be taken to prevent such incidents from happening in the future. We foster learning by distributing and discussing Learning Incident bulletins and events at companies with similar operations to ours. This helps to enhance awareness and support for implementing improvement measures.

We devote considerable attention to creating a healthy and safe working environment, both in our offices and in the field. Our manuals include rules and procedures for this purpose, from rules relating to ergonomic workstations for office staff to the conduct of employees working in the field.

Occupational hygiene

The purpose of Gasunie's occupational hygiene policy is to protect employees against work-related hazards that could cause long-term health effects. Article 5 of the Dutch working conditions act requires employers to conduct a Hazard identification and risk assessment (HIRA) or commission an external firm to conduct this assessment. The HIRA is a written record of all the risks to which employees are exposed in their work, and it is the foundation for the working conditions policy. Gasunie's most recent HIRA dates back to 2017 and will be updated in 2021.

Exposure to hazardous substances

The Dutch government's policy is to minimise the use of carcinogenic, mutagenic and reprotoxic substances (CMR substances). Where possible, Gasunie tries to limit the number of CMR substances we use by switching to alternative non-CMR substances. Where such an alternative is not available, we have created working methods that will minimise employees' exposure to these substances. By the end of 2020, the number of CMR substances that Gasunie uses had been reduced to under 20. Two years ago, this number was over 100. The next step is to look for alternatives to the remaining hazardous substances (over 800) that we still use.

Chromium-6

Knowing that the coating that was used on Gasunie assets in the past contains chromium-6, Gasunie make sure that all work on its infrastructure is performed in line with the control regime created by the government. Gasunie has furthermore, together with other network operators, measured the level of exposure during normal activities. The results of these measurements are incorporated into working methods so as to ensure that our employees can work safely and without health risks.

Diesel engine emissions

In late 2020, the first diesel engine emission exposure measurements were performed. In the Netherlands, awareness of the risks of diesel engine emissions as a carcinogenic substance has grown over the past years, which was reason for Gasunie to measure exposure to these emissions as well. In 2020, measurements were conducted during various jobs, and there will be further measurements in 2021.

Asbestos

Asbestos is a natural product that was widely used for all kinds of purposes in the past because it is strong, durable, fireproof, insulating and cheap. Although this material was banned in mid-1993, not all asbestos was removed and the use of asbestos did not stop altogether from that date. Asbestos was used for very diverse purposes, ranging from packaging to structural parts of Gasunie's buildings or third-party buildings (gas receiving stations). Over the period from 2013 to 2017, Gasunie inspected all its aboveground assets for asbestos, removing any asbestos found. Underground assets, however, may still contain asbestos.

Physical strain

In 2020, several measurements were conducted during activities involving physical strain that may constitute a risk. Due to the pandemic, these measurements could not be completed in 2020.

Physical strain also includes an ergonomic workplace at the office or behind the wheel of a vehicle. Gasunie pursues a policy of workplace inspections that help employees with advice and resources to ensure a healthy workplace. These inspections also look at the posture of drivers of vehicles. When procuring company vehicles, our choice of vehicle is increasingly determined by the criterion of good vehicle ergonomics.

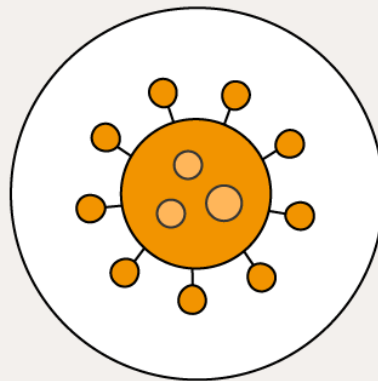
Due to COVID-19, many more people are working from home than before the pandemic. In 2020, Gasunie set up a home workplace allowance scheme for all employees as an initial step to enable ergonomically sound home workplaces.

Biological agents

Besides legionella, there are a number of other risks, especially in field work situations, that had not been identified yet. These include viruses and other pathogenic organisms that could, for example, be present in animal faeces. We finished identifying all these risks in 2020.

The year 2020 brought an unexpected pathogenic organism into our lives that poses a risk to everyone in workplaces everywhere: COVID-19. Our Safety department's response was focused on:

- disinfecting workplaces and facilitating hand sanitisation, specifically recommending the use of products that do not contain alcohol (which is a carcinogenic substance);
- inspecting the ventilation system at the offices and sites to prevent possible infection through aerosols;
- safe working by keeping a distance of 1.5m and using suitable personal protective equipment.



Safety Day

Every year, Gasunie organises the Safety Day for all staff under the name Safe@Gasunie. The 2020 edition of the Safety Day was themed Safe & Connected. Due to the COVID-19 restrictions, we opted to take the event online this year.

Topics covered included our collaboration across the process chain and professional discipline: each employee's personal responsibility for safety.

Session participants greatly appreciated the opportunity to engage on the various topics with employees from different departments online. The online Safety Day ultimately resulted in a shared positive outlook on the continuation of the work during a pandemic and a better understanding of the 'safety buffer' concept developed by Gasunie to raise risk awareness.

Over 1,150 Gasunie employees took part in the 115 workshop sessions. The results of the workshops have been summarised and presented to the managers, so that they can follow up on the Safety Day in their respective teams.

Product and supplier information & Socially responsible procurement

Markets and customers

Our most important markets are the Netherlands and Germany. Our customer base consists of shippers, traders and directly connected parties (industries, regional transmission system operators, private network operators, foreign network operators, gas producers, operators of gas storage facilities and operators of LNG plants).

Production factors

The most important products and services that we procure are the following:

- services for construction, management and maintenance of pipeline networks and systems;
- materials for construction, management and maintenance of pipeline networks and systems;
- gas, electricity and nitrogen; IT;
- facility services and temporary staff.

Origins of raw materials, materials, products and services

Most of what we procure comes from the European Union. Broken down by country, 69% comes from the Netherlands, 27% from Germany, 2% from Belgium and 2% from other countries.

Transparency and integrity in supplier selection

We put our contracts out to tender in accordance with the regulations for European tendering procedures. The Dutch Public Procurement Act 2012 (special sector contracts), the Tendering Regulations for Utility Sectors 2016 and the Gasunie Tendering Regulations apply to these tendering procedures. The process that we follow usually involves a selection of potential suppliers followed by the award of the contract to the supplier with the most attractive offer.

In the selection phase, we ask potential suppliers to fill in and validly sign a Tenderer's Statement. In this statement, the tenderer declares, among other things, that it does not participate in a criminal organisation, corruption, fraud, terrorist crimes, money laundering, child labour or other forms of human trafficking. We use a standard Uniform European Tendering Document from the Ministry of Economic Affairs and Climate Policy for this. The tenderer must also be able to present a certificate of conduct for procurement, which is a certificate from the minister of Justice and Security stating that an investigation into the natural person or legal entity concerned has not resulted in any objections to the party tendering for government contracts.

We also conduct due diligence into the supplier's solvency and the composition of its customer portfolio, to ensure that it is not unduly dependent on only one or just a few customers and to mitigate potential risks.

We have a Code of Conduct for suppliers. Among other things, the Code covers safety, health and environmental matters. In 2020, we supplemented this code with additional aspects from the OECD guidelines. This 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. In order to verify a number of aspects, we also request a list of references.

After we have selected the potential supplier, we conduct audits in many cases, to test the supplier's safety and quality performance. Integrity aspects are also examined in certain cases.

The information exchange for the tendering procedures takes place transparently, traceably and entirely electronically, through TenderNed and Ariba eSourcing.

After a contract has been established, we hold regular Business Review Meetings, as well as specific audits if there is occasion to do so. In the event of persistent underperformance, we may cease working with the supplier in question.

Supplier categories

We classify our product and service groups into the following categories:

- Strategic: a product and/or service whereby stringent requirements are imposed on the supplier of the product and/or service, due to the risk of reputational damage and the costs of finding a new supplier.
- Critical: a product and/or service whereby relatively less stringent requirements are imposed on the supplier of the product and/or service, due to the risk of reputational damage.
- Non-strategic/non-critical: all other products and services are classified as non-strategic and non-critical.

Socially responsible procurement

Policy

Socially responsible procurement addresses questions about a sustainable supply chain: What is going on at our suppliers? Where do our raw materials come from? Who manufactures our products and how?

Part of tendering and contract management is determining how the objectives for socially responsible procurement are achieved. There are many ways of doing this, and it will differ significantly for each category of goods.

Our overarching theme in the domain of socially responsible procurement is to take our responsibility in the (international) supply chain. In fleshing out the concept of supply chain responsibility, we defined the following three themes in relation to socially responsible procurement; products and/or services procured are assessed in light of these themes:

Environmental and energy aspects at third parties

This concerns energy usage in production, but also the environmental impact (CO₂ emissions, damage and pollution to soil/water/air, water consumption, etc.). When products and services are purchased, we can use tendering instruments such as the CO₂ performance ladder to assess suppliers of products and services for energy usage and environmental impact.

Social aspects

Where possible, our purchasers take social return (creating more employment for people with poor job prospects in line with the Dutch Participation Act) and social conditions (human rights, good working conditions and a living wage) into account in awarding contracts.

Circularity and recycling

In a circular economy, the wastage of raw materials is combated by maximising the reusability of products and materials and minimising value destruction. The essence of a circular economy is to preserve value, both in terms of ecological value (no wastage of raw materials) and financial value (reducing losses).

The Procurement department ensures that products and services procured are suitable for high-quality recycling by making agreements about this with the supplier. Preserving the value of the products and materials is crucial for this.

By way of a pilot project, we have had two floors of our head office completely refurbished. In total, 3,862kg of wooden desktops, cabinets and window frames were 'harvested' and processed. The silence cabins, for example, were made using door frames. Other furniture was donated to non-profit organisations and the carpet was taken back by the manufacturer to be used as a raw material for new carpets. This pilot made it into the [top 10 best interior design projects](#) published by De Architect trade journal in 2020.

Dealing proactively with situations in which the technical life of an asset will exceed its economic life, by anticipating a possible second life for an asset, for instance, means we can prevent value destruction. Our aim is to produce as little waste as possible at the end of a product's useful life and to recycle wherever possible.

Ambition

In terms of socially responsible procurement, it is our ambition to be in the top quartile of European TSOs. We want to align our socially responsible procurement policy with our CSR policy and our strategy. A concrete example of this is that we managed to decarbonise 100% of the electricity we used in 2020 through Guarantees of Origin. Over the coming years, we want to start procuring green power directly instead. Energy efficiency is an increasingly important factor in procuring pumps and compressors, such as for WarmtelinQ. And we are increasingly asking contractors at our building sites to not only reduce their carbon emissions, but also their nitrogen emissions.

Reporting principles

Material topics

Purpose of the materiality analysis

A materiality analysis is intended to confine the content of the annual report to the most relevant topics for stakeholders, in relation to the impact we, as an organisation, have on these topics. These are the 'material' topics. Deciding on the material topics is the starting point for the GRI Standards and Integrated Reporting guidelines.

Background

In 2019, we conducted our most recent biennial analysis. In so doing, we expanded the group of internal stakeholders by asking the Executive Board, the Supervisory Board and representatives of senior management to complete the survey. As such, our Executive Board members were closely involved in establishing the material topics and in their management and control.

Structure of the survey

We started by drawing up a new shortlist of relevant topics, which were then presented to external and internal stakeholders in the form of a survey. This shortlist emerged from a longlist. The longlist contained all the possible topics we could report on and was compiled by means of various internal and external reports, annual reports of a number of comparable companies, statements in the media and trends and developments in our sector.

The list of 11 topics is substantially shorter than the previous list of 22 topics. To arrive at the ultimate list, we chose topics with the same level of abstraction, i.e. topics on which Gasunie can exert control (so no external macro developments). Furthermore, we left out topics that were not considered to be material right from the start (such as socially responsibly procurement) and those that are already mandatory (such as governance and risk management). We were left with a concise list, which enabled us to introduce focus to the annual report.

In order to include recent developments, the recent Sustainalytics ESG Risk Rating and the topics in the OECD guidelines were incorporated into the external assessment of the topics as well as the scores from the survey.

Structure of the materiality survey

We used an online survey provided by SurveyMonkey to get stakeholders to select material topics. External respondents were asked to select five topics and then put them in order of relevance to Gasunie. To determine internal priorities, we then asked our management to complete the survey on this basis.

Reporting policy

Transparency benchmark/GRI/Integrated Reporting

In drawing up this report, we followed the Transparency Benchmark Criteria of the Dutch Ministry of Economic Affairs and Climate as much as possible. The report was also drawn up in accordance with the GRI Standards, Core application level, and we used the principles of Integrated Reporting from the International Integrated Reporting Council.

OECD guidelines

The government aims to have 90 percent of the 700 major companies subscribe to the OECD guidelines for multinational companies by 2023. That is why we too received a request from the Minister of Foreign Trade and Development Cooperation and the Minister of Finance among others in 2019 asking us to indicate what exactly is expected from us if we wish to subscribe to the OECD guidelines. After an initial analysis, we can conclude that we already subscribe to a number of the OECD guidelines. We will examine the guidelines in more detail in the coming year and, where necessary, take action in order to comply with this request in 2023.

EU Directive on non-financial reporting

In order to encourage further non-financial reporting, the EU published the EU Non-financial Reporting Directive in 2014 (EU NFRD – 2014/95/EU). This directive was anchored in Dutch legislation in two separate regulations: disclosure of non-financial information and disclosure of diversity policy. The first disclosure requires public-interest organisations with more than 500 employees to explain how they address environmental, social and HR matters, the respecting of human rights and the fight against corruption and bribery in their operations and value chain. This should include policy, results, main risks and control measures, and non-financial KPIs with regard to these areas. The second disclosure requires an explanation regarding the diversity policy for the Executive Board and the Supervisory Board.

The table below shows how we satisfy both the disclosures mentioned.

Topic	Material topic for Gasunie	Reference
Environ	Energy transition	The policy pursued: Strategy – CSR short-term and long-term management agenda
		The results of the policy pursued: Energy transition results; Environmental results and CSR
		The main risks and managing these risks; Risk management and compliance, Connectivity matrix, environmental irregularities Essential non-financial performance indicators: Connectivity matrix
Social and HR matters	Safety of the network	The policy pursued: Strategy – CSR short-term and long-term management agenda; Employee health, safety and development, Safety results
	Employee health, safety and development	The results of the policy pursued: Employee health, safety and development results, Safety results, Annexes
		The main risks and how these risks are managed; List of risks in risk management, Connectivity matrix Essential non-financial performance indicators; Connectivity matrix
Respecting human rights	Socially responsible procurement	The policy pursued: Annex on Product and Supplier information & Socially responsible procurement

Topic	Material topic for Gasunie	Reference
		The results of the policy pursued: Annex on Product and Supplier information & Socially responsible procurement
		The main risks and controlling these risks: Gasunie currently has no insight into the specific risks relating to human rights
		Essential non-financial performance indicators: Gasunie currently does not apply any specific KPI in the field of human rights
Fighting corruption and bribery	Employee health, safety and development	The policy pursued: Employees (Conduct Guidelines section); Annex on Product and supplier information & Socially responsible procurement
	Corporate Governance	The results of the policy pursued: Energy transition results; Environmental and CSR results
		The main risks and how these risks are managed: Our risk profile
		Essential non-financial performance indicators: Corporate governance (section on Conduct Guidelines, section on reporting incidents of bribery and corruption, reports of 'suspected misconduct')
Diversity of Executive Board and Supervisory Board	Corporate Governance	The policy pursued: Other data – employees section – Diversity, Corporate Governance
		Objectives and results: Section on other information about employees – Diversity, Corporate Governance

We report on the most relevant performance indicators (KPIs) that stem from our strategy. These include indicators concerning finance, health, safety and the environment, as shown in the management approach to our material themes.

Transparency

We aim to be transparent about our objectives and how we intend to achieve them. In our annual report, we therefore elaborate on our activities and results, explaining not only what went well, but also what did not go so well and what we are doing to improve matters. We review our annual report in light of the criteria of the [Transparency Benchmark \(TB\)](#) and we aspire to remain among the front runners. The criteria in the TB were inspired by such things as the SDGs, the TCFD (Task Force on Climate-related Financial Disclosures), the Corporate Governance Code and the EU Directive on non-financial information.

Our annual report is published every year. Our most recent annual report covered the year 2020 and was published on 5 March 2021. The current edition relates to the 2020 financial year, which runs from 1 January 2020 to 31 December 2020. The report also includes an account of relevant developments that took place in 2021 before the publication of the report.

Scope

For the materiality analysis, we select topics that are relevant to our stakeholders and on which we have an impact as a company. This also helps to determine the scope of this report.

It does not mean, however, that the annual report is entirely limited to these topics. Reporting obligations such as the Dutch Non-Financial Information (Disclosure) Decree and Diversity, for example, require information about such things as human rights, anti-corruption and diversity. Moreover, the investment world is increasingly looking at sustainability risks and in particular, climate risks. Risk aspects associated with all these themes should therefore also be dealt with.

This report covers Gasunie in the Netherlands, Gasunie in Germany, GTS and participating interests in which, in terms of capital provision, Gasunie has a majority shareholding at least 60%. The information about these business units has been included in the total figures and results, to the extent they are available.

With regard to matters relating to safety, health and the environment, differences in legislation sometimes lead to a difference between the data recorded in the Netherlands and that recorded in Germany. Whenever possible, data from the Netherlands and Germany has been combined. Where this is not possible, the data is presented separately. Information on these topics from participating interests in which we have a minority shareholding in terms of capital provision have not been included in the report. Our subsidiary GTS publishes its own annual report, in which its specific results are reported in more detail.

We report on our role as a transporter of natural gas, a supplier of related services, and as owner and operator of the Dutch national gas transport network, but also address relevant internal and external developments that have an impact on our organisation. We also report on our role in energy transition projects and the results of our participating interests. Furthermore, this report includes topics that are relevant in our value chain, but which we cannot influence directly, such as the decline in production in Groningen and the changing composition of gas. Safety is one of our top priorities, which is why we have also included a summary of the safety performance of our contractors in this report.

In accordance with statutory requirements, details about acquisitions and disposals are included in the report covering the year in which they took place.

Data collection process

Both internal and external sources (such as manuals, management information systems and third-party data) are consulted when collecting the data for this report. The departments bearing final responsibility for executing our key policy themes are involved in collecting the non-financial data for this report. Generally speaking, these departments are Safety, Finance, HR, Communications and Public Affairs, both in the Netherlands and Germany. The data they provide is verified by our internal audit as part of their internal auditing activities.

Measuring and registration systems

In broad terms, the environmental data of Gasunie in the Netherlands is measured and recorded as follows:

- Data relating to the use of energy and water is derived from the overviews provided by the suppliers of energy and water at our principal locations. Data relating to the other locations is estimated, based on normal usage and/or third-party invoices.
- 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.
- Data on fugitive emissions is obtained from recent measurements, in accordance with the NEN-EN 15446 method, and from historical research on emissions at specific types of location.

- HFC emissions are calculated on the basis of amounts (in kg) recorded in the logbooks at the various locations.
- All environmental irregularities are registered according to their cause in the Accident database system, from which the reported data is derived.
- Specifications of nitrogen are based on purchasing data and on our own records. We produce and take in nitrogen at the Ommen, Wieringermeer, Zuidbroek, Kootstertille, Pernis and LNG PeakShaver locations.
- Data in relation to our safety KPIs comes from our Accident reporting system.
- General HR data (such as number of FTEs) is taken from SAP.

The environmental data from GUD is collected in various ways in Germany:

- These include direct measurements (electricity, water consumption and emissions), indirect measurements (e.g. calculations of CO₂ and NO_x emissions from fuel gas) and registration (waste collection reported by external suppliers). All data is entered in our environment database. This database is the source of all forms of environmental reporting, including our emissions trading, which is audited and certified each year by an independent third party (the auditing and certification only applies to the emissions trading part). Although we treat our measuring and registration systems with care, we acknowledge that the information provided is, in part, subject to a degree of uncertainty, which is inherent to limitations at the measuring location and with regard to calculation periods.

Changes in definitions and measuring methods

In the past year under review, we replaced pipeline damage as a KPI by the new uncontrolled events KPI. With respect to emissions measurements of fugitive leaks, we are working on making these measurements more accurate. To this end, we compare the emissions measured in accordance with the current (legally prescribed) method (NEN-EN 15446) with more accurate measuring methods.

Verification

In accordance with statutory provisions, our financial statements are audited by an external auditor. The sustainability information in the annual report is also assessed by an external auditor. We have this sustainability information assessed, because it is important to us that a limited degree of assurance be added to this information for the user of this information. As part of this, the sustainability information is reviewed to ensure it has been drawn up in accordance with the GRI Standards, Core application level. The external auditor reports its findings to the Supervisory Board in an audit report and assurance report. Where necessary, the Executive Board takes measures to improve the reporting processes for non-financial information and the sustainability reporting.

The annual report is prepared by the Executive Board and the financial statements it contains are audited by the external auditor. After taking note of the external auditor's opinion and the advice from the Audit Committee, the Supervisory Board advises the General Meeting of Shareholders (AGM) to adopt the prepared financial statements without any amendments. The annual report, including the financial statements, is published within a few days after it is discussed at the AGM.

Management systems

We comply with all national and international legislation in so far as it applies to our company. Furthermore, we apply strict demands: our technical standards are laid down in the Gasunie Technical Standards (which is also what they are called in Germany); what we expect from our employees in terms of acting honestly, safely and responsibly is laid down in our Health, Safety and Environmental standards and in our Conduct Guidelines. [Various brochures and documents](#) relating to these topics can be found on our website.

We have a [whistle-blower policy](#) in place and have appointed seven internal counsellors and one external counsellor to deal with any issues raised. They will not only deal with integrity issues raised, but also handle complaints about misconduct. Our employees can also take any complaints they may have to our complaints committee. Finally, we always make sure we handle with care any complaints that arise from the local communities in which we work.

To guarantee that we take the environment into account in relevant business processes, we have set up our environmental management system in accordance with the international standard, ISO 14001. To ensure compliance with this standard, our environmental management system in the Netherlands is checked annually by an external auditing agency. In 2020, the external audit of the ISO 14001:2015 resulted in the certificate being renewed.

2020 management agenda

On the basis of our strategy, we have set ourselves targets for the long and short-term and processed these in our management agenda. These objectives are also based on underlying milestones. The overview below outlines to what extent we achieved the milestones for each objective in 2020.

	Material topics *	Strategic pillar Pillar I: Optimum infrastructure	Strategic pillar Pillar II: Connecting Europe	Strategic pillar Pillar III: Energy in transition
 Realised  Partially realised  Not realised				
Optimising risk-based asset management with the aim of realising cost reductions within the bounds of the 'licence to operate'.	II, III			
Optimising the position of gas and Gasunie and maintaining the value of the company by means of an optimum regulatory framework and tariff structure.	I, V			
Participating in the phase-out of production from the Groningen gas field.	II			
Enabling the feed-in of green gas into the Dutch transport system faster and at a lower cost.	I, II			
Realising our safety objectives.	III			
Investigating the possibilities for integrating the Dutch and German gas markets.	II, V			
Strengthening our international position in north-western Europe, particularly in Germany. We do this through partnerships and greenfield projects.	II, V			
Working to achieve a leading position in the field of renewable gas (green gas and hydrogen).	I, V			
Taking an active role in the development of heat transport infrastructure and CO ₂ transport and storage.	I, V			
Maximum facilitation of the reuse of existing infrastructure for the transport of renewable gas.	I, V			
Creating a future-proof organisation by improving our flexibility and agility.	I, II, III			
Realising our CSR objectives. Part of this is the targets for carbon footprint reduction.	I, II, III			

* Material topics

1. Energy transition
2. Security of supply
3. Safety of the network
4. Relationship with stakeholders and our communities: this theme is reflected in all topics
5. Strong market position

Connectivity table

Trends and market developments	Strategic pillar	Strategic goals	Material topics	Stakeholders
The changing role of natural gas	Optimising infrastructure	Minimising costs while retaining licence to operate	Financial performance	Customers
			Safety of the network	Regulatory authorities
			Customer-focused and transparent collaboration	Local residents
The changing role of natural gas	Optimising infrastructure	Maximum facilitation of our customers with our infrastructure	Financial performance	Customers
			Security of supply	Regulatory authorities
			Strong market position	Shareholder
Groningen on stand-by earlier than expected	Connecting Europe	Strengthening our position in core area through partnerships and greenfield projects	Financial performance	Investors
			Security of supply	Customers
			Strong market position	Shareholder
Groningen on stand-by earlier than expected	Connecting Europe	Recommendations on security of supply and liquid gas market and facilitating Groningen gas production phase-out	Security of supply	Investors
			Strong market position	Customers
				Societal organisations
Recognition of the importance of molecules	Accelerating the energy transition	Front-runner in hydrogen and green gas	Security of supply	Shareholder
			Strong market position	Investors
				Customers
Tightening of carbon reduction targets	Accelerating the energy transition	Active role in developing infrastructure for heat and CCUS	Energy transition	Shareholder
			Relationship with stakeholders and local communities	Investors
			Complying with and influencing laws and regulations	
Recognition of the importance of molecules	Accelerating the energy transition	Active role in developing infrastructure for heat and CCUS	Energy transition	Customers
			Relationship with stakeholders and local communities	Shareholder
			Complying with and influencing laws and regulations	Investors
Tightening of carbon reduction targets	Accelerating the energy transition	Active role in developing infrastructure for heat and CCUS	Energy transition	Dutch Ministries (including Economic Affairs and Climate Policy) / House of Representatives
			Relationship with stakeholders and local communities	
			Complying with and influencing laws and regulations	
Inclusion and diversity	Foundations of our organisation	Workforce with the right proportions and skills	Energy transition	Employees
			Relationship with stakeholders and local communities	Customers
			Complying with and influencing laws and regulations	Suppliers
Other competencies	Foundations of our organisation	Workforce with the right proportions and skills	Energy transition	Employees
			Relationship with stakeholders and local communities	Customers
			Complying with and influencing laws and regulations	Suppliers
Sustainable employability	Foundations of our organisation	Increasing focus, performance, a sense of purpose and job satisfaction	Energy transition	Employees
			Relationship with stakeholders and local communities	Customers
			Complying with and influencing laws and regulations	Suppliers
Hybrid organisations	Foundations of our organisation	Workforce with the right proportions and skills	Energy transition	Employees
			Relationship with stakeholders and local communities	Customers
			Complying with and influencing laws and regulations	Suppliers

Trends and market developments	Strategic pillar	Strategic goals	Material topics	Stakeholders
Digitalisation CSR is gaining in importance	Foundations of our organisation	Continuous improvement of governance, processes and collaboration	Customer-focused and transparent collaboration Cybersecurity Environmental impact of our own organisation	Employees Customers

Trends and market developments	Goals for 2021	Results from 2020	Impact	SDG's	Risks
The changing role of natural gas	TRFI ≤ 2.7	TRFI 2.0	Security of supply	SDG 7	Robustness of gas transmission regulation
	Uncontrolled events ≤ 3	Uncontrolled events 0	Affordable	SDG 9	
	Transport disruptions ≤ 6	Transport disruptions 0	Dividend for the Dutch state		
The changing role of natural gas	tbd	GTS revenue € 946 m	Security of supply	SDG 7	Reducing long-term return potential in gas transmission
		GUD revenue € 189 m	Dividend for the Dutch state	SDG 9	
		Participations revenue € 147 m			
Groningen on stand-by earlier than expected	LNG terminal Germany	1st EUGAL pipeline operational	Security of supply	SDG 7	Limited options for investment in and competition on the available options in gas assets
	≥ 1 new transit route	6th cavern at Zuidwending operational	Dividend for the Dutch state	SDG 9	
	≥ 1 new position in cavernes			SDG 17	
Groningen on stand-by earlier than expected	Setting up collaboration with German TSOs to achieve market integration	Collaboration with German TSOs to achieve market integration	Security of supply	SDG 7	Geopolitics+D3I7E4:J6B3:J6A3:J6
	TTF is Europe's largest and most liquid trading hub	TTF is Europe's largest and most liquid trading hub	Expertise in energy transition	SDG 9	
				SDG 17	
Recognition of the importance of molecules	≥ 3 biogas plants	SCW prepared for opening	Increasingly sustainable	SDG 7	Sluggish development of upstream and downstream markets in energy transition investments, Failure to fulfil legal mandate and regulation in energy transition investments
Tightening of carbon reduction targets	≥ 4 H ₂ projects (2 electrolysis and 2 transport)	TorrGas: durability test completed	Expertise in energy transition	SDG 8	
	Implementing ≥ 10 green gas projects (connectors, boosters)	Launch of NorthH ₂ and NSWPH, net emissions of CO ₂ equivalents 328 kilotonnes	Contribution to creating jobs	SDG 9, SDG 11	
		Joining AquaVentus		SDG 13	Reputational damage in relation to execution of large-scale and complex projects Falling public support for investments in heat and CCUS
		Cooperation with EWE		SDG 17	
		Study of options for a hydrogen exchange			
Recognition of the importance of molecules	≥ 2 heat infrastructure projects	WarmtelinQ: permit applications submitted	Increasingly sustainable	SDG 7	Reputational damage in relation to execution of large-scale and complex projects Falling public support for investments in heat and CCUS
Tightening of carbon reduction targets	≥ 2 CO ₂ projects	Porthos: tariffs set for customers	Energy transition expertise	SDG 8	
		Athos: start of permit application processes	Contribution to creating jobs	SDG 9, SDG 11	
				SDG 13	Personnel and organisational changes
				SDG 17	
Inclusion and diversity	New inclusion policy	Social plan Deventer and Waddinxveen	Good employment practices	SDG 5	
Other competencies	Strategic workforce planning for all units	Preventive Health Check-Up	Contribution to creating jobs	SDG 8	Personnel and organisational changes
	Management development programme update				
Sustainable employability	Sickness absence < 4.1%	Sickness absence 3.6%	Good employment practices	SDG 5	Personnel and organisational changes
Hybrid organisations	Vision of hybrid organisation	Number of incidences of misconduct reported: 0	Social commitment	SDG 8	
	New collective labour agreement and temporary pension plan				
Digitalisation CSR is gaining in importance	Implementing 2030 Digital Ambition	Adopting 2030 Digital Ambition	Security of supply	SDG 7	IT disruptions and misuse HSE contingencies
	Working out Gasunie Green Deals	Introducing Gasunie Green Deals	Affordable	SDG 12	
				SDG 13	
				SDG 15	
				SDG 17	

GRI index

GRI Content Index Gasunie – Core			
Standard	Disclosure	Reference 2020	Page number
GRI 102: GENERAL DISCLOSURES 2016			
1. Organizational profile			
102-1	Name of the organization	NV Nederlandse Gasunie	
102-2	Activities, brands, products, and services	Our role in the energy supply chain How we are organised	17 18
102-3	Location of the organization's headquarters	Our role in the energy supply chain	17
102-4	Number of countries operating	Our role in the energy supply chain How we are organised	17 18
102-5	Nature of ownership and legal form	Governance	88
102-6	Markets served	Our role in the energy supply chain How we are organised Vision 2030 Product and supplier information & Socially responsible procurement	17 18 20 229
102-7	Scale of the reporting organization	Our role in the energy supply chain How we are organised Financial results Reporting principles Consolidated financial statements Other data - employees	17 18 11 233 128 221
102-8	Information on employees and other workers	Foundations of our organisation Other data - employees	73 221
102-9	Supply chain	Our role in the energy supply chain Product and supplier information & Socially responsible procurement	17 229
102-10	Significant changes to the organization and its supply chain	Vision 2030 Accelerating the energy transition Foundations of our organisation	20 59 73
102-11	Precautionary Principle or approach	Accelerating the energy transition Governance Reporting principles	59 88 233

102-12	External initiatives	Accelerating the energy transition Governance	59 88
102-13	Memberships of associations	Optimising infrastructure Connecting Europe Accelerating the energy transition Other data - stakeholders	34 52 59 221
2. Strategy			
102-14	Statement from senior decision-maker	From gas transport company to energy infrastructure company.	7
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	About Gasunie Governance Product and supplier information & Socially responsible procurement Reporting principles	17 88 229 233
4. Governance			
102-18	Governance structure	Governance Report from the Supervisory Board Reporting principles	88 98 233
5. Stakeholder Engagement			
102-40	List of stakeholder groups	Other data - stakeholders	221
102-41	Collective bargaining agreements	Foundations of our organisation	73
102-42	Identifying and selecting stakeholders	What matters to our stakeholders Other data - stakeholders	32 221
102-43	Approach to stakeholder engagement	What matters to our stakeholders Other data - stakeholders	32 221
102-44	Key topics and concerns raised	From gas transport company to energy infrastructure company. What matters to our stakeholders Our dilemmas Governance	7 32 87 88

6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Consolidated financial statements	128
102-46	Defining report content and topic Boundaries	What matters to our stakeholders Reporting principles	32 233
102-47	List of material topics	What matters to our stakeholders	32
102-48	Restatements of information	Optimising infrastructure Governance Reporting principles	34 88 233
102-49	Changes in reporting	What matters to our stakeholders Reporting principles	32 233
102-50	Reporting period	Reporting principles	233
102-51	Date of most recent report	Reporting principles	233
102-52	Reporting cycle	Reporting principles	233
102-53	Contact point for questions regarding the report	Contact	253
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles	233
102-55	GRI content index	GRI Index	242
102-56	External assurance	Other information Reporting principles	217 233
103-1/2/3 Topic Specific Standards			
Energy transition	<i>KPI: Issuing Guarantees of Origin</i>	Accelerating the energy transition	59
Security of supply	<i>KPI: Transported volume</i>	From gas transport company to energy infrastructure Optimising infrastructure	7 34
Security of supply	<i>KPI: Number of transport disruptions</i>	From gas transport company to energy infrastructure Optimising infrastructure	7 34
Safety of the network	<i>KPI: Total Reportable Frequency Index (TRFI)</i>	From gas transport company to energy infrastructure Optimising infrastructure	7 34

Safety of the network	KPI: Reportable incidents resulting/not resulting in absence	From gas transport company to energy infrastructure company.	7
Safety of the network	KPI: Uncontrolled events (incidents resulting in gas leaks)	From gas transport company to energy infrastructure company. Optimising infrastructure	7 34
Safety of the network	KPI: Kilometres of pipelines inspected	Optimising infrastructure	34
Environmental impact of our own organisation	KPI: CO ₂ emissions and CO ₂ equivalents & methane emissions	From gas transport company to energy infrastructure company. Optimising infrastructure Other data regarding safety and the environment	7 34 223
Employee health, safety and development	KPI: Sick leave (rate, frequency)	Foundations of our organisation	73
Employee health, safety and development	KPI: Number of incidences of misconduct reported	Reporting principles	233

Definitions

Arbo

'Arbeidsomstandigheden', the Dutch term for working conditions.

bcm

Billion cubic meters.

Billion m³

Billion cubic metres

Business development

Developing new products/services and/or entering new markets.

CCUS

The storage and reuse of CO₂ is also referred to as CCUS (Carbon Capture, Utilisation and Storage).

CH₄

Methane; the most important component of natural gas.

Churn factor

The churn factor expresses how often a standard quantity of gas is traded on average in the period between initial production and consumption by the end-user. A higher churn factor means a more liquid gas market.

CO

Carbon monoxide; released when fuel does not fully burn.

CO₂

Carbon dioxide; released when fuel fully burns.

CO₂ equivalent emission

CO₂ and CH₄ emissions can be converted by means of the Global Warming Potential (GWP) into a measure for the enhanced greenhouse effect, called CO₂ equivalent emission. The GWP for CO₂ is set at 1 and the GWP for CH₄ at 23.

Compliance covenant

A compliance covenant is an agreement with the Dutch tax authorities containing basic principles and the way in which the parties wish to deal with each other.

Controllable cost

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

EBIT

Earnings before deduction of interest and taxes.

EBITDA

Earnings before deduction of interest, taxes, depreciation and amortisation.

Effective temperature

The 'effective temperature' refers to the actual temperature, supplemented by an adjustment for wind speed.

Employer branding

Employer branding is the promotion of the organisation as an employer of choice to a specific target group of (potential) employees. The better Gasunie's image as an employer, the more people will want to work for the company.

ENTSO-G

ENTSO-G, the European Network of Transmission System Operators for Gas aims to facilitate and promote cooperation between national gas transmission system operators (TSOs) in Europe.

Expression of interest

Formally stating an interest, such as in taking part in a grant scheme.

FFO

Funds From Operations is the sum of the result after taxation of ordinary activities, depreciation, amortisation and impairments.

FFO/interest ratio

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

Flaring

The controlled releasing of gas by burning it.

GHG Scope 1, 2 and 3

The Greenhouse Gas Protocol, the prevailing standard for reporting on CO₂ emissions, breaks down emissions according to their source. It is divided into scope 1 (direct emissions as a result of our own activities), scope 2 (indirect emissions from the procured energy) and scope 3 (all other indirect emissions as a consequence of our business operations).

Green gas

Green gas is biogas upgraded to the quality of natural gas.

Greenhouse gas

Gas that contributes to the creation 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.

GTS

Gasunie Transport Services

GUD

Gasunie Deutschland

GW

A gigawatt (GW) is a unit of electric power. A megawatt is equal to the annual production of 4,444 solar panels, the production of one offshore wind turbine in 19 minutes and the energy supply to one house for 55 years.

GWP

Global Warming Potential (GWP). The Intergovernmental Panel on Climate Change regularly updates the GWP based on the latest scientific insights.

H₂

Hydrogen.

Hydrocarbons

A group of chemical substances comprising carbon and hydrogen.

Implicit Allocation Mechanism

Implicit Allocation Mechanism (IAM) is a method to sell unbundled transmission capacity, which is combined with an equivalent volume of gas outside the PRISMA auction calendar.

Incidents (resulting/not resulting in absence)

Incidents resulting in injuries to one or more employees of Gasunie and/or third parties as a consequence of carrying out work. Absence refers to work (or replacement work) not being resumed within one working day (24 hours).

Input tax

Input tax is 'VAT on our costs', i.e. VAT that our suppliers have billed us for.

Invested capital

Total of tangible fixed assets, investments in joint ventures, investments in associates, and other equity interests adjusted for work in progress assets for which payment has yet to be received.

IPPC

The Integrated Pollution Prevention and Control (IPPC) directive aims at integrated prevention and combating of environmental pollution. The IPPC directive obliges the EU member states to regulate emissions into water, air and soil (including measures for waste materials) by large companies and by intensive livestock farming.

ISO

International Standardisation Organisation; an organisation that sets international standards.

Kohleausstieg

Coal phase-out, the German government's decision to ban the operation of coal-fired power stations in the long term.

Licence to operate

The mandate that a company is given (by the government and/or society) to perform its tasks.

LNG

Liquefied Natural Gas.

MW

A megawatt (MW) is a unit of electric power. A megawatt is equal to the annual production of 4 solar panels, the production of one offshore wind turbine in 28 minutes and the energy supply to one house for 20 days. This MW unit is frequently used for high power.

NC TAR

Network code on harmonised transmission tariff structures for gas (NC TAR). NC TAR describes a method used for calculating the gas transmission tariffs for national transport of gas on the basis of the national transmission operator's revenues. Among other things, the ACM sets a reference price

methodology, certain discounts, the multipliers and the seasonal factors. The revenues have already been set in the method decision.

Net debt including guarantees/tangible fixed assets

Net debt including guarantees/tangible fixed assets

NOPLAT

The normalised Net Operating Profit Less Adjusted Taxes is the total of normalised EBIT and the share in the result of associates net of taxes.

Normalisation

Normalisation

Normalised ROE

Normalised Return On Equity is calculated by dividing the normalised result after taxation by the normalised equity.

Normalised ROIC

Normalised Return On Invested Capital is calculated by dividing the normalised NOPLAT by the invested capital. This ratio provides information on the extent to which Gasunie generates cash flows compared to the cash flow it has invested in the business.

NO_x

Collective term for nitrogen oxide gases. These gases are released in all burning processes and contribute to atmospheric pollution.

Odorant

Aromatic substance added to naturally odourless natural gas for safety reasons.

Olympus

System for registering compressor data.

Payout ratio

The payout ratio indicates, as a percentage, how much of the profit is paid out as dividend to the shareholder.

Power-to-gas

A technique for storing energy where electrical energy is converted into chemical energy in the form of gas, since gas is easier to store than electricity. There are various methods for doing this, with the most significant differences being what is produced. The gas created can be either hydrogen or methane.

Pseudo-G-gas

Pseudo-G-gas is low-calorific gas made from high-calorific gas. This gas is of the same quality as Groningen gas.

Reportable incidents

Incidents resulting in absence, medical treatment, replacement work or fatalities.

Scope 1, 2 and 3

The Greenhouse Gas Protocol, the prevailing standard for reporting on CO₂ emissions, breaks down emissions according to their source. It is divided into scope 1 (direct emissions as a result of our own activities), scope 2 (indirect emissions from the procured energy) and scope 3 (all other indirect emissions as a consequence of our business operations).

Security of supply

In the Netherlands, this is understood to mean: the number of times gas transport was interrupted because no, or insufficient, gas was able to flow through our infrastructure, irrespective of whether GTS in the Netherlands was able to supply sufficient gas to customers. In Germany, it is understood to mean: the number of times that our infrastructure was unable to supply sufficient gas to customers. The scores attained by Gasunie in the Netherlands and Germany are added together to produce the total target score.

SF₆

Sulphur hexafluoride (SF₆) is an inorganic compound of sulphur and fluorine. It is a powerful greenhouse gas.

Stakeholders

Organisations or persons with a certain interest in the company.

Total Reportable Frequency Index

A measure for safety; the number of 'reportable' incidents (incidents leading to absence, medical treatment, alternative work or fatalities) per 1 million hours worked, assuming 1,600 working hours per FTE per year.

TSO (NL) and TNB (DE)

Transmission system operator: (TSO) is an entity responsible for the transport of energy in the form of natural gas or electricity at a national or regional level, by means of permanent infrastructure.

Utilisation

Minimum (or maximum) monthly flow divided by the monthly average value of firm total.

Venting

The controlled releasing of gas.

WACC

The Weighted Average Cost of Capital, usually abbreviated to WACC.

Disclaimer

Where this report refers to 'we' or 'us', this means the activities of N.V. Nederlandse Gasunie, unless otherwise explicitly specified. Activities of the two segments of Gasunie always refer to Gasunie Deutschland and Gasunie Transport Services (GTS).

In the event of inconsistencies or differences of interpretation between the original Dutch report and the translated English report, the Dutch report shall prevail.

Contact

We invite readers of the report to provide us with feedback by email: info@gasunie.nl.

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