A close-up, low-angle shot of a natural gas flame, showing bright blue and white flames against a dark background. The image is framed by a thick, horizontal bar at the top in shades of blue and teal.

Annual Report 2021
18 February 2022

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Disclaimer

This Annual Report is a translation of the original Dutch version. The Dutch Annual Report is adopted and approved by the General Meeting of shareholders at 18 February 2022. This translation is for information purposes only and no rights can be derived from its content. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

Foreword from the CEO

Once again, we have just finished a year that we will not forget in a hurry. Dealing with coronavirus still requires a lot of flexibility from all of us but the gas market situation was also hugely and unusually challenging for everyone in the past year.

I ended my foreword to the 2020 annual report by hoping that we would see each other again at some point at number 1 Stationsweg, Groningen. In the hope that the measures, including the vaccination campaign and testing policy, would allow us to return quickly to the 'old normal'. Nothing could have been further from the truth; most of us were still working from home in 2021. This prolonged period of working from home made the task of staying connected even more important. We did this in such ways as holding virtual staff meetings online or by going for walks together and catching up. This personal contact is exactly what is needed, especially for an organisation that is winding down but is still dealing with a very dynamic environment and facing new challenges due to colleagues leaving and handing over work, on top of its normal activities.

In 2021, the situation on the gas market was unprecedented. Although the year began normally, after the summer we found ourselves in a whole new world with prices we have never seen before. The entire energy sector has faced enormous challenges as a result. We have unfortunately watched some energy companies go bankrupt, including customers of GasTerra. For consumers who were customers of these energy companies, this meant switching to a different energy supplier, often resulting in extra costs. The market situation has also led to additional price, credit and liquidity risks in our own portfolio. Although our turnover rose to more than 13 billion euros, purchase prices rose at least as sharply. I am extremely proud of how the whole GasTerra team managed these circumstances.

The high prices also raised questions about security of supply, the buffer capacity of the storage facilities and, in relation to this, the phasing out of gas extraction in Groningen. As a Groningen company, we are aware of the concerns and unrest among local residents brought about by gas extraction, damage claims and building reinforcements. Recent reports about delays in the construction of the nitrogen plant in Zuidbroek and the slower pace of the decline in demand in Germany have exacerbated these concerns. At the same time, major steps have been taken in recent years to reduce gas production in Groningen and GasTerra will make every effort to continue its contribution. This means that we have to adapt our portfolio which presents us with complex operational issues. We made sure once again in 2021 that the low-calorific gas storage facilities were filled sufficiently in the summer and that the use of the storage facilities and the Groningen field during the year was such that security of supply was guaranteed for the L-gas market and that Nederlandse Aardolie Maatschappij (NAM) could comply with the instructions of the Minister for Economic Affairs and Climate Policy regarding gas production.

Gas market trends will continue to keep our nerves on edge for the next few months, also given the geopolitical tensions. GasTerra will continue to play a reliable role in this respect and, in winding down its activities, will make every effort to leave a well-functioning gas market as its legacy. This is a complex but also very worthwhile and challenging task that we are tackling together. And by 'we' I mean all GasTerra's employees; a close-knit team that gets the job done. A team I am proud of, because we all make sure that even under difficult and challenging circumstances we deliver the quality everyone has come to expect from us.

Annie Krist
CEO

1. GasTerra

1.1. About GasTerra

GasTerra is a gas trading company that operates internationally and is based at Stationsweg 1 in Groningen. Our company has over 50 years' experience and a thorough knowledge of the gas market. GasTerra is part of the Dutch 'Gasgebouw', a public-private partnership for the production and sale of natural gas, in which NAM, Shell, ExxonMobil, the Dutch State and EBN are also represented.

GasTerra is the purchaser of gas from the Groningen field. We also trade in high-calorific gas in addition to low-calorific Groningen gas. This gas comes mainly from the small Dutch gas fields in the North Sea and on land and from imports from other countries including Russia and Norway. As well as these volumes, GasTerra buys a large proportion of its portfolio on the Dutch gas trading point, the TTF. Furthermore, our company is a major purchaser of green gas produced in the Netherlands which, however, still makes up only a small share of the energy supply. We sell the gas we buy on the domestic market and to energy companies in neighbouring countries.

As a result of the earthquake problem, since 2014 the Minister for Economic Affairs and Climate Policy has taken various decisions on the deployability of the Groningen field. In March 2018, the cabinet announced that gas extraction in Groningen would be ended as soon as possible.

GasTerra's key activity will cease to exist when this happens. In 2020 a phasing-out plan was put together which sets out how GasTerra's business activities will be discontinued. The phase-out will be complete by 31 December 2024.

For many years GasTerra performed a public role with regard to implementing the Dutch government's small fields policy and had to comply with a legal obligation to buy gas from the small fields from producers at market conditions if asked to do so. In the context of the phasing-out of GasTerra, the Minister for Economic Affairs and Climate Policy has proposed an amendment to the Gas Act to release GasTerra from this obligation.

This proposal was adopted by the Lower House and Upper House and came into force on 1 January 2022.

1.1.1. Mission, vision and strategy

Our mission continues to be maximising the value of the Dutch natural gas offered to GasTerra. In the period ahead, we will be focusing more on the phasing out and transfer of our activities and contractually established rights and obligations. Transfer too, for the importance of gas for the energy supply and the climate policy will not disappear when GasTerra has been phased out completely. For that reason, we are delighted to share our decades-long knowledge of our product, the market and the energy transition with all those who, in whatever capacity, are committed to a responsible transition to a climate-neutral energy economy.

We have translated this task into the following vision:

GasTerra will leave a well-functioning gas market and phase out and/or transfer its activities in a controlled manner. We will do so while remaining aware of the interests of our stakeholders.

We define our vision and mission by aiming to achieve five objectives:

➤ **Volume**

GasTerra aims to sell the entire volume of the gas offered to GasTerra and will contribute to the phasing-out of production from the Groningen field.

➤ **Price**

GasTerra aims to achieve a price in line with the market, with the highest possible margin for the entire portfolio.

➤ **Costs**

GasTerra tries to achieve a correct balance between costs on the one hand and value and care on the other hand.

➤ **Anticipation**

GasTerra anticipates a changing environment and listens to its stakeholders.

➤ **Phasing-out**

GasTerra will leave a well-functioning gas market while remaining aware of the interests of its stakeholders. The starting point is phasing-out and/or transferring its remaining obligations.

It is clear that the role of gas in the future energy supply will be different. We consider it important that, in the transition towards a climate-neutral energy supply, natural gas is used in preference where sustainable sources are not yet a workable alternative. GasTerra continues for the time being to work on decarbonising by encouraging the production of green gas, contributing to research into hydrogen, and playing an active part in raising awareness of this issue through its knowledge and financial resources.

GasTerra strives to make sustainability responsible, i.e. reflect socio-economic interests. We operate according to the principles of corporate social responsibility (CSR): People, Planet, Profit, which we have translated into Gas, Green, Groningen. In this, Gas represents our operating results, Green represents the energy transition and Groningen represents our involvement in the region.

1.2. The gas value chain

We are part of the entire gas value chain from extraction to use. GasTerra is active as a trader in this and will remain so until the final date.

The liberalisation of European energy markets made free trade in gas possible and several marketplaces for gas have emerged. In the Netherlands this marketplace is called the Title Transfer Facility (TTF). The TTF allows traders to buy and sell gas. Trade is virtual, which means that only ownership of gas volumes changes, without any consequences for the physical streams in the transport system. In addition, the TTF does not take account of different qualities of gas, unlike the situation in physical reality. Market players simply buy and sell gas. The advantages of this include a lower threshold to entry, leading to an increase in the number of players that can operate on a single integrated market, strong competition, transparent trade and higher liquidity. Gasunie Transport Services (GTS) is formally required to ensure that the various qualities are physically in balance. As a seller of gas from Groningen, GasTerra contributes to this balancing.

A large number of standard products are traded on gas hubs. The delivery times of these products varies. The purpose of purchases and sales is to keep the total obligations of purchasers and sellers (the market) in balance. The products can be bought and sold for various periods: now (within-day) and tomorrow (day-ahead) on the spot market, and for the future on the futures market (month-ahead and year-ahead). The spot market is relevant for market players as it allows them to keep their trading portfolio in balance, while the products traded on the futures market offer these parties important security of supply.

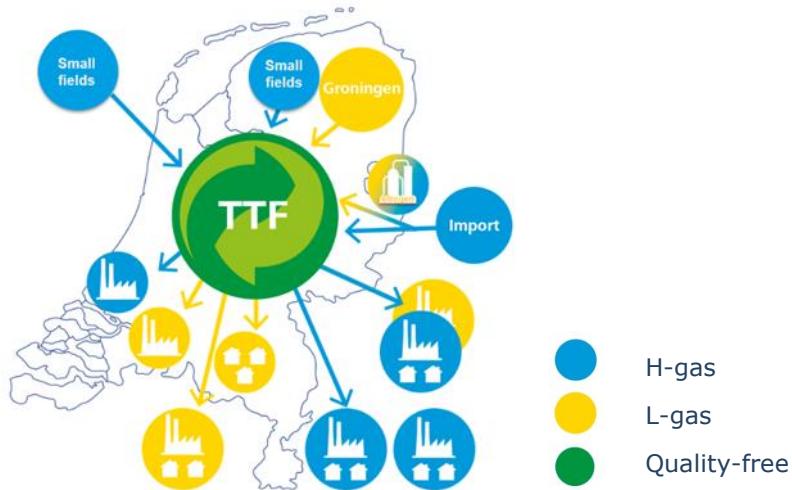
GasTerra keeps its own portfolio in balance of course, but also takes account of the Northwest European market for low-calorific gas (L-gas). This is a difference between our company and other traders which only have to deal with their own portfolio and do not need to take account of gas quality and broader market demand. If it looks like the physical balance for L-gas might be disrupted, GTS can instruct GasTerra to increase or reduce the amount of L-gas it feeds into the transmission system.

On 24 September 2021, the Minister for Economic Affairs and Climate Policy adopted a ruling on production from the Groningen gas field for 2021/2022. Based on this, NAM is allowed to extract 3.9 billion cubic metres from the Groningen field in gas year 2021/2022 if temperatures are average. The Minister's decision was in line with the advice of GTS. This quantity is intended to supplement gas from other sources and is needed to guarantee security of supply. The gas from these other sources will be converted into low-calorific Groningen quality via GTS's nitrogen installations, and so is called pseudo-Groningen gas.

The required production volume from the Groningen field depends on temperature trends during the gas year. The relationship between temperature trends and the required quantity of gas from the Groningen field is expressed in the so-called degree-day formula. This relationship is established by the Minister for Economic Affairs and Climate Policy based on calculations by GTS and takes account of estimates that are subject to uncertainty. In order to make maximum use of the nitrogen installations available, GTS' calculation is based on a 100% nitrogen input. Whether 100% usage of nitrogen conversion installations will be achieved depends on the extent to which the assumptions on which GTS' estimates are based actually materialise during the gas year.

GasTerra plans the use of the L-gas resources in such a way that NAM can comply with the operational strategy and other conditions of the ruling. GTS' usage of nitrogen conversion capacity results from this use of L-gas resources. GasTerra will provide insight into L-gas demand and nitrogen usage trends during the gas year. It is up to the Minister for Economic Affairs and Climate Policy to decide whether the extraction instruction to NAM needs to be adjusted during the course of the gas year.

GTS uses a separate pipeline network to transport Groningen gas and other sources of L-gas, which exists alongside the gas network for the transport of high-calorific gas (H-gas). GTS has to ensure that both networks remain in balance by ensuring that the quantities of gas offered by the traders do not deviate too far from the volumes withdrawn from the network. In order to keep the system in balance, operators of a national transmission network (Transmission System Operators/TSOs), GTS in the Netherlands, can blend in a limited quantity of gas of different qualities. This is called quality conversion.



1.2.1.1. Gas trading in the Netherlands

1.2.2. Methane emissions

Methane emissions are an important topic and have become even more important for two reasons. First of all, the greenhouse effect of methane is considerably more potent than that of CO₂. The potency depends on the time over which the measurements are taken: the shorter the measurement period, the more potent the greenhouse effect.¹ With more stringent climate targets and less time to reach them, attention is increasingly focused on methane emissions. Secondly, as time has passed, people have become more aware of the warming effect of methane, which has resulted in the calculated climate effect triggered by methane emissions being revised upwards many times².

Almost 10% of the greenhouse effect caused by the Netherlands originates from methane emissions. Most methane emissions come from agriculture (70%); less than 3% of total Dutch methane emissions are from the Dutch gas value chain. The methane emission intensity of the Dutch gas chain is considerably lower than the international average. The gas sector is committed to reducing methane emissions caused by gas use and to developing sustainable gases that can play a part in the energy transition.

Given the nature of the business, GasTerra's role is limited in this regard, but, where possible, we will contribute to a solution to this issue from our sense of corporate social responsibility, for example by sharing our knowledge. As part of the Dutch gas sector, we helped to compile a [KVGN-factsheet](#) and we are participating in research into methane emissions from end users (e.g. leaks from central heating boilers), which is also relevant to green gas.

¹ Methane does not remain unchanged in the atmosphere but over time is converted mainly into CO₂. International reports base their findings on a 100-year timeframe to express the effect of methane emissions. According to the most recent Assessment Report (AR5) of the International Panel on Climate Change (IPCC) the greenhouse effect of methane measured in this way is 28-34 times more potent than CO₂. For example, over a 20-year period, the greenhouse effect of methane is 86 times more potent than CO₂.

² Source: <https://www.ipcc.ch/>

1.3. Our environment

The rising and highly volatile gas prices hit the headlines in 2021. After a year of reduced economic activity due to the coronavirus crisis, business picked up in 2021. This also had an effect on the global demand for natural gas, which rose to higher than pre-pandemic levels. By contrast, the global supply of gas decreased. European gas prices rose to record levels in 2021 due to a tight global market with high demand and limited supply. At the time of publication of this annual report, TTF futures quotations show prices that are falling although they are higher than the level of recent years.³

In 2021, several energy companies in the Netherlands found themselves in financial difficulty. A number of companies filed for bankruptcy. There seem to be various reasons for the bankruptcies although gas and electricity price increases often play a part. Consumers who were customers of such companies have been switched to other energy companies that have taken over the supply of gas and electricity, thus ensuring security of supply for these customers.

Other developments relevant to GasTerra's portfolio are discussed below.

1.3.1. Groningen supply

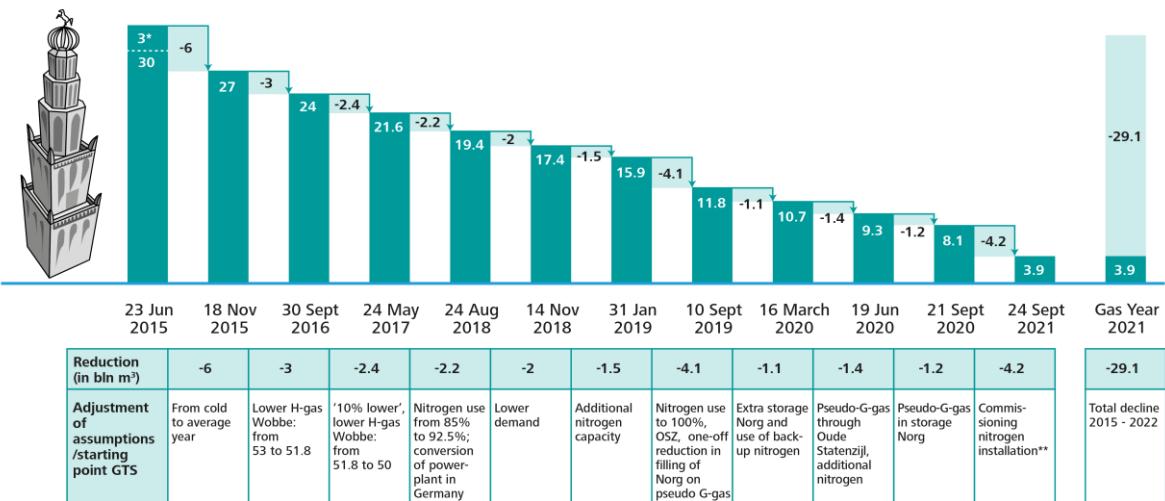
Gas extraction from the Groningen field is coming to an end. In response to the earthquake problem, since 2014 the Minister for Economic Affairs and Climate Policy has determined how much gas can be extracted from this field each year. The Minister has been issuing rulings since the introduction, in 2018, of the Act to minimise gas production from the Groningen field (Wet Minimalisering Groningen). These rulings use the degree-day formula to indicate the permitted production volume. Under this Act, Nederlandse Aardolie Maatschappij (NAM) is obliged to produce the annual volume indicated by the degree-day formula.

The degree-day formula is, and remains, a forecast based on variables. The temperature, the quality of the offered H-gas, market trends and estimated use of nitrogen are the main determining factors. These forecasts are produced by the transmission system operator GTS and provided to the Minister for Economic Affairs and Climate Policy as support for the policy.

The diagram below shows the drop in Groningen production based on the rulings of the Minister for Economic Affairs and Climate Policy and the associated assumptions.

³ Source: <https://www.iea.org/reports/gas-market-report-q1-2022>

Reduction in billion of m³



* = 3 bcm Norg ** = Delay in commissioning of the Zuidbroek nitrogen plant may (also) contribute to a higher volume requirement

1.3.1.1. Rulings and explanations relating to the reduction in Groningen gas extraction

Explanatory notes to the diagram⁴:

From cold to average year: This means that the volume required for the following year for security of supply is based on a year with average temperatures instead of a bitterly cold year; that ruling therefore included the option of producing more than the ceiling figure if the weather was unexpectedly cold.

Lower H-gas Wobbe: the Wobbe index is a measurement of gas quality. A lower H-gas quality means that more gas of Groningen quality can be made with the same amount of nitrogen. This figure has been revised downwards twice since 2015. This was done because measurements showed that the H-gas quality was in fact lower than estimated.

Lower demand: this is the expected size of the market in the following year. This turned out to be smaller than anticipated, which explains the reduction.

Additional nitrogen capacity: this is the additional quantity of nitrogen which GTS can buy in order to convert H-gas into Groningen-quality gas ('pseudo-Groningen gas').

Gas year 2020-2021

From 1 October 2020, extraction from the Groningen field took place according to the operational strategy for gas year 2020-2021 established by the Minister for Economic Affairs and Climate Policy. Gas year 2020-2021 was slightly warmer than average. In the past gas year, 7.8 billion cubic metres was extracted from the Groningen field. This is slightly less than the 8.1 billion cubic metres anticipated for a year with average temperatures. Gas storage facility Norg was used to optimise the nitrogen installations. In summer 2021, when gas demand was low, pseudo-Groningen gas could be stored in the storage facility so that in the winter the stored gas could be used first and less production from Groningen would be needed.

⁴ The data and figures on which this diagram is based are in the public domain. GasTerra is responsible for the explanation below the x-axis of the gas volumes shown in the columns.
'Norg' refers to gas storage in Norg.

The working volume in gas storage facility Norg that is available for the winter of gas year 2021-2022 came to 4.9 billion cubic metres. This is well above the minimum level of 4 billion cubic metres that GTS includes in its recommendations on security of supply for the Groningen volumes and capacities required.

Gas year 2021-2022

On 24 September 2021, the ruling on production from the Groningen gas field for 2021-2022 was published. In this ruling, the Minister for Economic Affairs and Climate Policy describes the volume that may be extracted from the Groningen field for gas year 2021/2022, how extraction will be allocated over the clusters and the closure of production sites that are no longer needed in the gas year. The extraction level for gas year 2021-2022 has been set by the Minister at 3.9 billion cubic metres assuming that the year will have average temperatures. A minimum production volume of 2.9 billion cubic metres has been set. This volume is sufficient to produce at least the minimum flow volume throughout the year. The gas extraction level set assumes that the new nitrogen plant in Zuidbroek will become operational on 1 April 2022. On 9 November 2021 the Minister informed the Lower House that there would be a delay in the completion of this nitrogen installation. The Minister has asked GTS to clarify, as soon as possible, whether sufficient pseudo-G-gas can be made available to meet market demand in summer 2022 and to fill Norg and Grijpskerk storage facilities with low-calorific gas. On 6 January 2022, the Minister sent GTS' report on this to the Lower House. In this report, GTS states that, in addition to the delayed completion of the nitrogen installation in Zuidbroek, German network operators have informed the company that they anticipate their consumption of low-calorific gas to be higher than the amount included by GTS in its estimates for the current gas year. The Minister will decide before 1 April 2022 whether an increase in the production level in the current gas year is necessary as a result.

Closure of the Groningen field

In his ruling on the Groningen gas field for 2021-2022, the Minister states that from mid-2022 the Groningen gas field is expected to be needed only in exceptional circumstances, such as extremely cold weather combined with gas system disruptions. The Minister also says that converting the Grijpskerk storage facility to a low-calorific facility could shorten the timeframe for the final closure of the Groningen gas field. This conversion means the final closure will be possible in the third quarter of 2023 or 2024, instead of between 2025 and 2028. The Minister supports the storage of low-calorific gas in Grijpskerk storage facility, given how this will help to accelerate the closure of the Groningen field as well as contributing to long-term security of supply, provided it can be done safely. On 14 February 2022, the State Secretary for Economic Affairs and Climate Policy informed the Lower House that, subject to certain conditions, the amendment to the storage plan submitted by NAM for the underground gas storage facility in Grijpskerk would be approved⁵. This consent decree provides for a general storage plan for the Grijpskerk facility as far as gas type is concerned and allows either high-calorific or low-calorific gas to be stored.

In view of the revised schedule for commissioning the new nitrogen installation in Zuidbroek, the Minister has asked GTS to clarify as soon as possible whether this will affect the timing for closing the Groningen field.

⁵ In Dutch: <https://www.rijksoverheid.nl/documenten/kamerstukken/2022/02/14/instemmingsbesluit-gasopslag-grijpskerk>

In order to create the legal framework for closing the Groningen field, the Minister for Economic Affairs and Climate Policy has also prepared a number of amendments to the law. With the proposed act on termination of gas extraction (in Dutch: "Wet beëindiging gaswinning (Wat na nul)"), the Minister intends to ensure that the situation after closure is properly regulated. Attention is also being paid to how the Dutch gas system will function 'after Groningen'.

Parliamentary inquiry on natural gas extraction from Groningen

On 9 February 2021 a parliamentary committee of inquiry was put in place to investigate natural gas extraction from Groningen. The purpose of this committee of inquiry is to establish the truth and acquire explanatory insight into the decision-making process on natural gas extraction, claims handling and the reinforcements in Groningen⁶.

As soon as it had been set up, the committee started to request written information and documents from organisations concerned including GasTerra. Its task is to conduct extensive fact-finding work and file research. Then the committee will hold private preliminary discussions with experts and witnesses to obtain additional information and verify initial findings. These preliminary discussions are planned for early 2022. The public hearings are expected to take place from June 2022 and the inquiry committee will present its research report to the Lower House in early 2023.

1.3.2. Supply from small fields

Production from small Dutch gas fields, and investments in and exploration of new small fields, fell again in 2021. Most small Dutch gas fields are at the final stage of their production cycle.

The proposed amendment to the Mining Act to increase the investment deduction facility for the detection and extraction of gas from the North Sea from 25% to 40% was definitively adopted in June 2021 and applies retroactively to 1 January 2020. The Minister for Economic Affairs and Climate Policy intends to maintain the economic perspective for the offshore gas sector by passing this proposal.

1.3.3. Green Gas

The government and market parties recognise the importance of gaseous energy carriers for meeting climate targets. They continue to play a key role according to the government. In the built environment gas will remain necessary for supplying heat in inner cities and peak capacity in heat networks. Green gas is seen as the most cost-effective compared to alternative energy forms for making the built environment more sustainable⁷. Industry needs gas for high-temperature heat and as a raw material. Gaseous (liquefied or otherwise) carriers are necessary in the mobility sector, especially for heavy transport, to replace oil-based fuels, while in the electricity sector gas continues to play a part in peak capacity production.

The green gas sector is aiming to produce two billion cubic metres of green gas by 2030. In 2021, 221 million cubic metres of green gas was certified in the Netherlands⁸, an increase of 12% compared to 2020. The certified volume is currently entirely derived from the fermentation of biomaterials. The use of green gas from biomass gasification is expected to increase, particularly from 2025 onwards.

⁶ In Dutch: https://www.tweedekamer.nl/kamerleden_en_commissies/commissies/peag

⁷ Guide for local analysis. Heat Expertise Centre (in Dutch: Expertise Centrum Warmte) September 2020

⁸ In Dutch: <https://www.netbeheernederland.nl/nieuws/aandeel-groen-gas-stijgt-in-2021-met-ruim-12-procent-1502>

Since the government expects that between 30% and 50% gaseous energy carriers will be needed for the energy supply in 2050, production of green gas and hydrogen needs to be significantly scaled up. Various bottlenecks, including obtaining licences for production sites and contracting sufficient sustainable biomass, mean that the production potential of green gas is not yet being fully exploited. Other bottlenecks relating to nitrogen emission and deposition are also holding back the growth of the production of sustainable gas. In order to stimulate the production of green gas, among other things, the government has created a specific SDE budget for heat production. The government is also working on additional policies (e.g. a blending requirement is being investigated) to scale up production. The green gas sector itself is currently focusing on further innovations and improved cooperation to further increase the chances of production growth.

1.3.4. Net import volume

The Netherlands has traditionally been a net exporter of gas thanks to production from the Groningen field and small fields. In recent years, the supply of gas has been falling faster than the demand for gas. The fall in the gas supply is due to rapidly declining domestic production, particularly in Groningen, but also to decreasing production from small fields. The new small fields are not sufficient to make up the shortfall⁹. As domestic production is declining but demand is falling less rapidly (in fact, demand has been rising in recent years), the need for imports is increasing despite the progress made on energy transition¹⁰. As a result, the Netherlands became a net importer of gas for the first time in 2018 with a net import volume of 5.5 billion cubic metres. This rose to almost 10 billion cubic metres for calendar year 2019 and was over 17 billion cubic metres in calendar year 2020. In 2021 the Netherlands' net import volume decreased to 14 billion cubic metres. If the H-gas storage facilities had been filled to the same extent as in previous years, imports would have been higher.

1.3.5. Dutch gas demand

The demand for natural gas in the Netherlands in 2020 was 37.6 billion cubic metres.¹¹ This was more or less the same as demand in 2019. Natural gas consumption was driven by demand from gas-fired power plants for electricity generation. In recent years, gas-fired power plants have gained an increasingly improved market position compared to coal-fired power plants for generating electricity. This is partly due to the ban on burning coal in power plants¹² and government stipulations that coal-fired power plants in the Netherlands may only be operated at a maximum of 35% of their capacity until 2024. The rising price of CO₂ was an important factor that also ensured that it became more attractive to generate electricity from gas instead of coal. However, as the price of gas rose more sharply than the price of coal during 2021, this advantage was cancelled out. Demand from households and industry was stable in 2020. In 2021, gas demand in the period January to November was 32.3 billion cubic metres¹³.

According to the Netherlands Environmental Assessment Agency (PBL), the energy supply will see some significant shifts between now and 2030, but oil and natural gas will nevertheless remain dominant¹⁴.

⁹ In its report of 27 November, Argus shows falling production from the small fields and expects this trend to continue because the government is no longer issuing new licences for onshore production.

¹⁰ Source: KVGN Factsheet Methane Emissions in the Dutch Gas Chain (in Dutch: Methaanemissie in de Nederlandse gasketen)

¹¹ Source: CBS Natural Gas Balance; supply and consumption – total consumption of natural gas (provisional figures)

¹² Source: PBL – Climate and Energy Study 2021 (in Dutch: Klimaat- en Energieverkenning 2021). Hemweg power station with effect from 2020, Amer power station in 2025 and Rotterdam, Eemshaven and Riverstone power stations in 2030.

¹³ Source: CBS Natural Gas Balance; supply and consumption – total consumption of natural gas (provisional figures)

¹⁴ Source PBL – Climate and Energy Study 2021 (in Dutch: Klimaat- en Energieverkenning 2021), page 102

Having said this, natural gas consumption in the Netherlands will continue to fall in the coming decade because final use for heat and the use of natural gas in (mainly decentralised) electricity production with combined heat and power in industry will continue to decline and because households will consume less natural gas due to better insulation of homes and more efficient heating systems¹⁵. The PBL anticipates that national gas production in the Netherlands in 2030 will be less than a quarter of expected consumption. As a result, the Netherlands will become more dependent on other countries for its natural gas supplies.

1.3.6. European supply/demand balance and gas prices

It has become clearer than ever that the global and European gas supply/demand situation should increasingly be seen as a whole. This is mainly due to the increasing importance of LNG in the global gas supply. Unlike gas supplied via pipelines, LNG tankers can change course and sail to the market with the highest prices. This has strengthened the link between European and Asian markets.

Asian gas demand rose sharply in 2021, caused by such factors as a growing Chinese economy, disappointing revenues from hydropower plants due to drought in southern China and the closure of coal-fired power plants in South Korea. Poor results from hydropower plants in other parts of the world too created more demand for natural gas in the electricity sector, particularly in Brazil and Turkey. This increasing demand for gas and rising gas prices outside Europe meant that less LNG came to Europe.

Gas demand was also higher in Europe compared to 2020, partly due to the fading impact of the coronavirus pandemic, which increased business activity. The spring was also colder than average. At the start of the injection season, the European storage facilities had the lowest buffer capacities of recent years. Anticipated northwest European¹⁶ gas demand for 2021 is 267 billion cubic metres¹⁷. This is an increase with respect to both 2020 and 2019 when demand was 254 and 265 billion cubic metres respectively.

By contrast, the global supply of gas decreased. LNG supplies from the United States were restricted due to the hurricane season, among other things. Production also fell in European countries, including from the Groningen field and the small fields. In Norway, there were unplanned outages and regular maintenance of gas fields and infrastructure. Despite higher prices, the supply from Russia did not increase in terms of previous years, as Gazprom had to meet sharply increased domestic demand and storage facilities had to be filled. European gas prices rose to record levels in 2021 due to a tight global market with high demand and limited supply. At the time of publication of this annual report, TTF futures quotations show prices that are falling although they are higher than the level of recent years¹⁸.

New investment in production in other parts of the world were put on hold last year due to the great uncertainty of the long-term effects of the pandemic; moreover, some promising gas projects are located in unstable regions. Several years will pass before new projects become available to ease the shortage. All in all, the volatility of demand seems to be making it the most crucial driver of global gas prices in the coming period; if demand for gas rises worldwide, Europe will suffer the consequences.

¹⁵ Source PBL – Climate and Energy Study 2021 (in Dutch: Klimaat- en Energieverkenning 2021), page 142

¹⁶ Northwest Europe covers UK, FR, BE, NL, DE, CH, DK, SE, LU

¹⁷ Source: Platts European gas five-year forecast, November 2021

¹⁸ <https://www.iea.org/reports/gas-market-report-q1-2022>

1.3.7. Development of gas trading hubs

High gas prices in 2021 led to reduced liquidity on European hubs. Trading through brokers in particular became more challenging due to increasingly stringent creditworthiness requirements. Trading via the exchange therefore became more popular.

The TTF is the European hub with the highest traded volume. In 2021 the TTF strengthened its leading position against other trading hubs. The volume traded rose by 5%, while the volume traded on other hubs slightly fell. TTF now has a market share of almost 80%¹⁹.



Source: GTS, NetConnectGermany, Gaspool, Huberator, SnamReteGas, GRTgaz

1.3.7.1. Traded volumes on European marketplaces

In recent years, TTF liquidity has continued to increase while Groningen production has continued to decline. This is due to growing international trade, the increasing global significance of the TTF as the European hub for curve trading and its increasing importance as a benchmark for (LNG) price hedging and indexing.

On 1 October 2021, the two German hubs, NetConnect Germany (NCG) and Gaspool, merged to form one market area for Germany, i.e. Trading Hub Europe (THE). As a result of this merger, the number of virtual interconnection points on the Dutch-German border has reduced from four to two: one for high-calorific gas and one for low-calorific gas. The merger of the NCG and Gaspool hubs is expected to increase liquidity on the German gas market.

¹⁹ <https://www.iea.org/reports/gas-market-report-q1-2022>

1.3.8. Regulation

GasTerra faces regulation at national and European level that affects its business operations. We monitor developments and, where possible, make an active contribution to policy consultations. In the case of new regulations, the company does its best to ensure that it can comply with these obligations in good time.

GasTerra is subject to the *Regulation in Energy Markets Integrity and Transparency* (REMIT) and the *Market Abuse Regulation* (MAR). These regulations, which apply to wholesale energy products and financial instruments respectively, prohibit insider trading and market manipulation. In addition, market players have to comply with extensive reporting requirements in the context of REMIT. GasTerra has implemented the necessary procedures for this.

The revised *Markets in Financial Instruments Directive* (MiFID II) came into force for energy companies that trade in financial instruments in 2018. Trade in contracts is one of these financial instruments. This is a secondary activity for GasTerra, and so we make use of the exemption for secondary activities provided for under MiFID II.

In January 2021, a new Method Decision was established for GTS covering the period 2022-2026. The Method Decision forms the basis for the gas transport tariffs in that period. Important issues in the coming regulatory period are the decline in the use of the national grid and regulatory changes, under which costs payable in the future by the GTS grid will be brought forward, such as accelerated depreciation, as well as changes in GTS' capital regime. Due to the major short-term consequences of this decision, representative organisations VGN, NOGEPA, VLNG and Energie Nederland, in which GasTerra actively participates, have lodged an appeal against the Method Decision. The appeal is expected to be heard in summer 2022.

GasTerra also participates via Energie Nederland in issues relating to investment regulation during the energy transition, such as in hydrogen technology and is involved in consultations on the new Energy Act. Through Eurogas and EFET we are involved in consultations on proposed European legislation and regulations.

1.3.9. Energy and climate policy

Developments in energy and climate policy were defined in 2021, on the one hand, by the caretaker status of the third Rutte cabinet since January of that year and, on the other hand, by developments outside the Netherlands, such as the publication of the European Union's 'Fit for 55' package, COP26 and shortages on the global gas market.

Due to the cabinet's caretaker status, some new legislation has been delayed, such as the new Heat Act and the Energy Act. Nevertheless, some policies did come into force in 2021, for example the Prohibition of Coal in Electricity Production Act (in Dutch: Wet verbod op kolen bij elektriciteitsproductie) and the CO₂ levy for industry.

Meanwhile, European policy developed further. An important aspect of this is that, in December 2020, the European Council adopted the proposal for a European Climate Act, aiming at targets for the Union of 55% emissions reduction by 2030 and climate neutrality by 2050. This came into effect formally in July 2021, making these targets legally binding. The target of 55% emissions reduction in the EU by 2030 was in line with Dutch commitments. The fourth Rutte cabinet now wants the Climate Act to stipulate that the Netherlands will achieve at least 55% emissions reduction by 2030.

The emissions figures for 2020 were also published by RIVM and CBS in 2021. These figures show that, with a reduction of 25.4% in 2020, the Dutch State is expected to comply with the Urgenda judgement. This is due to cabinet policy but also partly to the coronavirus crisis.

It should also be noted that additional efforts will be needed in the coming years to meet the 2030 targets. In its Budget Memorandum, the cabinet, despite its caretaker status, presented an additional package of measures, investing almost 7 billion euros in the transition on top of existing climate policy. This includes an increase in the SDE++ for 2022, sustainable measures for the built environment including insulation and subsidies for infrastructure for heat and hydrogen.

The subsidy for the hydrogen infrastructure followed the 'Hyway27' study, published in June 2021 by the Ministry of Economic Affairs and Climate Policy and Gasunie, on reusing the natural gas network for hydrogen in the future. This meant that, in 2021, hydrogen was seen as part of the solution to the climate problem.

Following the European Climate Act, the European Commission published its 'Fit for 55' package in July 2021. This package consists of 13 different, but closely interwoven, legislative proposals aimed at achieving the new European targets. These include adaptations to the EU emissions trading system (EU ETS), the Renewable Energy Directive, the Energy Efficiency Directive, low-emission transport modes and related supporting infrastructure and fuel policy measures and a carbon border tax at the border of the European Union. Negotiations in relation to this with the European Parliament and the Council are expected to take up the whole of 2022.

Adjustments to European targets for 2030 and 2050 represented Europe's contribution to the global climate conference COP26 held in Glasgow, Scotland. This was in accordance with the 'Paris' agreement and entailed submitting an adjusted *National Determined Contribution*. Although 'Glasgow' had been postponed for a year due to the pandemic and IPCC reports were more concerning, a major new climate agreement did not materialise. However, agreements were made between countries, including with the Netherlands, such as the ban on investing in fossil projects abroad, which calls into question the role of export credit insurance. Another agreement is the Global Methane Pledge, which aims to reduce methane emissions by 30% by 2030. This EU-US initiative followed the International Methane Emissions Observatory established by the G20, which collects and maintains data on methane emissions.

Just as national and European governments take action based on global agreements, local governments finalised their Regional Energy Strategy in 2021, in which they set out in concrete terms how they would help to achieve two targets from the Dutch climate agreement. These two targets relate to the built environment transition – implementation of the 'no-gas' policy – and generation of sustainable energy onshore. Connecting sources of new local renewable energy is currently proving difficult at a number of sites due to the limited transport capacity of the existing electricity network.

All activities in 2021 aimed at accelerating the energy transition took place in the context of a tight global gas market. Economic recovery following lockdowns, a lack of wind in Europe, high CO₂ prices, drought in Brazil – all factors that increased gas demand – and restrictions in gas production, caused a rise in the gas price, with a record high of €180/MWh on the Dutch gas trading hub TTF. This had a (slightly delayed) knock-on effect on the energy contracts concluded by households during this period, at which point the government intervened to ease prices for this sector, by reducing what is normally the biggest component of the bill, the tax on gas.

1.4. In dialogue with our environment

GasTerra regards it as important to be transparent about its activities and to obtain an insight into the views of stakeholders with regard to the organisation's economic, ecological and social impact. A stakeholder dialogue is conducted once a year, in addition to the regular discussions with stakeholders, in order to obtain this information. The intensity of these dialogues alternates, between an extensive stakeholder dialogue in which all the stakeholders represented in the diagram below are approached one year, with the following year a scaled-down version being carried out, in which we simply look at the extent to which developments have taken place that require an update on certain points.



1.4.1.1. Stakeholder groups

The findings from the stakeholder dialogue provide important information that is used in producing the materiality matrix. The materiality matrix is incorporated into the Business Plan and is used to reflect policy choices. The annual report gives stakeholders information about the targets for the material issues that have been achieved.

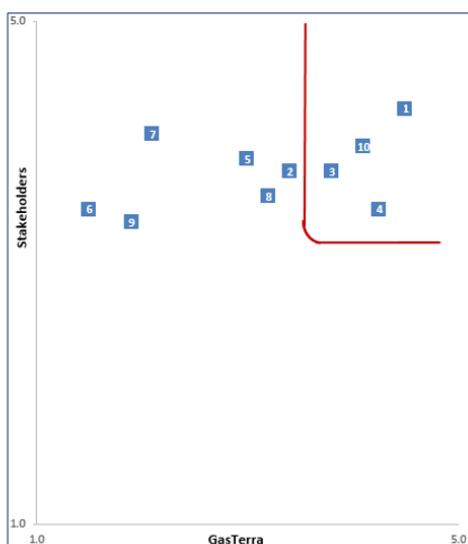
In-depth versions of the stakeholder dialogue were carried out in both 2019 and 2020, which was necessary because GasTerra was in the process of scaling back its activities. Shortly after conclusion of the stakeholder dialogue in 2019, the decision was taken to wind up GasTerra in due course and to draw up a phasing-out plan. At that time, the regular discussions with stakeholders gave no reason to believe that the public announcement of this decision would have led to the stakeholder dialogue or other material issues turning out differently. But it was a reason to conduct the stakeholder dialogue in 2020 more extensively than the review that had been planned as it provided an opportunity to investigate the effects of the phase-out and discuss the impact of corona.

In 2021, the results of the previous stakeholder dialogue were reviewed internally with relationship managers who are in close contact with the various stakeholders. This review confirmed the observations as gathered from stakeholders in 2020. The most important issue for stakeholders continues to be contractual obligations followed by chain management, GasTerra's role in the gas market and knowledge. The stakeholder groups are aware that GasTerra is winding down. Every group is facing changes and will have to deal with its own challenges.

It remains important for GasTerra to communicate transparently and to hold further discussions about the phasing-out in order to support parties with the adjustments required as a result of this.

The coronavirus crisis has had a significant impact on many of our stakeholders and their businesses, but by making sure that improved communication tools were set up quickly during the working-from-home period, the relationship between GasTerra and its stakeholders did not suffer. We miss seeing each other informally of course. By that, we mean that employees enjoy seeing each other, but we also miss the get-togethers during network meetings, conferences or events that are important for interacting with various stakeholder groups.

GasTerra's management compared the importance that stakeholders attach to the issues with the importance that GasTerra itself attaches to them. This gives rise to the materiality matrix which forms part of the 2022 Business Plan and is a key element in the strategy to be developed. The material issues for 2022 are: contractual obligation, economic performance, role of GasTerra in the gas market and sustainable deployability. This represents a change in the material issues compared to last year. The issue of sustainable energy supply is still topical and there will continue to be activities in this area in the coming years but, given that GasTerra is in the process of winding down, its importance is diminishing and we no longer consider it material. The issue of sustainable deployability, on the other hand, will continue to require a lot of attention during the phasing-out stage and has therefore been added to material issues.



1. **Contractual obligation**
2. **Sustainable energy supply**
3. **Sustainable deployability**
4. **Economic performance**
5. **Knowledge**
6. **Internal footprint**
7. **Chain management**
8. **Commitment to the region**
9. **Compliance with the voluntary guidelines and frameworks**
10. **GasTerra's role in the gasmarket**

1.4.1.2. Materiality matrix

Sub-objectives for 2022 have been determined for the material issues within the strategic targets of volume, price, costs and anticipation. The phasing out of GasTerra is a general theme that plays a part within all the targets and activities.

Material issue 2022	Strategic targets	Target for 2022
Contractual obligation	Volume Price	Full compliance with contractual obligations.
Economic performance	Volume Price Costs Anticipation	Best possible negotiation of commercial contracts. Making the best possible use of the resources in our portfolio. Using the market potential for optimisation. Making a margin on purchases and sales.
GasTerra's role in the gas market	Anticipation	Enable NAM to implement the operational strategy established by the Minister for Economic Affairs and Climate Policy. GasTerra will make every effort to sell the annual volume of Groningen gas offered by NAM. This annual volume is based on the degree-day formula laid down by the Minister for Economic Affairs and Climate Policy.
Sustainable deployability	Anticipation	Percentage of sickness absence in calendar year 2022 < 2.5% and 0 accidents leading to time off work. Supporting employees to achieve a suitable future position.

1.4.2. Value creation model

The value creation model shows how we use our resources to achieve the targets. Our mission, vision and strategy are the basic principles of our business operations.

The more rapid phasing-out of gas extraction from the Groningen field means that GasTerra's key activity will eventually cease. In 2020 a phasing-out plan was produced which works gradually towards discontinuation of the company's business activities. This wind-down will be finished by 31 December 2024, but the importance of gas for the energy supply and the climate policy will not disappear when GasTerra has been phased out completely. We will use the next few years to leave the gas market in a good position and to share our accumulated knowledge of our product, the market and the energy transition. The value that we are currently adding will therefore remain relevant after the final date.

So, for the time being, everything is much the same as before, however one exception is that GasTerra will no longer enter into new gas sales contracts for gas supplies after 31 December 2023.

We have always paid considerable attention to projects that advance the transition to a more sustainable energy supply and we actively sponsor social, cultural and sports institutions and activities, particularly in and around Groningen. During the phasing-out period the company will consider whether there is still, at this stage of its existence, scope for fresh agreements with new or existing parties; this will be done year by year and case by case.

In the later stages of GasTerra's phase-out, the value creation model will be updated, if necessary.



1.5. Summary of results

	2021	2020
Income and expenditure in millions of euros		
Revenue	13,144	5,454
Gas purchases	12,816	5,125
Transmission costs	235	239
Profits in millions of euros		
Profit before tax	48	48
Net income	36	36
Dividend	36	36
Other financial information		
Investments (in millions of euros)	0.7	0.6
Liquidity ratio	1.1	1.2
Balance sheet data at year-end, in millions of euros		
Total assets	4,528	1,247
Shareholders' equity (before profit appropriation)	216	216
Current liabilities	4,286	1,001
Volumes sold in billions of cubic metres*		
Total sales	44.2	41.6
-The Netherlands	24.0	22.2
-Rest of Europe	20.2	19.4
Company staff at year-end, in full-time equivalents	109.7	120.8
Health and safety		
Sickness absence (in %)	1.89	1.69
Average absenteeism rate	0.56	0.55

The solvency ratio of GasTerra is not included because it is not representative as a result of the agreements among the various entities in the Dutch 'Gasgebouw' (see the financial statements, chapter 4). One of them relates to the transfer price for Groningen gas, as a result of which GasTerra makes a fixed profit of 36 million euros. As lower amounts of Groningen gas are being extracted and production is expected to be terminated in the near future, it is increasingly difficult to set a price for Groningen gas which would leave a fixed profit of 36 million euros for GasTerra. However, GasTerra still has obligations that must be met. To ensure this, the Transfer Price Agreement has been amended. The amendment means that GasTerra's fixed profit of 36 million euros is achieved by no longer setting a price per unit (cubic metre of Groningen gas) but an amount. From 1 January 2022, the transfer price for Groningen natural gas supplied by NAM to GasTerra will consist of a volume-dependent commodity price, based on the TTF month-ahead-prices, and a volume-independent payment.

Investments are not material, and relate mainly to the capitalised costs of software developed in-house to support the business processes.

2. Material issues

Contractual obligation, economic performance, sustainable energy supply and the role of GasTerra in the gas market were the material issues for 2021. These issues were determined partly on the basis of the outcomes of the stakeholder dialogue conducted in 2020 and served as input for the policy choices in 2021. In this chapter, we explain how the material issues are addressed and the targets achieved. We also present a view on next year's activities and material issues including sustainable deployability, which has been added to material issues in 2022. This chapter also explores our commitment to the region, also an important issue for GasTerra.

2.1. Contractual obligation

Compliance with contractual obligations is the most important topic for both GasTerra and our stakeholders. We make sure that our company has enough gas in portfolio at every point in the year to be able to meet the supply obligations to our customers. To make this possible, GasTerra must ensure that its sales obligations are in balance with its supply. In the past it was possible to do this by adjusting the Groningen field upwards or downwards; now we balance this by purchases and sales on the market and the use of contracted storage facilities. In order to be able to meet our obligations at all times and to manage the associated price risks, we use advanced planning models. In 2021 we complied with all our contractual obligations, as usual, which means the target was achieved. We do not include specific details about our contracts in our annual report for reasons of commercial sensitivity.

In 2020 we informed our business partners that a phasing-out plan had been put together that would work towards the discontinuation of GasTerra's business activities. The company will be fully phased out by 31 December 2024. For the time being, everything is much the same as before, except that GasTerra will no longer enter into new gas sales contracts for gas supplies after 31 December 2023.

The phasing-out plan takes into account that, on the final date, there may still be a number of current and long-term obligations and rights remaining. GasTerra's shareholders will, in consultation with the board of management, decide in good time how these will be wound down.

2.2. Economic performance

It is obvious that the company regards economic performance as a material issue. If the economic performance is not good, this affects all stakeholders. In this context the company tries to achieve an efficient business operation with a good balance between costs and care.

2.2.1. Purchasing

In 2021 GasTerra bought 44.2 billion cubic metres of gas (2020: 41.6 billion cubic metres). Of this, 9.7 billion cubic metres came from the Groningen system (including storage facilities) and 10.5 billion cubic metres came from small fields. An amount of 24.0 billion cubic metres was purchased mainly on trading hubs and via imports.

The volumes from the Groningen system are different from the production figures reported by NAM. This difference is due to a number of factors, including own use in production and the difference between injection and production from the underground storage facilities. In addition, GasTerra reports volumes on a calendar year basis, while the extraction order issued to NAM is bound to the gas year.

Over the past decade, the purchase of gas from small fields has declined. The reserves in the existing small fields are shrinking because gas is being produced from the fields. This also reduces the pressure in these fields (depletion) and causes production capacity to fall. Although new small fields are still being found frequently, this does not compensate for the decline in production. A further fall is expected in the years to come.

In 2021 GasTerra imported 6.3 billion cubic metres mainly from Norway and Russia.

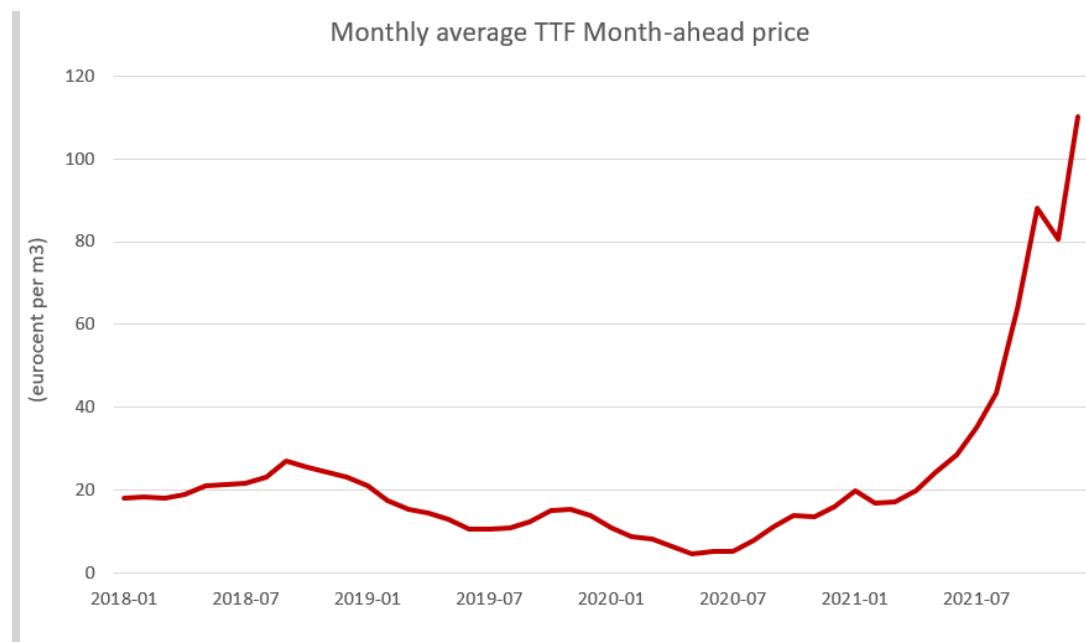
2.2.2. Supply

In 2021 GasTerra supplied 44.2 billion cubic metres of gas to customers (2020: 41.6 billion cubic metres). Some of the gas supplied was delivered to the traditional supply points such as connections and border points. We also supply much of our gas to our customers on the TTF, from where they can trade it on or transport it to their end users.

This means that the gas can change hands several times before finally reaching the end user. This means that gas contracted by foreign parties does not necessarily cross the border, and gas that we sell on the TTF may eventually leave the country.

2.2.3. Pricing

GasTerra's supplies commanded higher prices than they did in 2020. In 2021 an average of 29.7 eurocents per cubic metre was paid as against 13.0 eurocents in 2020. These prices are related to prices on trading hubs. The prices on the TTF were on average higher in 2021 than in previous years. The month-ahead price in 2021 was on average five times higher than in 2020 (45.72 eurocents/cubic metre as against 9.30 eurocents/cubic metre). At the end of December 2021 this price peaked at almost 180 eurocents/cubic metre.



2.2.3.1. Trend in average monthly TTF prices (source: ICIS Heren)

As the volumes purchased from the Groningen field are gradually falling, and the volumes that GasTerra buys on the spot market are rising, it is increasingly important for price concepts of purchases and sales in the portfolio to be properly aligned.

Several existing import and export contracts were renegotiated in 2021. Arbitration may take place where no agreement can be reached. GasTerra was involved in four cases of arbitration in 2021 that had still not been concluded by the end of the year. As the outcomes of renegotiations or related arbitration that are still unresolved are uncertain, the possible outcomes of these proceedings are not reflected in the financial statements.

2.2.4. Transport

In order to meet the obligations under our trading contracts we book transmission capacity with network operators, especially GTS. In 2021, the costs of purchasing transmission capacity stood at 235 million euros (2020: 239 million euros).

2.3. GasTerra's role in the gas market

GasTerra's role in the gas market and the announcement that the company is winding down are important topics in discussions with stakeholders. In such discussions they emphasise the part that GasTerra has played in the development of the TTF and in overall energy management.

Stakeholders also believe that, given the announced termination of GasTerra's activities, it is important for the transfer of knowledge to receive enough attention. This is consistent with GasTerra's aim to leave a well-functioning gas market and to phase out and/or transfer its activities in a controlled manner while remaining aware of the interests of all its stakeholders. This is important to us, because the importance of gas for the energy supply and climate policy will remain undiminished even after GasTerra has wound down.

The decision to wind down the company results from the cabinet's announcement in March 2018 that gas extraction in Groningen would be terminated as soon as possible in connection with the earthquake problem. Our key activity, the purchase and sale of Groningen gas, will cease to exist when this happens. Until gas production ends, the Minister for Economic Affairs and Climate Policy determines, by means of a permitted production ruling, how much and in what way (i.e. the operational strategy) gas is to be extracted from the Groningen field each year. This quantity is intended to supplement gas from other sources. The gas from these other sources will be converted into low-calorific Groningen quality via GTS's nitrogen installations, and so is called pseudo-Groningen gas.

GasTerra aims to sell the annual volume of Groningen gas offered by NAM. The required production volume from the Groningen field depends on temperature trends during the gas year. This relationship is expressed in the so-called degree-day formula. In order to make maximum use of the nitrogen installations available, GTS' calculation is based on a 100% nitrogen input. Whether this will be achieved depends on the extent to which the assumptions on which GTS' estimates are based actually materialise during the gas year.

GasTerra plans the use of the L-gas resources in such a way that NAM can comply with the operational strategy and other conditions of the ruling. GTS' usage of nitrogen conversion capacity results from this use of L-gas resources. GasTerra will provide insight into L-gas demand and nitrogen usage trends during the gas year. It is up to the Minister for Economic Affairs and Climate Policy to decide whether the extraction instruction to NAM needs to be adjusted during the course of the gas year.

In order to be able to finish gas production from the Groningen field sooner and at the same time guarantee the security of supply of L-gas, agreements have been made about the use of gas storage facility Norg. Where previously the storage facility was filled with gas from the Groningen field, this is now done as much as possible with pseudo-Groningen gas. GasTerra plays a part in this because we determine every day, in operational terms, when gas will be produced from or injected into the gas storage facilities. The cabinet wants to use UGS Grijpskerk so that the Groningen field can close earlier. This could be made possible by converting UGS Grijpskerk from an H-gas to an L-gas storage facility. To this end, the Minister for Economic Affairs and Climate Policy has approved a draft consent decree²⁰. On 14 February 2022, the State Secretary for Economic Affairs and Climate Policy informed the Lower House that, subject to certain conditions, the amendment to the storage plan submitted by NAM for the underground gas storage facility in Grijpskerk would be approved. This consent decree provides for a general storage plan for the Grijpskerk facility as far as gas type is concerned and allows either high-calorific or low-calorific gas to be stored²¹.

Gaseous energy carriers will continue to play an important part in the future climate-neutral energy mix, although natural gas will be given a different role. We consider it important that, in the transition towards a climate-neutral energy supply, natural gas is used only where renewable sources are not yet a viable alternative. GasTerra continues to work on improving sustainability by promoting the production of green gas, contributing to research into hydrogen, and playing an active part in raising awareness of this issue by providing knowledge and financial resources.

One aspect of leaving the gas market in a good position is sharing our knowledge about our product, the market and the energy transition. We do this by participating in joint ventures and projects in the field of energy transition as well as via sectoral organisations and through our own publications. For example, GasTerra has published the brochure 'Future perspectives for gas in the Netherlands' (in Dutch: 'Toekomstperspectieven van gas in Nederland'). GasTerra aims to interpret the relationship between the figures in this brochure and recent and expected developments in energy and climate issues. The brochure describes the situation in the Dutch gas sector and examines, among other things, the balance between supply and demand now that domestic production is rapidly declining. We will have to rely more heavily on Russian gas and LNG, which has been transported to Europe in increasing quantities in recent years but whose availability depends to a large extent on prices on the various global markets. This was also a topical issue in 2021. Finally we need to think about the market. The Netherlands is home to the most important natural gas trading hub in Europe, the Title Transfer Facility (TTF). The green gas market is also operating well now and the issue of official certificates, known as Guarantees of Origin, mean that buyers of this renewable gas know for sure that it has actually been produced from biomaterials. When developing a trading market for hydrogen, we can learn a lot from the way the natural gas and green gas markets have evolved. However, production capacity needs to be dramatically increased as the market is being developed.

We are actively involved in KVGN. This partnership has produced several publications, including one on system integration in the energy transition (SEIN) and the knowledge document "How energy works" (in Dutch: "Zo werkt Energie"), which describes all aspects of the energy sector with contributions from various partners. Our videoclips "Energy at a glance" (in Dutch: "Energie in het kort") explain various aspects of the energy transition to a wide audience.

²⁰ In Dutch: <https://www.rijksoverheid.nl/actueel/nieuws/2021/12/03/kabinet-wil-grijpskerk-inzetten-op-groningenveld-eerder-te-sluiten>.

²¹ In Dutch: <https://www.rijksoverheid.nl/documenten/kamerstukken/2022/02/14/instemmingsbesluit-gasopslag-grijpskerk>

Our chairmanship of KVGN's Green Gas Working Group facilitates a broad exchange of expertise, insights and recommendations with regard to new green gas policy.

GasTerra established Energiepodium.nl; since 2011 this portal has presented opinions, interviews, news and background information about energy with the aim of improving the quality of the discussion. Energiepodium also organises live meetings such as the annual debate, held last year on 11 October, with politicians, government officials, industry representatives and NGOs. Key players in energy and climate issues discussed the new cabinet's climate policy with each other and the audience.

As GasTerra is winding down, Energie Beheer Nederland is taking over as principal partner with effect from 1 January 2022. GasTerra will continue to support Energiepodium with a financial contribution and content-related input by becoming a cooperation partner alongside PwC, NOGEPA and KVGN.

2.4. Sustainable energy supply

The transition to a sustainable energy supply is an important social issue. Over the past few years we have identified it as a material issue, including 2021. That is no longer the case for 2022. Not because the issue is less important but because GasTerra's involvement in projects that accelerate the transition to a more sustainable energy supply will decrease as the organisation winds down. Leaving the market in a good position is a starting point here. The projects we support focus on the development of renewable gases (green gas and hydrogen), which tie in well not only with our expertise and our role as a gas trader but also with market requirements. This knowledge will also remain relevant when we have finished our trading activities in this area. In addition to direct participation in energy transition projects, GasTerra will also continue to work in 2022 within KVGN, Energie Nederland and Eurogas on promoting the role of sustainable gases and the transition towards them.

2.4.1. Green gas

Green gas still only makes up a small proportion of the energy supply, but demand for this product as a cheap and simple alternative is rapidly increasing in the built environment, industry and the transport sector. GasTerra is helping to improve production-side bottlenecks by supporting a number of longer-term innovation projects in biomass fermentation and gasification. This has led, also in 2021, to the construction of demonstration facilities, implementation of measurement and research programmes and application of scientific knowledge and market research. The intended project outcomes are cost reduction, increase in earnings and introduction of new technologies.

According to a study completed in 2021, biological methanisation of the product gas from sewage sludge gasification is a promising technology for green gas production. Another study on the production of green gas from residual flows in the printing industry also got off with support from GasTerra. A comparative study was also launched to compare the production costs of hydrogen from gasification of biogenic waste flows with the production costs of hydrogen from electrolysis.

GasTerra expects to still have a large proportion of current green gas production under contract in 2022. Green gas production in the Netherlands continues to grow well but due to the company's phase-out, GasTerra is concluding virtually no new contracts. The sale of green gas will carry on during the coming year. Interest from customers who want to make their processes more sustainable led to the conclusion of green gas sales contracts in 2021 too. GasTerra is exploring the options for placing its green gas portfolio elsewhere.

We are one of the sponsors of Panorama Green Gas, a publication about the state of play in the green gas sector, which was published in 2021. GasTerra has also taken on the role of secretary of the Groningen Green Gas Community (in Dutch: Groninger Groen Gas Genootschap (4G)).

These examples all show that we want to make an active contribution towards developing green gas potential in the municipality and immediate vicinity.

2.4.2. Hydrogen

Interest in the development of hydrogen is increasing enormously. That is why we used our experience in the gas market last year to promote the development of a free hydrogen market and to share knowledge.

GasTerra employees are taking part in hydrogen project Hydrogreen. This is a unique collaboration between 23 organisations consisting of government authorities, knowledge institutions and companies. We are involved in the subproject, which focuses on showing how, in the new district of Nijstad-Oost, in Hoogeveen, around 80 homes can be created that will run entirely on hydrogen. Using hydrogen in a new residential area, which does not seem an obvious choice at first glance, represents preparatory work for a further rollout in the nearest existing district.

At EnTranCe, the construction of the hydrogen infrastructure necessary for carrying out tests and research has been completed with support from GasTerra. A storage system has been installed that not only allowed a number of prolonged tests to be carried out in 2021 with hydrogen demand technologies such as new boiler concepts, but which will also ensure that the hydrogen produced locally in test installations can be stored and then used beneficially at local level. The opening of the HydroHub is planned for 2022, this local hydrogen backbone will be used to facilitate experiments with hydrogen production from electrolyzers.

The ongoing doctoral research into the development of a hydrogen market under the supervision of Professor Machiel Mulder, Professor of Energy Market Regulation and Director of the Centre for Energy Economics Research (CEER) at the University of Groningen, has already produced several publications. This research is being carried out in cooperation with institutes in Denmark, Germany, Italy and Austria. GasTerra is supporting this research as part of our cooperation with the New Energy Coalition (NEC). It is being guided by a broad advisory group with representatives from industry and government.

The North Sea Energy programme also continued in 2021. This programme has been supported by GasTerra, with a brief interruption, since 2017 and has led to a better understanding of the potential synergy between existing and new energy infrastructures in the North Sea. The current programme has led, among other things, to a pilot project in which hydrogen will be produced on an existing natural gas production platform. Bearing in mind the knowledge we have already acquired, international cooperation and coordination are also being sought in order to accelerate the development of the North Sea as an energy hub. Part of the programme is to create social support by actively seeking cooperation with the various shareholders.

GasTerra sits on the board of Energie Nederland and is represented in the subject groups Sustainability (Verduurzaming), Built Environment (Gebouwde Omgeving) and Molecules (Moleculen). GasTerra uses its position in these subject groups to promote the energy transition, alongside the essential role of natural gas, by reinforcing the importance of green gas and hydrogen. For example, we are contributing to a study "Exploring targets for green hydrogen in industry" (in Dutch: "Verkenning target groene waterstof voor de industrie"), which analyses the European proposal for 50% green hydrogen use by 2030. This will assess whether the European target is technically feasible, what the costs are, which preconditions (such as renewable production, infrastructure, policy clarity, accompanying policy instruments and possibly including blue or other forms of hydrogen) must be met to achieve the objective and what it means for the competitive position of the Dutch companies concerned.

At European level too, through sectoral associations EFET and Eurogas, GasTerra contributes towards improving the ranking of sustainable gases. This is done by submitting consultation documents such as "Hydrogen and Gas Market Decarbonisation Package" and writing discussion papers on Guarantees of Origin and the Renewable Energy Directive II.

2.5. Sustainable deployability

Although sustainable deployability was not identified as a material issue in 2021, it has received a lot of attention. As the phase-out proceeds, that focus becomes more important and therefore it is material for the coming year.

Sustainable deployability and staff wellbeing are important issues for every organisation. For GasTerra, the phasing-out of the organisation also plays an important role. In establishing the phasing-out plan and redundancy scheme, clarity has been achieved, but it does not alter the fact that employees will eventually lose their jobs. It presents the company, as an employer, with the challenge of enabling its employees to leave at a time of their choosing but at the same time ensuring that business continuity is not jeopardised and that the quality that stakeholders have come to expect from us is maintained. Employee competence and motivation are crucially important and treated as an ongoing priority for the organisation.

The coronavirus pandemic and related measures still had a grip on us in 2021. GasTerra listened to the government's advice on working from home and was continually looking for ways to stay connected. Fortunately, the excellent IT resources support this and we all made a lot of effort to stay in touch in various ways, with virtual canteen sessions and virtual social gatherings, and a lot of walking and catching up. During one spring afternoon, we shared the advantages and disadvantages of hybrid working with each other in an online inspiration event 'back to the future office'.

Employee satisfaction was monitored according to a number of measurements and colleagues were regularly consulted about how they were finding this time and how the organisation could provide extra support. Graduate research also provided insights into these issues. A working group, consisting of employees and managers from various backgrounds, met online every week and advised management on measures or relaxations to the rules. This working group also initiated small interventions to promote safety in the office.

GasTerra has had a low rate of sickness absence for many years (<2.5%). This year it has remained at a similar level but we have also had to deal with coronavirus. While very few, if any, employees became infected in the first and second waves of the virus, things definitely changed in the last quarter of 2021. Given that most employees were working from home, they were not becoming infected from each other. Colleagues who work a 24-hour rota did work in the office, however. For them, the coronavirus arrangements are regularly reviewed and they can carry out preventive tests for a higher level of reassurance that they are not infecting each other.

Last year, a number of colleagues left the organisation. Most of these found another job, some retired or took early retirement. As a result, the organisational structure has been changed so that GasTerra is once again robust for the coming years. Departments have been merged, meaning cooperation between teams is even easier. As the organisation shrinks, it becomes more important to deploy staff members flexibly. Employees will be able to generate added value in their areas of expertise without having to observe department boundaries; we are all part of one big team getting the job done together. In addition to the reorganisation, several new colleagues have also been brought in who are being given a broad training so they can assist in many areas.

We are continuing to focus on our employees' future plans. Firstly, by encouraging employees not to take action only after GasTerra has ceased to operate, secondly by getting them to consider how opportunities within the organisation can contribute to specific experience that may be useful for their future goals. Many colleagues are using this time to learn new or additional skills or for structured career reflection.

We hope there will be more options for working in the office in 2022. GasTerra will continue to invest in team spirit and working together safely. For example, meetings on specific topics, aiming to increase knowledge or competencies, are planned to take place in the office, in addition to social events that increase job satisfaction. We are keen to continue investing in training and development, though this may be combined with a commitment to other roles and tasks. All this is aimed at increasing employee deployability for their current, but also their future, work. The physical and mental health of colleagues is also examined by means of a medical check-up performed by the occupational health, safety and welfare service.

2.6. **Involvement in the region**

We are closely connected to various institutions, associations, foundations and clubs in Groningen and try to support social, cultural and sports projects by providing funds, input from staff and knowledge. We also contribute to educational projects that aim to develop knowledge about energy such as the travelling classroom 'Your Energy of Tomorrow' (in Dutch: 'Jouw Energie van Morgen') and the Junior Energy Coach and we will make every effort to help the North Netherlands develop into a leading energy (and energy transition) knowledge centre. For example, we support research and innovation at EnTranCe and via the New Energy Coalition. GasTerra is also making its employees available in the Groningen region as knowledge partners for current energy issues, such as for shaping the Regional Energy Strategy (RES).

Sponsorship

In 2021 we spent 210,000 euros on sponsorship and donations (in 2020: 330,000 euros). The pandemic also had a huge impact on sponsorship, as many events and activities had to be designed differently or could not even go ahead. This happened while costs had often already been incurred and so to help these parties, GasTerra paid most of the pledged sponsorship amounts anyway. Part of that has been set aside for postponed activities.

The Rolling Stones – Unzipped exhibition in the Groninger Museum was only open to visitors for four weeks in 2020 due to coronavirus. The exhibition, sponsored by GasTerra, has been extended until 18 April 2021. Thanks to clever virus-proofing measures in and around the building, more than 20,000 people were able to visit *Unzipped*. This is a significantly lower number of visitors than intended but the good news is that the Groninger Museum has agreed with the Rolling Stones management to bring the exhibition back to Groningen in 2023.

In 2021 an amount of 10,000 euros was provided to the Beatrix Children's Hospital (part of UMCG), for the purchase of three 'kangaroo chairs' used in newborn care. These chairs are used in the neonatal intensive care unit. GasTerra also honoured a financial appeal from Maxima Clothing Bank. This enabled them to buy slippers quickly for the first evacuees from Afghanistan, who were taken in by the Zoutkamp shelter.

In addition to providing sponsorship, GasTerra has set up a volunteers' fund, which provides a financial contribution to associations, institutions, foundations or other organisations in which GasTerra's employees actively volunteer.

Local buying

When purchasing non-gas-related products and services, we prefer to work with local suppliers to stimulate the Groningen economy. When making a choice from the available suppliers, location is a fixed criterion in addition to sustainability, price and quality. In 2021 the total commitments entered into for this type of purchase came to 17.8 million euros. Of this, more than 9.7 million euros was spent with local suppliers (2020: total 21.5 million euros, of which 13 million was spent locally).

3. Governance

We believe that it is self-evident that we should report in a transparent manner on how our company is run and supervised.

3.1. Report of the Supervisory Board

3.1.1. Composition

The Supervisory Board oversees the policy of the Board of Management and the general business performance at GasTerra. The Supervisory Board comprises eight members, one of whom is appointed by the Minister for Economic Affairs and Climate Policy. The Board appoints a chairperson from among its midst; this appointment has to be approved by the Minister for Economic Affairs and Climate Policy.

The Supervisory Board appoints from among its midst a College of Delegate Supervisory Directors, comprising five members, one of whom is the supervisory director appointed by the Minister for Economic Affairs and Climate Policy. The Board may delegate its powers to the College, in so far as this delegation does not infringe the duties and powers of the Supervisory Board.

The company's Articles of Association lay down that two members of the Supervisory Board are to step down each year at the General Meeting of Shareholders according to a rotation schedule determined by drawing lots. The members who step down may be re-elected or reappointed immediately. New members of the Supervisory Board take the place of their predecessors on the rotation schedule.

Name	Term of office	Capacity	Date of appointment
B.C. Fortuyn MSc	Re-electable in 2025	Delegate Supervisory Director	12 February 2018
R.M. de Jong MA	Re-electable in 2022	Delegate Supervisory Director	1 August 2016
R.G. de Jongh MA	Re-electable in 2025	Member of Supervisory Board	1 April 2016

Name	Term of office	Capacity	Date of appointment
A.F. Gaastra LLM	Eligible for reappointment in 2022	Delegate Supervisory Director	15 September 2016
J.W. van Hoogstraten MSc	Re-electable in 2023	Delegate Supervisory Director	1 March 2016
T.W. Langejan LLM MA	Re-electable in 2024	Member of Supervisory Board	15 February 2016
J.M.W.E. van Loon MSc	Re-electable in 2024	Delegate Supervisory Director	1 January 2016
L. Zirar MA	Re-electable in 2023	Member of Supervisory Board	1 April 2019

3.1.2. Meetings

The Board (including the College of Delegate Supervisory Directors) met eight times in the presence of the Board of Management. The Audit Committee (AC) was also represented at one of the meetings. At the invitation of the Board, the external auditor was present at the meeting in which the Annual Report and Accounts relating to 2020 were discussed and approved.

	Supervisory Board	College of Delegate Supervisory Directors	Audit Committee
B.C. Fortuyn MSc	1/2	5/6	n.a.
J.M.W.E. van Loon MSc	2/2	4/6	n.a.
J.W. van Hoogstraten MSc	2/2	6/6	n.a.
A.F. Gaastra LLM	2/2	6/6	n.a.

	Supervisory Board	College of Delegate Supervisory Directors	Audit Committee
R.M. de Jong MA	2/2	6/6	n.a.
R.G. de Jongh MA	2/2	n.a.	n.a.
L. Zirar MA	2/2	n.a.	n.a.
T.W. Langejan LLM MA	2/2	n.a.	3/3
A.J. van der Linden MA	n.a.	n.a.	1/1
P.G.W. Gerssen MA	n.a.	n.a.	3/3
A. Roeland LLM MA	n.a..	n.a..	2/2
P.J. de Vries RA MA	n.a.	n.a.	3/3

The first number shows the number of meetings attended, the second number is the number of meetings that took place during the period in which the individual was in post.

Ms. Van Loon was unable to attend two of the College meetings and was represented at those meetings by Mr. De Jongh. Mr. Fortuyn was unable to attend one of the Board meetings and one of the College meetings. He was represented by Mr Langejan at the Board meeting and by Mr van Hoogstraten at the College meeting. Mr Van der Linden stepped down as chairman and member of the Audit Committee on 1 September 2021. Mr Gerssen succeeded him as chairman and Mr Roeland was appointed as a member.

3.1.3. Objectives and strategy

2021 has also been an unusual year in many ways for GasTerra and our employees. Following the outbreak of the coronavirus in 2020, GasTerra had to deal with further measures in 2021 needed to combat the virus. In the Supervisory Board's opinion, the GasTerra organisation has responded appropriately and energetically to this situation, which has had a grip on us for almost 2 years now. The wellbeing of all those involved and continuity of business operations have been the main priorities. The Board expresses its appreciation for the way in which the GasTerra organisation has implemented and continues to implement this.

GasTerra has also taken the necessary steps in phasing-out its business activities. The decisions taken since the beginning of 2014 by the Minister for Economic Affairs and Climate Policy on the deployability of the Groningen field, as a consequence of the developments in the Groningen earthquakes dossier, have had a major influence on GasTerra's business operations.

In 2018, the cabinet decided that extraction of Groningen gas should be significantly reduced in the years to come and then finished completely. As a consequence, GasTerra's shareholders have discussed the future of GasTerra, which was set up in order to sell Groningen gas. In October 2019, the shareholders asked GasTerra management to produce a phasing-out plan for the company. The management complied with this request in 2019 and 2020 in consultation with the Board. At the end of 2019 a redundancy scheme was established for GasTerra's employees. In 2020 a phasing-out plan was set up to implement the gradual winding down of GasTerra's activities. This was implemented in 2021 and further steps will be taken in the future. Top priorities here are to achieve a satisfactory process with the Works Council, keep the organisation operating effectively and ensure compliance with existing contractual obligations. The date on which GasTerra's activities will be fully phased out is 31 December 2024.

The Supervisory Board has had various opportunities to contribute to the decision-making process, and will continue to be closely involved with this issue in view of its importance to the GasTerra organisation, its employees and other stakeholders.

The Supervisory Board discussed with management the company's strategy and how this was to be translated into the objectives for the coming years. GasTerra will phase out its activities in a controlled manner while remaining aware of the interests of its stakeholders. Where necessary, the strategy will be reassessed in the interim.

2021 has also been an unusual year for GasTerra as far as fluctuations in wholesale natural gas prices are concerned. Price levels and volatility brought new challenges for the organisation. In the opinion of the Supervisory Board, GasTerra has dealt with these challenges properly and appropriately.

The Supervisory Board discussed with management the extent to which the objectives for 2021 had been achieved and set the objectives for 2022.

In 2021 the Supervisory Board discussed the risks associated with the business activities. As part of this process, the management's assessment of the set-up and operation of the internal risk management and control systems was discussed, by discussing the document of representation among other things. Attention was also paid to the management letter from the external auditor, and the social aspects relevant to GasTerra were taken into consideration too. The Board concludes that GasTerra has a robust control system that functions effectively, and that it is subject to continuous improvement.

3.1.4. Staffing matters

The Supervisory Board approves remuneration policy by issuing a Collective Labour Agreement mandate. Where necessary, the Board gets involved in updates relating to ancillary roles held by members of the Board of Management, and once a year discusses the complete overview of these ancillary roles and approves them. The overview of ancillary activities of members of the Supervisory Board is also reviewed once a year.

3.1.5. Audit Committee

The Supervisory Board has established an Audit Committee. This committee oversees the workings of the internal risk management and control systems, all financial affairs, relations with the external auditor and the application of information and communication technology. At one of the meetings of the Supervisory Board, the Audit Committee reported on the activities it had undertaken.

The Audit Committee met on four occasions during the reporting year, including once for an informal meeting.

At the end of 2021, the composition of the Committee was as follows:

P.G.W. Gerssen MA (Chairman)
T.W. Langejan LLM MA
A. Roeland LLM MA
P.J. de Vries RA MA

3.1.6. Self-evaluation

The Supervisory Board evaluates its own performance periodically and will carry out a self-evaluation in 2022.

3.1.7. Contacts with employees

In principle, with a few exceptions, the Board always meets in the company's building. The coronavirus measures have made it necessary to deviate from this a few times in 2021.

Board members attended two consultative meetings between the management and the Works Council in 2021. The topics discussed included developments in GasTerra's environment and the future of GasTerra.

3.1.8. Financial statements

The recommendations from the Supervisory Board to the General Meeting of Shareholders, to be held in Groningen on 18 February 2022, are as follows:

We have examined the financial statements for 2021, prepared by the Chief Executive Officer in accordance with Article 23 of the Articles of Association. We concur with these Financial Statements and recommend that:

- the net profit for 2021 – set at €36 million – be entirely appropriated for payment to the shareholders;
- the 2021 financial statements be adopted without alteration.

The Supervisory Board wishes to express its appreciation for the way in which the Board of Management and employees devoted themselves to the objectives of the enterprise during the financial year, and for the results that were achieved. The Board wishes every success to everyone working at GasTerra in 2022.

The Supervisory Board,

B.C. Fortuyn MSc, chairman
A.F. Gaastra LLM
J.W. van Hoogstraten MSc
R.M. de Jong MA
R.G. de Jongh MA
T.W. Langejan LLM MA
J.M.W.E. van Loon MSc
L. Zirar MA

3.2. Management information

The Board of Management of GasTerra consists of one Managing Director (CEO). This is Ms. A.J. Krist MA. In addition to Ms. Krist, the Board of Management also consists of a financial director (CFO), Mr. F.F. van Koten MA and a commercial director (CCO), Mr. R.E. van Rede MSc.

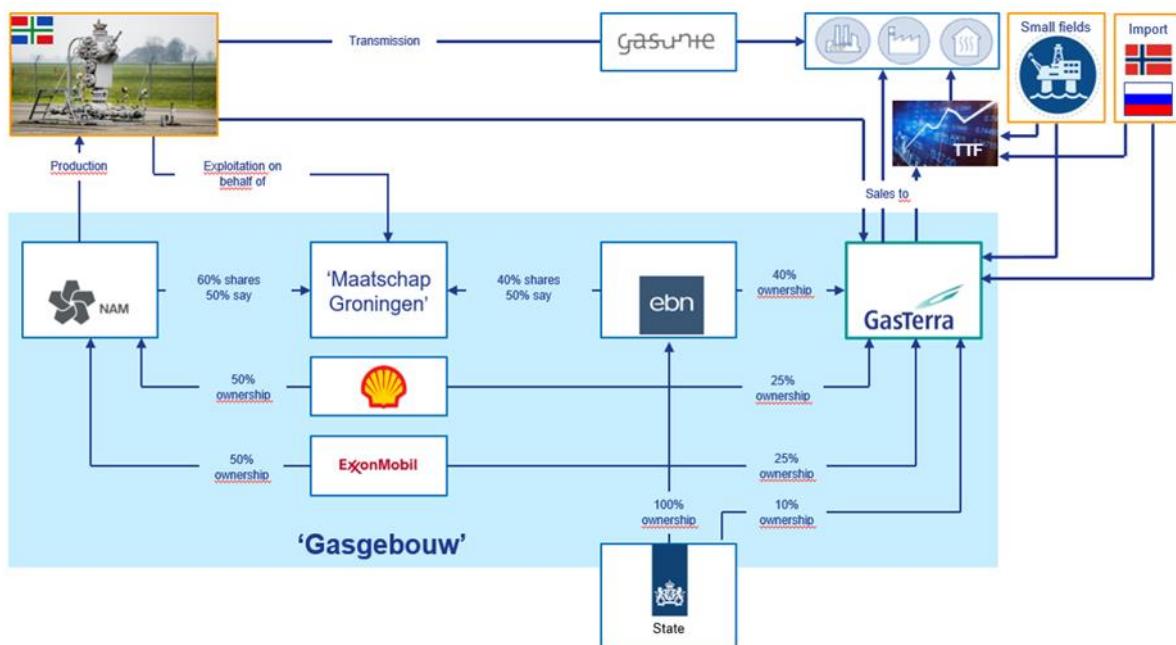


3.2.1.1. Structural diagram

3.3. Corporate Governance

GasTerra B.V. is a private limited company with registered offices in Groningen, the Netherlands. The company was founded on 1 July 2005 when N.V. Nederlandse Gasunie was legally split into a transmission system operator and a trading company. In the process, the infrastructure (the gas pipelines) and all transmission-related activities remained with Gasunie while the newly formed GasTerra continued with all gas trading activities.

GasTerra B.V.'s authorised share capital is €180 million, split into 40,000 shares of €4,500 each. All shares have been subscribed, fully paid up and registered, and can only be transferred by unanimous approval of the General Meeting of Shareholders. The shares are held by the State (10%), EBN B.V. (40%), Shell Nederland B.V. (25%) and Esso Nederland B.V. (25%). No depositary receipts are issued.



3.3.1.1. 'Gasgebouw'

GasTerra is not a listed company, as a result of which the Corporate Governance Code does not apply to the organisation. However, where possible and relevant, GasTerra is guided by the principles of the Code and takes the best practice provisions as a guide. In this chapter, we report on the appropriate principles of the Code.

These are to be implemented in the main when it comes to the principles and provisions included under the tasks and manner of working of the Board of Management. The tools that the Board of Management uses for this consist specifically of the annual activity plan, the budget, monthly and quarterly reports and the Business Risk Analysis (BRA) tailored to the organisation. The structure and operation of risk management at GasTerra are described in these documents among other things (see also the risk chapter, which contains a description of the most important risks). Risk management has been delegated to the line management. Reports are made to the Board of Management concerning implementation. The Board of Management reports at least once a year to the Audit Committee via the BRA. The external auditor assesses the compliance of this system to the extent relevant in the context of the audit of the financial statements.

The Board of Management of GasTerra consists of one Managing Director (CEO), appointed on the recommendation of the Supervisory Board and approved by the Minister for Economic Affairs and Climate Policy. The Managing Director is appointed for an indefinite period. In addition to the Managing Director, the Board of Management also consists of two further Directors/holders of a general power of attorney: a financial director and a commercial director.

The remuneration of the Managing Director is set by the Supervisory Board and, in addition to a fixed remuneration, it also has a variable component that is dependent on the financial and non-financial performance of the organisation. The Supervisory Board decides whether the Managing Director is eligible for a variable remuneration and its amount. In accordance with government policy on state holdings, the variable remuneration may not exceed 20% of the fixed salary. The amount of the Managing Director's remuneration is given in the financial statements. With regard to the Managing Director, the provisions relating to the maximum number of allowable supervisory board memberships in the Management and Supervision Act are observed.

Supervision of the Board of Management of GasTerra is exercised by the Supervisory Board. The Supervisory Board consists of eight members. One member is appointed directly by the Minister for Economic Affairs and Climate Policy, the remaining members are appointed by the Annual General Meeting of Shareholders on the recommendation of the individual shareholders. The number of Supervisory Board memberships that one person may hold is limited to ensure the proper performance of the duties. The Supervisory Board has appointed its own secretary, who is supported, where necessary, by the Company Secretary.

The Corporate Governance Code contains provisions regarding a balanced allocation of seats between men and women on the Board of Management and the Supervisory Board and these provisions, have, moreover, applied to GasTerra, as a "large legal entity", since 1 January 2022.

GasTerra's Board of Management has consisted of one person since 2017, Ms A.J. Krist, CEO and Managing Director. Management also consists of two managers (both men) who are authorised signatories. The proportion of women on the Board of Management is therefore one hundred per cent and within management as a whole this proportion is one-third or thirty-three percent. The Supervisory Board consists of eight people, seven men and one woman, the proportion of women on the Supervisory Board is therefore twelve per cent. The number of management positions at GasTerra came to nineteen at the end of 2021 (including team leaders), of which three were held by women and sixteen by men. This brings the proportion of women in management to sixteen per cent.

When appointing new board members and managers, GasTerra is aiming for a more balanced gender distribution and the company considers that at least one-third of such positions should be held by women. GasTerra will, however, scale back its portfolio and organisation even more in the coming years and it is expected that some management positions will be discontinued or combined. Insofar as new appointments are made, GasTerra will aim for a more balanced gender distribution.

The tasks and manner of working of the Supervisory Board are in accordance with the Code set out in its own regulations. It is standard procedure that the annual report contains a report of the Supervisory Board. A (brief) profile of the members of the Supervisory Board is included in the Annual Report. The provisions relating to the supervision of the Board of Management by the Supervisory Board are effected at the regular meetings of the Supervisory Board. Furthermore, the Supervisory Board discusses its own performance (and desired competencies) as well as that of the individual members of the Supervisory Board at least once every two years without the Board of Management being present; the performance of the Board of Management is discussed every year.

The Articles of Association stipulate that decisions which are important to GasTerra must be approved by the Supervisory Board or the College of Delegate Supervisory Directors. The College of Delegate Supervisory Directors is a corporate body. The College is formed by members of the Supervisory Board and consists of five supervisory directors including the supervisory director who has been appointed by the Minister for Economic Affairs and Climate Policy.

The Supervisory Board has established an Audit Committee. The Audit Committee is a non-corporate body composed of four members appointed by the Supervisory Board. The Supervisory Board, or the College of Delegate Supervisory Directors, may refer matters for the consideration of the Audit Committee. Whether requested to do so or not, the Audit Committee advises the Supervisory Board or the College of Delegate Supervisory Directors on matters within its remit and prepares the decisions of the Supervisory Board in relation to those matters. The Audit Committee meets at least three times a year.

The tasks and method of working of the Audit Committee are set out in regulations that essentially follow best practice provisions mentioned in the Code. Thus, the duties of the Audit Committee include supervision regarding the financing of the company, operating expenses and capital expenditures in relation to the agreed budgets, the provision of financial information, the operation of the internal risk management and control systems, compliance with recommendations and observations of internal and external auditors, the role and functioning of the internal audit department, the operation of information and communication technology and maintaining the relationship with the external auditor. Matters covered in particular by this latter topic are the independence of the auditor, remuneration and the potential provision of work that is not audit-related.

The (system of) remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. The total amount of remuneration of the Board is stated in the financial statements.

With regard to the powers of the shareholders, the Articles of Association stipulate that resolutions of shareholders may only be adopted by a majority of three-quarters of the votes cast. For certain resolutions, in particular the transfer of shares, suspension or dismissal of the Managing Director, amendment of the Articles of Association and dissolution of the company, unanimity is required.

As regards disclosure of information to shareholders and the potential impact on the share price, it should be noted that the 'GasTerra share' is not traded on the financial markets.

With regard to financial reporting, several times a year (at regular meetings), the Supervisory Board, the College of Delegate Supervisory Directors and the Audit Committee supervise compliance with the internal procedures relating to the preparation of the quarterly reports and the preparation and publication of the annual report.

The Annual General Meeting of Shareholders appoints the external auditor. It is standard procedure for the Audit Committee to question the external auditor with regard to his declaration on the accuracy of the financial statements. Furthermore, the Board of Management and the Supervisory Board report to the Annual General Meeting of Shareholders on the independence of the external auditor and a recommendation is issued for the appointment of an external auditor. For this purpose, the Board of Management and the Supervisory Board assess the performance of the external auditor periodically, at least once every four years. EY (Ernst & Young) has been GasTerra's auditor since the 2015 financial year. In 2020, the contract was extended to cover audits up to and including financial year 2024.

The external auditor has an understanding of the Internal Audits working plan, which is discussed in the Audit Committee. Findings concerning the internal audit function are included where necessary in the external auditor's management letter, which is discussed at a meeting of the Supervisory Board. The external auditor reports anything it wishes to bring to the attention of the Board of Management and the Supervisory Board in relation to its audit of the financial statements and the related audit checks. This gives effect to the provisions pertaining to the principle in the Code on the relationship and communication of the external auditor with the company's organs.

CSR is an integral part of the strategy at GasTerra and is therefore embedded into our day-to-day operations. GasTerra has integrated the materiality matrix and associated objectives and activities into the Business Plan, which is approved by the Supervisory Board, the governing body with the highest degree of responsibility. Monitoring of progress is included in the regular reporting cycle. The quarterly reports are discussed by the College of Delegate Supervisory Directors and the Audit Committee.

3.4. Risk section

A robust risk policy is vital to GasTerra in order to allow it to achieve its targets. Risk management at strategic, tactical and operational level is part of the Management Control System. GasTerra's Management Control System is based on the COSO ERM framework that is used throughout the world.

The Board of Management and the management team jointly determine the strategic and tactical risks, and are responsible for how these are managed. Reports on this issue are also submitted to the Supervisory Board and the Audit Committee. In addition, each process owner is responsible for managing the operational risks associated with his business processes.

Risk management is an integral part of the business activities. All employees are from time to time involved in parts of the Management Control System. They are expected to comply with the policy rules, procedures, work instructions and guidelines in force. GasTerra has set up a risk and control register, containing a central summary of all risks and management measures for each business process on the basis of operational risk analyses.

GasTerra's risk tolerance is low. Risks are mitigated by specific measures. For all risks, an assessment is carried out to determine whether the residual risk is acceptable. GasTerra's focus lies on the effectiveness and efficiency of existing measures so that balanced measures appropriate to the level of the risk are taken.

Strategic and tactical risks are determined twice a year. The frequency of risks at operational level is determined on the basis of the risk profile of the business process concerned. In any event, each process is subjected to a risk analysis once every three years.

The management measures that cover high risks, known as key controls, are tested periodically via self-assessments carried out by the process owner. The results are reported internally and compliance with recommendations made on the basis of the results is monitored. In addition to the self-assessments, an internal auditor periodically tests the design and operation of the management measures, also on the basis of the risk profile of the business process concerned. The operation of the internal audit function is periodically subjected to peer review by auditors of shareholders, who report back their findings to the Board of Management and the Audit Committee. Finally, GasTerra has a procedure for reporting incidents in order to promote improvements and to allow people to learn from each other.

During the course of normal business operations, the company can use financial instruments that expose the company to market risk, including exchange rate risk, interest rate risk, credit risk and liquidity risk. The way these are used is described in the 'financial instruments' section of the financial statements.

Business risks

GasTerra's business risk analysis (BRA) identifies the main strategic and tactical risks that could impede the fulfilment of the company's mission, vision and objectives.

For each risk, GasTerra determines the likelihood of the risk occurring and the impact on GasTerra if it does occur. The BRA is carried out twice a year, in the autumn when the business plan is being drawn up and in the spring as a half-yearly update. When performing the BRA in the autumn, all risks were redefined and risk classification was revised. Some of these risks are described below.

Employees and the phase-out

As a result of the phasing-out and possibly helped along by external factors such as an improving employment market, there is a risk that too many of GasTerra's employees will leave (at the same time). This can lead to a lot of knowledge and experience being lost which may mean that activities are no longer carried out properly. There is also a risk that GasTerra's phase-out will cause employees to lose focus on their work, reducing the amount of time and attention they have to achieve GasTerra's results. In some cases, this could also lead to reduced (sustainable) deployability of employees.

GasTerra has drawn up a staff schedule, based on the phasing-out plan, to ensure that the necessary competencies are available in the company so that business continuity is not at risk. At the same time, the company wants to help its employees move to new jobs and it is important for GasTerra to support employees who are leaving.

Monitoring of staff levels is a continuous process and action is taken where necessary, for example, in 2021 the organisational structure was changed. Departments have been merged, making cooperation between teams more spontaneous. As the organisation shrinks, it becomes more important to deploy staff members flexibly. In addition, new colleagues have been brought in who are being given a broad training so they can assist in many areas. In that way the organisation will remain robust for the coming years.

We are also continuing to focus on our employees' future plans. Firstly, by encouraging employees not to take action only after GasTerra has ceased to operate, secondly by getting them to consider how opportunities within the organisation can contribute to specific experience that may be useful for their future goals. Many colleagues are using this time to learn new or additional skills or for structured career reflection.

The working-from-home situation as a result of coronavirus can also affect motivation. In 2021 employees took part in various appraisals to assess motivation, among other things, so that if necessary action can be taken.

Financial risks

Gas price trends in the second half of 2021 had a significant impact on GasTerra's mark-to-market risk, credit risk and liquidity risk. The high gas prices have significantly increased our counterparties' exposure (mark-to-market) to gas being supplied, or purchased, in the future. GasTerra was also exposed to the greater risk that a number of customers would not settle their payment obligations arising from gas supplied by GasTerra (credit risk). GasTerra's trade flows are increasingly channelled through exchanges. The highly volatile prices on these exchanges in 2021 have had a significant impact on the size and volatility of the clearing obligations associated with these (liquidity risk). GasTerra has been able to manage these developments successfully.

ICT

Information security is vitally important for the operations of a trading company such as GasTerra. The global increase in ICT threats such as hacking and ransomware also poses a threat to GasTerra, possibly leading to digital business information being stolen, destroyed or rendered inaccessible.

Continuous attention to information security is therefore crucial and various procedures have been put in place to minimise this risk. The best practices of the ISO27001 standards are the starting point for information security. Legal and social hacks are carried out to test the adequacy of information security. In addition, staff have regularly been made aware of information security in connection with corona working from home guidance. Staff awareness in this area is vital.

Portfolio

As a trader, GasTerra keeps its own portfolio in balance of course, whilst also taking account of the Northwest European market for low-calorific gas (L-gas). This is a difference between our company and other traders which only have to deal with their own portfolio and do not need to take account of gas quality and broader market demand. If it looks like the physical balance for L-gas might be disrupted, GTS can instruct GasTerra to increase or reduce the amount of L-gas it feeds into the transmission system. Heavy use of the flexible resources in GasTerra's portfolio for guaranteeing L-gas market security of supply gives rise to the risk that GasTerra will have insufficient resources for balancing its commercial portfolio resulting in high costs and a significant reduction in its optimisation potential. The risk increases as GasTerra uses up more flexibility resources.

It is also difficult for GasTerra to plan how Zuidbroek will be brought into operation. This puts us at risk of inefficient use of our L-gas resources, resulting in financial exposure.

GasTerra is following the developments described above closely in order to anticipate them where necessary.

Chance and impact

The likelihood of a risk occurring and its financial impact or the way it affects reputation or compliance is shown in the matrix below. This assessment was carried out taking into account existing measures.

Chance			Financial (mln euro)	Reputation	Compliance
Low	Medium	High			
High			> € 50 mln	(Inter)national turmoil	Fine imposed by Regulator
Medium			> € 1 mln en ≤ € 50 mln	Regional turmoil	Discussion with Regulator
Low			≤ € 1 mln	Internal turmoil	Minor regulatory incident
Chance per year	≤ 10%	> 10% en ≤ 50%	> 50%		

- 1) Insufficient knowledge due to simultaneous outflow
- 2) Staff less focused
- 3) Price risk management
- 4) Mark-to-market risk
- 5) Liquidity problems due to margin calls
- 6) ICT-threats
- 7) Use of flexibility resources

3.4.1.1. Risk matrix

4. Financial statements

The composition of the 2021 financial statements is as follows:

- Balance sheet as of 31 December (before profit appropriation)
- Income statement
- Cashflow statement
- Explanatory notes to the financial statements

The Financial Statements are a translation of the original Dutch version. The Dutch Annual Report is adopted and approved by the General Meeting of shareholders at 18 February 2022. This translation is for information purposes only and no rights can be derived from its content. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

Balance sheet as at 31 December (before profit appropriation)

in millions of euros

Assets	Note	2021	2020
Fixed assets			
- intangible fixed assets	(1)	3.1	3.4
- tangible fixed assets	(2)	1.2	1.8
Current assets			
- stocks	(3)	96.5	30.0
- receivables	(4)	2,965.3	842.7
- cash and cash equivalents	(5)	1,462.1	368.9
Total		4,528.2	1,246.8
		=====	=====
Liabilities and Equity			
Shareholder's equity			
- paid in share capital	(6)	180.0	180.0
- result for the year	(6)	36.0	36.0
Provisions	(7)	26.4	29.4
Current liabilities	(8)	4,285.8	1,001.4
Total		4,528.2	1,246.8
		=====	=====

Income Statement

in millions of euros

	Note	2021	2020
Net turnover	(9)	13,143.9	5,454.1
Cost of sales	(10)	-13,050.8	-5,364.3
		—————	—————
Gross margin		93.1	89.8
General management expenses	(11)	-39.1	-41.1
		—————	—————
Operating profit		54.0	48.7
Financial income	(12)	-6.2	-1.0
Financial Expenses	(12)	0.2	0.3
		—————	—————
Net financial income and expenses		-6.0	-0.7
Profit before income taxes		48.0	48.0
Income tax expenses	(13)	-12.0	-12.0
		—————	—————
Net income		36.0	36.0
		=====	=====

Cash flow statement

in millions of euros

	2021	2020
<i>Cash flow from operating activities</i>		
Operating profit	54.0	48.7
Adjustments for:		
- depreciation and impairment	1.6	2.1
- change in stocks	-66.5	14.5
- change in receivables	-2,122.6	276.8
- change in provisions	-3.0	-3.2
- change in current liabilities	3,284.4	-81.6
	<hr/>	<hr/>
Cash flow from operations	1,147.9	257.3
Financial income (received)	-6.2	-1.0
Financial expenses (paid)	0.2	0.3
Income taxes paid	-12.0	-12.0
	<hr/>	<hr/>
	-18.0	-12.7
<i>Cash flow from operating activities</i>	<hr/>	244.6
<i>Cash flow from investing activities</i>		
Investments in fixed assets	-0.7	-0.6
<i>Cash flow from investing activities</i>	-0.7	-0.6
<i>Cash flow from financing activities</i>		
Dividends paid	-36.0	-36.0
<i>Cash flow from financing activities</i>	-36.0	-36.0
<i>Change in cash and cash equivalents</i>	1,093.2	208.0
	=====	=====
Cash and cash equivalents at year end	1,462.1	368.9
Cash and cash equivalents at preceding year end	368.9	160.9
<i>Change in cash and cash equivalents</i>	1,093.2	208.0
	=====	=====

4.1. Explanatory notes to the financial statements

General information

GasTerra B.V., Groningen.

Chamber of Commerce number 02089290

1. ACCOUNTING PRINCIPLES

General

GasTerra B.V. is a gas trading company that operates internationally and is based at Stationsweg 1, Groningen. The company (and its legal predecessor) have over 50 years' experience and serves part of the Dutch and European gas market.

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code (BW). Unless otherwise specified, the financial statements are prepared based on historical cost.

An asset is included in the balance sheet when it is probable that future economic benefits will flow to the company and its value can be reliably determined. A liability is included in the balance sheet when it is probable that settlement thereof will entail an outflow of resources that embody economic benefits and the magnitude of the amount thereof can be reliably determined.

Income is included in the income statement when an increase in the economic potential related to an increase in an asset or a decrease in a liability has taken place, the magnitude of which can be reliably determined. Expenses are accounted for when a decrease in the economic potential related to a decrease in an asset or an increase in a liability has taken place, the magnitude of which can be reliably determined.

If a transaction results in all or almost all of the future economic benefits and all or almost all of the risks related to an asset or liability being transferred to a third party, the asset or liability is no longer included in the balance sheet. Furthermore, assets and liabilities are not included in the balance sheet from the time at which the requirements of probability of future economic benefits and/or reliability of the determination of the value are no longer met.

Income is allocated to the period to which it relates. Income is recognized when all significant risks relating to the delivery pass to the counterparty. Costs are determined in the light of the valuation principles referred to above and allocated to the reporting year to which they relate. (Foreseeable) liabilities and possible losses arising before the end of the financial year are taken into account to the extent that they are known before the preparation of the financial statements and the conditions for including provisions are met.

(Positive and negative) interest results relating to the liquid assets invested are recognized under financial income, as well as the interest income for correction invoices gas purchase and gas sales.

(Positive and negative) interest results relating to the liquid assets borrowed are recognized under financial expenses, as well as the interest income for correction invoices gas purchase and gas sales.

Continuity

At the General Meeting of Shareholders dated 4 October 2019, the shareholders decided to request management to prepare a reduction plan for the organization. In 2020 a phasing-out plan was put together which sets out how GasTerra's business activities will be discontinued. The phase-out will be complete by 31 December 2024. Taking into account the renewed agreements regarding the after-tax profits determined by the shareholders, these financial statements have been prepared on a going concern basis.

Covid

Developments relating to the Corona virus pandemic (Covid) have a great impact on people, our society and the economy. Since the beginning of the Corona pandemic outbreak GasTerra has continued to focus on the core activities. So far the outbreak of the Corona pandemic has had a minor impact on GasTerra's processes and activities.

Estimates and uncertainties

In preparing these financial statements, assessments, estimates and assumptions have been made that affect the amounts accounted for. In particular, this concerns the net sales and cost of sales (including transport costs). The assessments, estimates and assumptions made are based on market data, knowledge and experience, and other factors that are considered reasonable under the given circumstances. The actual results may differ from these estimates. The estimates and underlying assumptions are continually assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in any future periods on which the revision has an impact. Potential special features regarding estimates and assessments, if significant, are included in the notes to the balance sheet and the income statement. As a consequence of the agreement between the shareholders of GasTerra, as explained under the off-balance sheet assets and liabilities, the deviations from these estimates do not affect the result.

Transactions in foreign currencies

Transactions in foreign currencies are converted at the exchange rate applying on the transaction date.

Cash and cash equivalents, trade receivables and current liabilities in foreign currency are converted at the exchange rate applying on the date of the balance sheet.

Foreign exchange gains and losses on both gas exports and gas imports are presented in the income statement as cost of sales. Other exchange rate results are accounted for under financial income and expenses.

Fixed assets

Intangible fixed assets

Intangible fixed assets are valued at the historical purchase price or production cost, less straight-line depreciation over the economic life of the assets.

Intangible fixed assets that have not been completed as at the balance sheet date are accounted for under the category intangible fixed assets under construction. After being put into use, the relevant asset will be classified under the category intangible fixed assets.

The depreciation period used for intangible fixed assets is 5 years. Intangible fixed assets under construction are not depreciated.

Tangible fixed assets

Tangible fixed assets are valued at the historical purchase price or production cost, less straight-line depreciation over the economic life of the assets.

Tangible fixed assets that have not been completed as at the balance sheet date are accounted for under the category tangible fixed assets under construction. After being put into use, the relevant asset will be classified under the category tangible fixed assets.

The depreciation periods used for tangible fixed assets are 5 or 10 years. Tangible fixed assets under construction are not depreciated.

Impairment

Once a year on the date of the balance sheet an assessment is performed to ascertain whether there are any indications that the book value of a tangible or intangible fixed asset is higher than the recoverable value (the higher of the value in use or the realizable value). If that is the case, an analysis is carried out to identify any impairment that may be necessary.

If the recoverable value of an asset is below the book value, the book value is written down to the recoverable value. Impairment is fully or partly reversed in the event of a change in the estimate that is relevant to determining the recoverable value. Impairments are recorded under general management expenses.

Current assets

Stocks

Stocks of natural gas are valued at cost price according to the FIFO (first-in first-out) principle or lower realizable value, being the TTF Price assessment 31 December 2021 Heren for Q1 2022.

Receivables

At first receivables are valued at their actual value and thereafter at the amortized cost taking collectability risks into account. Trade receivables also include sales that have not yet been invoiced.

Pensions

The pension plan for employees of GasTerra 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 is variable from 2022 and has been capped at 1.875% per annum of average pensionable earnings up to the statutory maximum pensionable salary. The premiums payable in respect of employees' pension entitlements are paid to Stichting Pensioenfonds Gasunie, which administers the pension plan.

The coverage ratio of Stichting Pensioenfonds Gasunie was 133% at year-end 2021. GasTerra has no additional payment obligations.

The employer's premium over the last year is 24.6% of maximum pensionable annual salary. The chance of GasTerra being obliged to pay a higher contribution is practically nil.

Starting point is that pension charges to be processed in the reporting period are equal to the pension contributions owed to the pension fund during the same period. To the extent that the contributions payable on the balance sheet date have not yet been met, a liability is included for this. If the contributions already paid at the balance sheet date exceed the contributions owed, an accrued asset item is recognized to the extent that there will be repayment by the fund or a set-off against contributions owed in the future.

Provisions

Provisions are created for legally enforceable or actual obligations that exist on the balance sheet date, whereby it is probable that an outflow of resources is necessary and the extent of which can be reliably estimated.

Provisions are valued using the best estimates of the amounts required to settle the obligations on the balance sheet date.

A provision is formed for an announced restructuring, when it contains a detailed plan. The costs of this provision is estimated on the basis of the number of possible redundant employees and the associated redundancy costs per employee based on the number of years of service and salary scale.

Provisions are stated at the present value provided the time value of money is material.

Current liabilities

Current liabilities are valued at the amortized cost, whereby the income and expenditure arising from amortization are recognized in the income statement using the effective interest method. The initial measurement is effected at fair value whereby the transaction costs that are directly attributable to the acquisition are included in the measurement. This relates to liabilities with a term of no more than one year.

Amounts payable also include purchases that have not yet been invoiced. Amounts received from customers due to a decreased purchase of gas under 'take-or-pay' agreements are recorded under current liabilities as an obligation to deliver. Invoices paid by customers in advance are also included under current liabilities. The obligation to deliver arising from the receipt of gas in the storage service is also recorded under current liabilities.

Financial instruments

Financial instruments comprise receivables, cash and cash equivalents and current liabilities.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. The company separates embedded derivatives from the host contract and accounts for these separately if:

- the host contract's economic characteristics and risks and the embedded derivative are not closely related; and
- a separate instrument with the same terms and conditions as the derivative embedded in the contract would meet the definition of a derivative; and
- the combined instrument is not measured at fair value in the income statement, including value changes.

Financial instruments (derivatives) embedded in contracts that are not separated from the host contract, because the above-mentioned conditions are not met, are recognized in accordance with the host contract. Derivative financial instruments that are separated from the host contract are valued at cost price or lower market value, whichever is the lower.

GasTerra concludes gas purchase contracts and gas sale contracts as part of its business operations. These contracts are concluded for the actual physical delivery and receipt of gas in accordance with the company's expected purchases, sales levels or usage requirements. For this reason, they fall outside the scope of RJ 290 (Dutch Accounting Standards).

Equity classification

Equity is classified in accordance with the legal form.

Pricing of gas sales and gas purchases

Pricing of natural gas for both the sales and purchasing sides is influenced to a significant degree by developments in the prices of natural gas as well as the prices of other energy carriers.

GasTerra's shareholders have concluded an agreement relating to the after-tax profits to be made by GasTerra. This agreement stipulates that the price of the natural gas from Groningen sold by the Nederlandse Aardolie Maatschappij B.V. (NAM) to GasTerra during the year has been set such that GasTerra will retain the after-tax profits determined for that year by the shareholders. At the end of 2021 this agreement has been adjusted in such a way that as of January 1st 2022, GasTerra will, by means of a volume independent compensation, still annually retain the after-tax profits determined for that year, even when natural gas from Groningen is no longer sold by NAM to GasTerra.

Net turnover

Net turnover is divided into gas sales and other net turnover.

Gas sales represent the income from the supply of gas and the income from the corresponding services provided, after deducting the tax assessed on the turnover. A distinction is made between services related to making transport capacity and flexibility available and actual usage. These services are considered to have been provided if the service was made available to the client during the period agreed.

Other net turnover is represented primarily by the income from the delivery of services to third parties. This income results primarily from flexibility services.

The income is recorded during the reporting period in which the gas was delivered and the services were provided.

Cost of sales

In the main, the cost of sales represents the cost of the purchase of gas and the associated services, the transport costs and the costs related to underground gas storage.

Operating expenses

The expenses are determined on a historical basis, taking into account the principles for valuation set out above, and are accounted for in the period to which they relate. Losses are recorded in the reporting period in which provisions for them may be made. GasTerra has no specific sales costs.

Net financial income and expenses

This item includes the income and expenses related to deposits and financing.

Corporate tax

The tax on result is calculated based on the result before tax in the income statement, in due observance of the valid tax-related provisions and rates.

Cash flow statement

This report provides a statement of the cash flows generated. The statement of cash flow is drawn up on the basis of the indirect method based on the operating results in the income statement.

2. Notes to the balance sheet

Intangible fixed assets (1)

<i>in millions of euros</i>	Intangible fixed assets	Intangible fixed assets under construction	Total 2021
Balance as at 1 january:			
Cost	59.1	0.1	59.2
Cumulative depreciations and impairments	-55.8	0.0	-55.8
Net book value	3.3	0.1	3.4
Change in the net book value			
Capital expenditure	0.3	0.4	0.7
Depreciation	-1.0	0.0	-1.0
Disposal	0.0	0.0	0.0
Net book value as at 31 december	2.6	0.5	3.1
	====	====	====
Balance as at 31 december			
Cost	59.4	0.5	59.9
Cumulative depreciations and impairments	-56.8	0.0	-56.8
Net book value	2.6	0.5	3.1
	====	====	====

The intangible fixed assets primarily consist of capitalised costs for software developed in-house to support operational processes.

Tangible fixed assets (2)

<i>in millions of euros</i>	Tangible fixed assets	Tangible fixed assets under construction	Total 2021
Balance as at 1 january:			
Cost	9.2	0.1	9.3
Cumulative depreciations and impairments	-7.5	0.0	-7.5
Net book value	1.7	0.1	1.8
Change in the net book value			
Capital expenditure	0.0	0.0	0.0
Depreciation	-0.6	0.0	-0.6
Disposal	0.0	0.0	0.0
Net book value as at 31 december	1.1	0.1	1.2
	====	====	====
Balance as at 31 december			
Cost	9.2	0.1	9.3
Cumulative depreciations and impairments	-8.1	0.0	-8.1
Net book value	1.1	0.1	1.2
	====	====	====

The tangible fixed assets primarily consist of machinery, equipment and computer supplies. The tangible fixed assets are classified as other fixed business assets.

Stocks (3)*in millions of euros*

	31 dec. 2021	31 dec. 2020
Stocks	96.5	30.0
Total	96.5	30.0
	=====	=====

There are no write-offs from the inventory as of 31 December 2021 (there also are no write-offs from the inventory as of 31 December 2020).

Receivables (4)*in millions of euros*

	31 dec. 2021	31 dec. 2020
Trade receivables	2,956.4	842.1
Taxes	0.0	0.0
Receivables from shareholder	0.0	0.0
Other receivables	8.9	0.6
Total	2,965.3	842.7
	=====	=====

None of the receivables have a term longer than one year.

A provision for bad debts to the amount of € 1.0 million (2020: € 1.0 million) is reserved as at the balance sheet date.

Cash and cash equivalents (5)*in millions of euros*

	31 dec. 2021	31 dec. 2020
Deposits	935.0	368.8
Other cash and cash equivalents	527.1	0.1
Total	1,462.1	368.9
	=====	=====

Deposits presented under 'cash and cash equivalents' are payable on demand.

Shareholder's equity (6)*Issued capital*

The authorised and issued capital in 2020 and 2021 amounts to € 180 million and is divided into 40,000 shares, each with a nominal value of € 4,500. The issued capital, that is fully paid up, is divided as follows:

EBN B.V.	40%
Esso Nederland B.V.	25%
Shell Nederland B.V.	25%
State of the Netherlands	10%

Unappropriated profit

in millions of euros

Balance at 1 January 2021	36.0
Appropriation of the results for the financial year 2020 in accordance with the resolution of the General Meeting of Shareholders	-/-36.0
Unappropriated profit for the financial year 2021	36.0
Balance at 31 December 2021	36.0

Proposal for profit appropriation

It is proposed by the board that the full year result 2021 of € 36.0 million will be paid to shareholders as dividend.

Provisions (7)	31 dec. 2020	Addition	Release	Withdrawal	31 dec. 2021
<i>in millions of euros</i>					
Reorganization provision	29.4	0.8	0.0	-3.8	26.4
Total	29.4	0.8	0.0	-3.8	26.4
=====					

The reorganization provision was formed in response to the social plan agreed with the union on 23 December 2019. This social plan was drawn up in response to the request from shareholders in 2019 for a joint reduction plan to be drawn up.

The time value of money is not material, therefore provisions are stated at the nominal value

An amount of € 2.8 million (2020: € 4.1 million) of the provision is expected to be utilized within one year.

Current liabilities (8)	31 dec. 2021	31 dec. 2020
<i>in millions of euros</i>		
Amounts payable	3,715.5	782.7
Amounts payable - to shareholders	341.6	60.4
Other amounts payable	5.9	7.9
Taxation and social security contributions	10.0	5.7
Amounts received in advance	212.8	144.7
Accrued and deferred income	0.0	0.0
Total	4,285.8	1,001.4
=====		

Financial instruments

General

The company uses financial instruments during its normal business operations that expose the company to market risks, including currency risk and interest rate risk and also to credit risk and liquidity risk. No forward currency contracts or gas price swaps were entered into in 2021 (or 2020).

Credit risk

The credit risk is limited to receivables and cash and cash equivalents and consists of the loss that would be generated if customers or counterparties were to remain in default and fail to fulfil their contractual obligations. The company has drawn up guidelines with which customers or counterparties must comply. These guidelines limit the risk associated with possible credit concentrations. If customers or counterparties fail to comply with these guidelines, they will be asked to furnish additional security such as bank guarantees. As a result the company runs an acceptable credit risk in respect of any individual customer or counterparty. Long-term relations have been built with the majority of customers and counterparties. They nearly fulfilled their payment obligations in 2021. Due to the sharp rise in prices in the last months of 2021 the exposure on customers and counterparties has increased considerably. To limit this increase more transactions have been closed through the gas exchange.

Interest rate risk

The interest rate risk is limited to potential changes in the market value of funds withdrawn and issued. It is company policy not to use derivative financial instruments to manage fluctuations in interest rates (on an interim basis or otherwise). Given the short-term nature of deposits, the interest rate risk for the year 2021 did not exceed € 0.3 million (2020: € 0.1 million).

Liquidity risk

The company monitors its liquidity position through liquidity forecasts. The management ensures that the company always has sufficient liquidity available via its credit facilities to meet its commitments. Mainly in the last few months of 2021 volatile and high prices have led to a considerable increase in the amount of clearing obligations, including margin calls. This has had a considerable impact on the liquidity position of GasTerra. GasTerra has been able to manage this well.

Foreign exchange rate risk

GasTerra has a very low level of foreign exchange rate risk, and consequently this is not covered. All foreign exchange transactions take place on the spot market.

Market value

The market value of the majority of the financial instruments recorded in the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximate to the book value of those items as a result of the short maturities.

Off-balance sheet assets and liabilities

Procurement, supply and transport commitments

GasTerra has long-term procurement, supply and transport commitments pursuant to gas purchase, gas sales, gas storage and transport contracts. The gas purchase and sales prices depend to a large degree on the future prices of natural gas, as well as the future market prices of other energy carriers.

In addition to this, GasTerra has entered into long-term commitments for office rental and ICT services. The financial consequences of this are of minor significance for assessing the financial position at the end of the financial year.

An amount of € 117.6 million in bank guarantees (2020: € 84.7 million) has been issued to the benefit of GasTerra by third parties. GasTerra has issued € 0.0 million in bank guarantees (2020: € 0.0 million) to the benefit of third parties.

The supply commitments are covered by long-term purchase contracts, including the contract for low-calorific Groningen gas. The temporary difference between delivery obligations and the import and domestic procurement obligations, are bought or sold by GasTerra mainly short-term, on liquid trading points.

The shareholders of GasTerra have concluded an agreement relating to the profit after taxes to be made by GasTerra. This agreement stipulates that the price of the natural gas from Groningen sold by the Nederlandse Aardolie Maatschappij B.V. (NAM) to GasTerra during the year has been set such that GasTerra will retain the profit of €36 million determined for that year by the shareholders. At the end of 2021 this agreement has been adjusted in such a way that as of January 1st 2022, GasTerra will, by means of a volume independent compensation, still annually retain the after-tax profits determined for that year, even when natural gas from Groningen is no longer sold by NAM to GasTerra. As a result of the implementation of the above agreement, no notes are given on the valuation of the individual gas purchase and sales contracts.

The commitments and rights arising from long-term gas purchase, sales and transport contracts are not shown on the balance sheet.

Long-term gas purchase and sales agreements usually contain renegotiation clauses enabling the parties to review the contract conditions during the term of the agreement, subject to certain conditions. GasTerra regularly renegotiates the long-term gas sales and purchase contracts with the counterparties in question (see Annual Report section 2.2). It is not possible to arrive at a reliable estimate of the outcomes of these renegotiations or associated arbitration proceedings.

3. Notes to the income statement

Net turnover (9)	2021	2020
<i>in millions of euros</i>		
Gas sales	13,108.5	5,407.2
Other net turnover	35.4	46.9
<hr/>		
Total	13,143.9	5,454.1
	=====	=====

The following is a regional overview of gas sales:

	2021	2020
The Netherlands	7,629.9	2,666.9
Rest of Europe	5,478.6	2,740.3
<hr/>		
Total	13,108.5	5,407.2
	=====	=====

The volumes were 6 percent higher in 2021 than in 2020, increasing from 41.6 billion m³ to 44.2 billion m³. The average selling price is 29.7 cent/m³ (13.0 cent/m³ in 2020) ²².

Cost of sales (10)	2021	2020
<i>in millions of euros</i>		
Gas purchases	12,815.5	5,125.1
Transport cost	235.3	239.2
<hr/>		
Total	13,050.8	5,364.3
	=====	=====

The average purchase price is 29.0 cent/m³ (12.3 cent/m³ in 2020). The gas purchase costs also include the costs of underground gas storage.

The movements in foreign exchange rates recognized in the income statement under the cost of sales amount to € 0.0 million exchange profit (2020: € 0.0 million exchange profit).

²² by m³ is meant gas with a calorific value of 35.16912 MJ

General management expenses (11)	2021	2020
<i>in millions of euros</i>		
Wages and salaries	12.3	13.7
Reorganization provision	0.8	0.0
Social security expences	1.1	1.3
Pension expenses	2.8	3.1
Costs of work subcontracted and other external expenses	12.7	12.6
Depreciation and impairments	1.6	2.1
Other	7.8	8.3
	=====	=====
Total	39.1	41.1
	=====	=====
Net financial income and expenses (12)	2021	2020
<i>in millions of euros</i>		
Interest income	-6.2	-1.0
Financial income	-6.2	-1.0
Interest charges	0.2	0.3
Financing costs	-	-
	=====	=====
Financial expenses	0.2	0.3
	=====	=====
Net position	-6.0	-0.7
	=====	=====

Tax on profit from ordinary activities (13)

The effective tax rate for 2021 was 25.0% (2020: 25.0%).

Related parties transactions

Transactions with related parties take place when GasTerra conducts transactions with its directors, its senior executives, its direct shareholders or the direct shareholders of related parties.

Transactions between GasTerra and the related parties are processed based on normal market terms and conditions.

For the natural gas from the Groningen Field purchased during the year by GasTerra, the pricing structure resulting in the profit determined by the shareholders applies.

Subsequent events

There are no subsequent events with significant financial consequences for GasTerra.

Number of employees

At year-end 2021, the number of employees in full-time equivalent positions was 109.7 (2020: 120.8). The average number of employees in full-time equivalent positions during the financial year was 112.9 (2020: 127.9).

Auditor's fees

During the financial year, the following fees were charged to the company by EY, as referred to in Section 2:382a of the Dutch Civil Code (BW). The basis is the total fee amount for examining the financial statements for the financial year to which the financial statement relate (RJ 390.301a).

Auditor's fees <i>in euros</i>	Ernst & Young Accountants LLP		Ernst & Young Accountants LLP
	2021	2020	
Audit of the financial statements	€ 257,400	€ 185,000	
Other audit engagements	€ 37,600	€ 40,000	
	€ 295,000	€ 225,000	
	=====	=====	

Remuneration of Directors and current and former Supervisory Directors

The remuneration policy of GasTerra is aimed at motivating and retaining Directors of the company who are capable of heading a large enterprise and remunerating them based on their performance. The remuneration policy with regard to the company's Supervisory Directors is one of restraint.

Directors of the company

The remuneration for the CEO of the company, A.J. Krist, is as follows:

Remuneration of directors <i>in euros</i>	2021	2020
Periodic remuneration (excluding social security expenses)	€ 354,345	€ 332,265
Employer's social security expenses	€ 9,724	€ 9,947
	€ 364,069	€ 342,212
Variable remuneration*	€ 43,221	€ 44,759
Employer's pension premium contribution	€ 30,590	€ 29,971
	€ 437,880	€ 416,942
	=====	=====

**Aforementioned variable remuneration is based on achieving the agreed objectives during the year under review (A.J. Krist).*

GasTerra holds an insurance policy that offers Directors and Supervisory Directors coverage in the event of their liability.

Supervisory directors of the company

Total remuneration for the current and former members of the Board of Supervisory Directors for the financial year 2021 amounts to € 58,084 (2020: € 58,084).

Board of Management

Ms. A.J. Krist MA, Chief Executive Officer

Board of Supervisory Directors

Mr. B.C. Fortuyn MSc

Mr. A.F. Gaastra LLM

Mr. J.W. van Hoogstraten MSc

Mr. R.M. de Jong MA

Mr. R.G. de Jongh MA

Mr. T.W. Langejan LLM

Ms. J.M.W.E. van Loon MSc

Mr. L. Zirar MA

Groningen, 18 February 2022

5. Other information

5.1. Statutory provisions regarding profit appropriation

Pursuant to Article 24 of the articles of association of GasTerra, the profit is at the disposal of the General Meeting of Shareholders, having regard to the provision that from the profit available for distribution such amounts are set aside as specified by the Supervisory Board.

6.Appendices/other information

6.1. About this report

The objective of this Annual Report is to inform stakeholders (interested parties) about GasTerra's vision and activities.

6.1.1. Integrated report

The financial, operational and social information is incorporated into an integrated report.

- Financial accountability is in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code.
- Non-financial accountability is in accordance with the guidelines of the Global Reporting Initiative (GRI) (Standards, Core Level).

In addition to the financial statements and the combined audit declaration, the 2021 GasTerra Annual Report contains other information, i.e.:

- The GasTerra Management Report, in the foreword and in chapters 1, 2 3 and 6;
- The Report of the Supervisory Board, in chapter 3;

The other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

6.1.2. Scope

The scope of the report is GasTerra B.V., which has its registered office in Groningen. This annual report covers the 2021 calendar year. The report for the 2020 calendar year was adopted and published on 18 February 2021.

6.1.3. Transparency

We consider it to be important to be transparent about our activities. Therefore, as an unlisted company we try as far as possible to apply the best practices from the Corporate Governance Code. We are also part of the group benchmarked under the Transparency Benchmark scheme conducted by the Ministry of Economic Affairs and Climate Policy. Under the Transparency Benchmark, the 500 largest companies in the Netherlands (more or less) are reviewed every two years to assess the content and quality of their external reporting on corporate social responsibility. GasTerra's 2020 annual report scored 69 points out of a maximum possible of 100 points (the 2018 annual report scored 64 points). This score puts us in 40th place in the ranking and in the top ten in the energy, oil and gas sector.

6.1.4. Determination of content (materiality)

The material issues largely determine the content and limits of our reporting. The material issues are determined in part by the outcomes of the stakeholder dialogue. GasTerra has decided to perform an annual stakeholder dialogue among nine stakeholder groups: clients, employees, shareholders, producers and transporters, national government and market regulators, knowledge and educational institutions, sectoral organisations, social organisations and regional groups.

This covers the following subjects:

Issues raised in the stakeholder dialogue
Contractual obligation <i>The extent to which GasTerra complies with its current contractual obligations.</i>
Economic performance <i>The extent to which GasTerra contributes to the financial result of its shareholders and the society.</i> <i>For example: maximising the value of the gas offered to GasTerra, efficient implementation with a balance between costs and care.</i>
Chain management <i>The extent to which GasTerra is aware of its role in the chain.</i> <i>For example: awareness of the earthquakes and environmental damage caused by gas extraction, social aspects relating to imported natural gas and methane emissions.</i>
Sustainable deployability <i>The extent to which GasTerra creates a good working environment, with a suitable culture and structure and encourages employees to develop.</i> <i>For example: ensuring a safe and healthy working environment, development of employees inside and outside GasTerra, diversity in the workforce.</i>
Sustainable energy supply <i>The extent to which GasTerra contributes to the sustainable energy supply.</i> <i>For example: stimulating the production of green gas, stimulating the hydrogen market, contributing to development and the introduction of new energy technologies.</i>
Compliance with voluntary guidelines and frameworks <i>The extent to which GasTerra chooses to comply with voluntary guidelines and frameworks.</i> <i>For example: Contributing to the SDGs, accountability according to GRI.</i>
Internal footprint <i>The extent to which GasTerra minimises its own environmental footprint</i> <i>For example: GasTerra's energy-efficient office building, limited use of cars for commuting, paperless working as far as possible.</i>
Knowledge <i>The extent to which GasTerra acquires, develops and shares knowledge</i> <i>For example: sharing energy-related knowledge, participating in sectoral organisations, initiating and stimulating research in order to acquire knowledge.</i>
Commitment to the region <i>The extent to which GasTerra is committed to the North Netherlands region</i> <i>For example: sponsorship in the region, entering into joint ventures in the region, making regional non-gas-related purchases as far as possible.</i>
GasTerra's role in the gas market <i>The extent to which GasTerra plays a role in the gas market.</i> <i>For example: potential for entering into contractual obligations with GasTerra in the future, contributing to the phasing-out of gas extraction in Groningen, maintaining a quality-free TTF, stimulating gas extraction from the small Dutch fields.</i>

The way the stakeholder dialogue is performed is such that one year we conduct an in-depth version, in which all groups are asked for their views on all issues relevant to GasTerra. The form of the dialogue can vary according to year, issue and stakeholder. The following year a scaled-down version is performed in order to test the results of the previous stakeholder dialogue and to focus on existing or new issues and/or stakeholders.

In 2017 we started this cycle with an in-depth version. Keeping to this sequence meant a scaled-down version in 2020 to test the results of 2019 followed by an in-depth version in 2021. However, we decided to deviate from this cycle in 2020. This had to do with the timing of the announcement of GasTerra's phase-out.

This decision had not yet been taken when performing the stakeholder dialogue in 2019. At that time, GasTerra and its shareholders were still exploring different future scenarios with each other. The stakeholder dialogue was based on the business as usual principle, however when formulating the questions we did take account of a possible phasing-out scenario.

Shortly after conclusion of the stakeholder dialogue, the decision was taken to wind up GasTerra in due course and to draw up a phasing-out plan. At that time, the regular discussions with stakeholders gave no reason to believe that the public announcement of this decision would have led to the stakeholder dialogue or other material issues turning out differently, but it was a reason to conduct the stakeholder dialogue in 2020 more extensively than the review that had been planned. For example, there was a review of the extent to which the announcement of the phasing-out plan affected the stakeholders' perception of GasTerra and the consequences of the phasing-out were discussed with the stakeholders. The impact of the coronavirus was also discussed.

Following in-depth versions of the stakeholder dialogue in both 2019 and 2020, an internal scaled-down version was chosen for 2021. Relationship managers within GasTerra who are in close contact with the various stakeholder groups were asked whether they expect that the stakeholders' perceptions about the issues raised in the stakeholder dialogue have changed compared to previous years and what events might be the cause of this.

The interviews with the relationship managers confirmed the observations as gathered from stakeholders in 2020. The most important issue for stakeholders continues to be contractual obligations followed by chain management, GasTerra's role in the gas market and knowledge. The importance of the issue of knowledge increased in importance for shareholders in 2021 in connection with the transfer and retention of knowledge during the phase-out.

The stakeholder groups are aware that GasTerra is winding down. Every group is facing changes and will have to deal with its own challenges. Some stakeholders have expressed concerns about the consequences for the gas market if GasTerra no longer exists. They also mentioned the necessity for making sure that knowledge is kept secure and for retaining the competences in the workforce needed in the phasing-out period. It remains important for GasTerra to continue to communicate transparently and to hold further discussions about the phasing-out in order to support parties with the adjustments required as a result of this.

The discussions with the relationship managers also covered the effects of the corona crisis. Coronavirus has had a significant impact on many of our stakeholders and their businesses, but by making sure that improved communication tools were set up quickly during the working-from-home period, the relationship between GasTerra and its stakeholders did not suffer. Of course, this does create distance and informal contact is missed. For example, between employees themselves but also informal contact during network meetings or events that are important for interacting with various stakeholder groups.

The outcomes of the interviews with the relationship managers have been used to prepare the materiality matrix. The stakeholders form the y-axis of the graph. Given that the interviews with the relationship managers confirmed the observations as gathered from stakeholders in 2020, this axis has not been adjusted.

Taking into account the results of the stakeholder dialogue, GasTerra's management reviewed the position of the issues on the x-axis. This materiality analysis highlights four material issues for 2022 that are taken up in the Business Plan and annual report: contractual obligation, economic performance, GasTerra's role in the gas market and sustainable deployability.

This means a change in the material topics compared to last year. The issue of sustainable energy supply is still topical and there will continue to be activities in this area in the coming years but, given that GasTerra is in the process of winding down, its importance is diminishing and it is no longer material. The issue of sustainable deployability, on the other hand, will continue to require a lot of attention during the phasing-out stage and has therefore been added to material issues.

The material issues form the basis for the management report, which is structured in such a way that for each material issue we report on developments in 2021 and set out the objectives for 2022. The table below shows the targets we set for material issues in 2021. The targets mentioned were met. Details of these are given in chapter 2 of this report.

Material issue	Strategic targets	Target for 2021
Contractual obligation	Volume Price	GasTerra will be fully in compliance with its contractual obligations.
Economic performance	Volume Price Costs Anticipation	We will make the maximum possible use of resources in our portfolio. We will use the market potential for optimisation. We will make a margin on our purchases and sales. Successful renegotiation of export and import contracts.
Sustainable energy supply	Anticipation	We will take part in projects under the Strategic Agenda of GILDE (Gas as part of Long-Term Sustainable Energy Management). We will lead the Green Gas project. In our energy transition policy we will focus on sustainable gases such as green gas and hydrogen. Working with partners we will develop a programme to achieve the required annual production of green gas of two billion cubic metres set out in the Climate Agreement for 2030. For that purpose we will participate in large-scale green gas projects.
GasTerra's role in the gas market	Anticipation	GasTerra will enable NAM to implement the operational strategy established by the Minister for Economic Affairs and Climate Policy and will make every effort to sell the annual volume of Groningen gas offered by NAM. The annual volume of gas offered by NAM is based on the degree/day formula laid down by the Minister for Economic Affairs and Climate Policy.

6.1.5. Management of material issues

CSR is an integral part of the strategy at GasTerra and is therefore embedded into our day-to-day operations. As described in the chapter 'In dialogue with our environment', GasTerra has integrated the materiality matrix and associated objectives and activities into the Business Plan which is approved by the Supervisory Board. Progress of targets and activities is included in the regular reporting cycle and discussed with the Board of Management, the College of Supervisory Directors and the Audit Committee.

6.1.6. Maintaining relationships with stakeholders

The table below sets out in broad outline how relationships with stakeholders are maintained.

Stakeholder group	Example	Interaction via
Clients	Energy firms and power plants, industries, export clients	Consultation with account managers, client event, regular customer satisfaction surveys, stakeholder dialogue
Staff	Works Council, trade union	Regular consultation, Intranet, internal presentations, meetings between the Works Council and Management, stakeholder dialogue
Shareholders	Shell Nederland B.V., Esso Nederland B.V., EBN B.V., Dutch State	Shareholders' assemblies, expert consultation, Advisory Committee, Audit Committee, College of Delegate Supervisory Directors, Supervisory Board, stakeholder dialogue
Producers and transport	Gas suppliers, GTS	Consultation with account managers, client event, stakeholder dialogue
National government and market regulators	Authority for Consumers and Markets (ACM)	Via Energie Nederland, periodic consultation, stakeholder dialogue
Knowledge and education institutions	Hanze University of Applied Sciences, University of Groningen, New Energy Coalition, Clingendael, CE Delft	Internships, guest lectures, project contributions, stakeholder dialogue
Sectoral organisations	Energie Nederland, KVGN, Eurogas, VEMW, Nogepa, EASEE Gas	Periodic consultations, participation in working groups, board membership, Energy Podium dinners, stakeholder dialogue
Social organisations	Groninger Bodem Beweging, Groninger Gasberaad, Urgenda	Energy Podium dinners, stakeholder dialogue
Regional groups	Sponsors, regional non-gas suppliers, communities, local government	Client event, periodic consultation, stakeholder dialogue

6.1.7. Reporting principles

Information	Definition/calculation method
Sickness absence (in %)	The number of calendar days (including weekends) lost due to sickness in the observation period, divided by the number of staff (in full-time equivalents), multiplied by the number of calendar days in the observation period.
Average absenteeism rate	The average number of times that an employee reports sick per year.
Gas consumption	The gas consumption of the GasTerra offices at Stationsweg in Groningen according to the final bill from the energy supplier.
Electricity	The electricity consumption of the GasTerra offices at Stationsweg in Groningen according to the final bill from the energy supplier.
Water consumption	The water consumption of the GasTerra offices at Stationsweg in Groningen according to the final bill from the water supplier.

Paper consumption	The paper consumption according to the readings from the supplier of the photocopiers.
CO ₂ offsetting	Reduction in the footprint in tonnes of CO ₂ as a result of investment in programmes that contribute to reducing CO ₂ emissions.

6.2. Facts and figures

6.2.1. Staff trends

As of 31 December 2021, 117 (109.7 Fte) people were permanent employees of GasTerra; at the end of 2020 there were 129 (120.8 Fte).

GasTerra has its own collective labour agreement and a large proportion of the company's staff are actively involved in the sectoral trade union, the VPG². On 1 January 2022 the previous collective labour agreement expired and was immediately replaced by a new collective labour agreement with a term of 3 years. Together with N.V. Nederlandse Gasunie, GasTerra is affiliated with the Stichting Pensioenfonds Gasunie (Gasunie Pension Fund Foundation). GasTerra's employees have a pension scheme administered here. An explanation of this scheme is contained in the financial statements.

	2021	2020
Fte (year-end)	109.7	120.8
Number (year-end)	117 (85 men, 32 women)	129 (97 men, 32 women)
Fixed-term contract of employment (year-end)	4	4
Permanent contract of employment (year-end)	113	125
Staff covered by a collective labour agreement (year-end)	102	111
Staff employed under payrolling (year- end)	0	1
Participation Act (year-end)	1	1
Secondments (year-end)	0	2
Interns (year-end)	0	2
Degree of organisation	>70%	>75%
Outflow	17	23
Inflow	5	11
Absence due to illness	1.89	1.69
Average absenteeism rate	0.56	0.55
Accidents leading to time off work	0	0

6.2.2. GasTerra's footprint

GasTerra's footprint is small thanks to the nature of its activities. Where possible we try to minimise it further in order to reduce the environmental impact of our operations.

Our office building is located in the centre of Groningen. The building, which dates back to the 1980s, has been completely renovated and modernised and has been awarded a high A+ energy rating, due to the installation of facilities such as solar panels, triple glazing, heat-cold storage and LED screens. By monitoring the energy flows and energy consumption of the building continuously we have a good insight into our energy balance, which enables us to use it more efficiently.

We encourage staff to use public transport or bicycles for commuting. The number of parking spaces at the office is limited. Three of them have a charging point for electric cars. If employees have to travel for work, they also use public transport or our green-gas-fuelled company car wherever possible.

We offset the CO₂ emissions of the office building, flights and car leasing by buying carbon credits from the Climate Neutral Group (CNG). This enables the organisation to invest in climate projects in countries where this has a positive effect on the local economy, employment, incomes, the environment and the climate. In 2020, GasTerra offset 174 tonnes of CO₂ equivalents and contributed to investment in biogas installations for families in Tanzania.

Since the outbreak of the coronavirus pandemic, GasTerra has listened to the advice of the cabinet on working from home, which has frequently resulted in minimal staffing levels in the office. During the period when this measure was relaxed, a hybrid working pilot was launched, which involved some staff being in the office and others working from home. The meeting rooms in the office have been made suitable for productive meetings where some participants are physically present and others are taking part online.

Working from home affected GasTerra's footprint in terms of the number of business trips and flights, water and paper consumption but had less of an effect on our energy consumption. This is because the office is heated or cooled by means of a technique whereby the energy used for heating or cooling the building is stored in the ground in water-bearing rock layers. These are used to heat the office in winter and to keep it cool in summer. This heat/cold storage (HCS) system requires the temperature in the building to be kept at a certain minimum level because otherwise the source becomes unbalanced. This leads to insufficient hot or cold water available to be pumped up. In that case, the gas boilers would have to be fired up which would increase the energy consumption.

	2021	2020
Gas consumption	39,115 cubic metres	33,149 cubic metres
Electricity consumption	317,225 kWh	310,804 kWh
Water consumption	379 cubic metres	495 cubic metres
Paper consumption	88,041 sheets	84,747 sheets

6.2.3. Standards and norms

Being customer-oriented, result-oriented and improvement-oriented are GasTerra's three core values. Our employees use these concepts as a basis for their actions. Work is carried out in accordance with a code of conduct in which integrity and respect are the guiding principles. New GasTerra employees formally undertake to comply with the code of conduct at the beginning of their employment. Attention is also regularly drawn to the code of conduct within the organisation.

The General Data Protection Regulation has been in force since mid-2018. This regulation replaced the existing Personal Data Protection Act and is designed to protect the personal data of individuals. GasTerra has implemented procedures and set up specific instructions for staff to ensure compliance with this.

An internal auditor inspects departments at set times to ascertain whether they are complying with all procedures and rules. The results of the audits are discussed with the Board of Management, the auditor and the Audit Committee. Rules and procedures of conduct are adapted or expanded if necessary or desirable. There were no reports in 2021 of employees failing to comply with the code of conduct and/or additional procedures.

GasTerra has two confidential advisers, one of whom is responsible for dealing with cases of sexual harassment. The company also has a complaints procedure and whistleblowing policy. If employees have objections or complaints or if they detect abuses and solutions cannot be found with colleagues and managers, they can make use of these procedures. There were no reports of abuses or discrimination in 2021, no-one filed a complaint with the complaints committee and no-one made use of the whistleblowing policy.

Information security is vitally important for the operations of a trading company such as GasTerra. Continuous attention to information security is essential because of the increasing threats and the professionalisation of cybercriminality. The best practices of the ISO27001 standards are the starting point for information security. Legal and social hacks are carried out to test the adequacy of information security. In addition, staff have regularly been made aware of information security in connection with corona working from home guidance. Staff awareness in this area is vital.

GasTerra has outsourced various IT activities, which are reported on via an ISAE3402- declaration.

6.2.4. Memberships

We are actively involved in various cooperation organisations, in pursuit of goals such as exchanging knowledge, helping to develop innovative gas applications, publicising the benefits of the use of gas in the transition toward a sustainable energy supply and improving regulations. GasTerra is a member of the following organisations and associations:

International Gas Union (IGU)

Eurogas

European Federation of Energy Traders (EFET)

EASEE GAS

CIEP

KVGN

Energie-Nederland

Groen Gas Nederland

GasTerra also takes part in activities and initiatives of regional, local or function-related associations.

6.2.5. Board of Management and Supervisory Board profiles

Ms. A.J. Krist MA – Managing Director (CEO)

Annie Krist (1960) studied geography at the University of Groningen and also worked for a short time at the University after her graduation. She started her career at N.V. Nederlandse Gasunie in 1987. She held various commercial roles within Gasunie and was, during the 1990s, closely involved with the changes that related to liberalisation of the gas market.

In 2005, she joined the management team of Gasunie Transport Services, the operator of the national gas grid. She was Director of Strategy and Participations at Gasunie from 2008 to 2011. Annie Krist was appointed as Managing Director of Gasunie Transport Services in 2011. From 1 May 2016 to 1 April 2017 she was also a member of the Executive Board of N.V. Nederlandse Gasunie. Annie Krist became the Managing Director (CEO) of GasTerra on 1 April 2017.

Ancillary roles (unpaid)

Board Member of Energie Nederland
Vice-President, Member of Governing Board and Executive Committee of Eurogas
Associate Member of International Gas Union
Chair of Foundation Council of New Energy Coalition
Member of Advisory Board of Clingendael International Energy Programme
Member of Advisory Committee 'Bedrijfsleven Groningen Bereikbaar' (Accessible Groningen Business)
Board Member of Spatial Sciences Promotion Foundation
Board Member of Stichting Fondsbeheer Culturele Relatie-Evenementen Gasunie/GasTerra (Gasunie/GasTerra Foundation for Cultural Relations Events) of the Groninger Museum.

Ancillary roles (paid)

Chair of Supervisory Board 'Stichting Kinderopvang Stad Groningen' (Groningen Child Support Foundation)
Vice-chair, Member of Stedin Supervisory Board and Audit Committee

Mr. R.E. van Rede MSc – Commercial Director (CCO)

Robert van Rede (1964) studied Petroleum Engineering at Delft Technical University. He worked from 1990 to 1994 at Petroleum Development Oman. In 1994 he joined Nederlandse Aardolie Maatschappij (NAM) where he held a number of positions. Subsequently, from 2003 to 2008, he worked for what was then Gasunie Trade & Supply as Area Manager Norway/Russia and UK, later returning to NAM, first as Asset Commercial Manager Onshore, adding the role of Sales Manager in 2010. Robert van Rede joined the management team of GasTerra as commercial director (CCO) on 1 October 2013.

Ancillary roles (unpaid)

Member of Emmalaan Commission Haren
Chairman of Empower Yourself Foundation
Secretary of Rotary Belcampo

Mr. F.F. van Koten MA – Financial Director (CFO)

Flip van Koten (1970) studied Econometrics at the University of Groningen. Since 1994 he has held various commercial and financial positions with ExxonMobil in the Netherlands, England, America and Qatar. From 2007 to 2011 he was a member of GasTerra's Supervisory Board and Shareholders' Advisory Committee. He was appointed Chief Operational Officer on 1 April 2016. He has been the Financial Director (CFO) of GasTerra since 1 October 2017.

Ancillary roles (unpaid)

Board member of KVGN (Treasurer)

Board member of Gasunie Pension Fund Foundation (Chairman of the Investment Committee)

Mr. B.C. Fortuyn MSc – Chairman of Supervisory Board and College of Delegate

Supervisory Directors

Bernard Fortuyn (1954) studied Mechanical Engineering at Delft Technical University (graduated in 1981). On 12 February 2018 Mr. Fortuyn was appointed chairman of the Supervisory Board and the College of Delegate Supervisory Directors.

After leaving university Mr. Fortuyn held various positions with SHV Holdings N.V, Air Liquide S.A. and was CEO of N.V. Hoekloos. In 2004 and 2005 he acted as an independent expert in an arbitration case. In mid-2005 he joined the board of Siemens Nederland N.V. From 2010 until his retirement in mid-2017, Mr Fortuyn was in charge of all Siemens' energy activities in the Netherlands as a member of the Executive Board of Siemens Nederland.

Ancillary roles

Member of Maatschap Groningen's board of directors

Chairman of the Supervisory Board NEMO Science Museum

Supervisory Director of NRG/Pallas

Chairman of Supervisory Board NV Juva

Chairman of 'Stichting Schooldakrevolutie (SDR)'

Mr. A.F. Gaastra LLM – Member of Supervisory Board and College of Delegate Supervisory Directors

Sandor Gaastra (1962) studied Law at Utrecht University, specialising in Constitutional and Administrative Law (graduated in 1986). He is a member of the Supervisory Board and the College of Delegate Supervisory Directors of GasTerra.

Sandor Gaastra is the Director-General of Climate and Energy at the Ministry of Economic Affairs and Climate Policy, with responsibility for national and international climate and energy policy. Sandor studied Dutch law at Utrecht University, and later obtained the qualification of Master Public Administration at the Netherlands School of Public Administration. He began his career as a scientist, later taking on various policy and management positions in the Ministry of the Interior and Kingdom Relations and the Ministry of Justice and Security. Before moving to the Ministry of Economic Affairs and Climate Policy, he was responsible for the formation of the Dutch National Police Force as Director-General for the Police.

Mr. J.W. van Hoogstraten MSc – Member of Supervisory Board and College of Delegate Supervisory Directors

Jan Willem van Hoogstraten (1964) studied petroleum extraction at Delft Technical University (graduated in 1989). He is a member of the Supervisory Board and the College of Delegate Supervisory Directors of GasTerra.

After studying Mining and Petroleum Extraction at Delft Technical University, he started working for Shell, where he held various Well Engineering positions in Scotland, Nigeria, Indonesia and England. He then moved to Wintershall where he held various operational and commercial management positions. At TAQA Energy he was initially employed as Project Director and later as Managing Director, responsible for various initiatives including the creation of one of Europe's largest commercial gas storage facilities at Bergermeer. He was appointed CEO of EBN by the Minister for Economic Affairs and Climate Policy at the start of 2016.

Ancillary roles

Member of Maatschap Groningen's board of directors
Chairman of Supervisory Board of NEXSTEP association
Chairman of Royal Dutch Gas Association (KVGN)
Quartermaster of policy participation Bonaire fuel supply
Member of Advisory Board Clingendael International Energy Programme (CIEP)
Member of Strategic Advisory Board TNO Energy
Member of Strategic Advisory Board ECN part of TNO
Member of Foundation Council New Energy Coalition (NEC)

Mr. R.M. de Jong MA – Member of Supervisory Board and College of Delegate Supervisory Directors

Rolf de Jong (1962) studied business economics at the University of Amsterdam (graduated in 1990). He is a member of the Supervisory Board and the College of Delegate Supervisory Directors of GasTerra.

He started working for ExxonMobil in 1991 and has held various positions in the Netherlands and abroad. He was closely involved in the break-up of Gasunie in 2004-2005. After that he worked in Houston, Texas (USA) from 2006 to 2013, holding various positions including Manager New Business Development Natural Gas and Manager Planning & Analysis Upstream Ventures. In 2013 he was appointed Managing Director of ExxonMobil Tanzania in Dar es Salaam. In 2016 he was appointed Director Upstream for Esso Nederland B.V. and President of ExxonMobil Holding Company Holland LLC.

Ancillary roles

Chairman of Maatschap Groningen's board of directors
Member of Supervisory Board of Nederlandse Aardolie Maatschappij B.V. (NAM)
Director of ExxonMobil Producing Netherlands B.V.

Mr. R.G. de Jongh MA – Member of Supervisory Board

Ruud de Jongh (1961) studied geology at Utrecht University (graduated in 1987) and later studied for an MBA at Henley Business School (1997). He is a member of the Supervisory Board of GasTerra.

He started working for Shell in 1988 as a geologist and since then has held various positions in the Netherlands and abroad. From 1997 to 2001 he worked for the Shell Production and Development Company in Nigeria. From 2001 to 2008 he was employed as Global LNG Manager at Shell Gas and Power International and later took up the post of General Manager Marketing Persian LNG. Between 2010 and 2016 he moved back to Nigeria to represent Shell's interests in gas exports and LNG. In 2016 he was appointed Vice President Gas and Hydrogen Partnerships of Shell Netherlands.

Ancillary roles

Chairman of the Supervisory Board of NAM
Director of Shell Geothermal B.V.
Director of Rotterdam Hydrogen Company B.V.
International Supervisory Board member Energy Delta Institute

Mr. T.W. Langejan LLM MA – Member of Supervisory Board

Theo Langejan (1957) studied law at the University of Leiden (graduated in 1981) and business studies at Delft Technical University (graduated in 1982). He is a member of the Supervisory Board of GasTerra.

In 1983 he took up employment at the Ministry of Finance. Since then his roles have included various positions at the Ministry of Finance, the Ministry of Welfare, Public Health and Culture, the Ministry of the Interior and the Ministry of Social Affairs and Employment. From 2010 to 2014 Mr Langejan was chairman of the Board of Management of the Dutch Healthcare Authority. Since 2015 Mr. Langejan has been executive adviser to Twynstra Gudde, and since 2017 he has also been a special administration advisor to the Federation of the Dutch Pension Funds. On behalf of the Federation of Dutch Pension Funds, he was involved in the development of the pension agreement in 2019 and its implementation in 2020.

Ancillary roles

Chairman of the Advisory Board for Pension Administration and Management

Ms. J.M.W.E. van Loon MSc – Member of Supervisory Board and College of Delegate

Supervisory Directors

Marjan van Loon (1965) studied Chemical Engineering at Eindhoven Technical University (graduated 1989). She is a member of the Supervisory Board and the College of Delegate Supervisory Directors of GasTerra.

In 1989 she took up a post of chemical technician at Shell. Since then she has held a number of positions in the Netherlands and abroad. In the period 1997-2007 she worked in Australia as Technical Manager at the Karratha Gas Plant and in Malaysia as Regional Manager for LNG and Gas Processing. In 2007, she was appointed Global Manager for LNG and Gas Processing and from 2009 she was Vice President for Integrated Gas and LNG. On 1 January 2016 she was appointed CEO of Shell Netherlands.

Ancillary roles

Member of Maatschap Groningen's board of directors

Member of the Executive Committee of the Confederation of Netherlands Industry and Employers (VNO-NCW)

Member of the Board of Directors of the Association of the Dutch Petroleum Industry (VNPI)

Chairman of the Dutch Board of Directors of the World Petroleum Congress

Chairman of the Christiaan Huygens Prize Foundation

Member of the Board of Apeldoorn British-Dutch Dialogue Conference

Member of Advisory Board of Clingendael Energy Programme (CIEP)

Member of The Hague Economic Board

Member of Economic Board South Holland

Member of Advisory Board for Dutch Army

Member of Advisory Group for Dutch Armed Forces

Mr. L. Zirar MA – Member of Supervisory Board

Lahcen Zirar (1975) studied economics at Erasmus University in Rotterdam (graduated in 2000). He is a member of the Supervisory Board of GasTerra.

From 2001 onwards he held various upstream and downstream economic and commercial positions with ExxonMobil in a number of countries, including the Netherlands, Belgium, Qatar and the United States. He is currently Commercial Manager Upstream Netherlands/UK SNS with ExxonMobil.

Ancillary roles

Mr Zirar does not have any ancillary roles.

6.2.6. Glossary

Authority for Consumers and Markets (ACM)	Dutch regulator that enforces market rules and ensures that the market operates well and fairly.
Balancing	Maintaining the gas streams in the gas transmission network in a state of equilibrium.
CO ₂	CO ₂ is a scientific abbreviation for carbon dioxide. CO ₂ is a greenhouse gas that holds heat in the atmosphere, causing the temperature of the earth to rise (the greenhouse effect). CO ₂ is released during the combustion of biomass such as wood and plant waste and fossil fuels: oil, gas and coal. Much less CO ₂ is released by the combustion of natural gas than by the combustion of oil and coal: 30% less CO ₂ is released compared to oil, and 50% less CO ₂ compared to coal.
G-gas	Groningen gas, natural gas obtained from the largest Dutch gas field in the province of Groningen. G-gas is a low-calorific gas (L-gas).
Gas year	A gas year runs from 1 October to 1 October.
Governance	The method of administration and supervision.
GRI	Global Reporting Initiative, worldwide guidelines for reporting on sustainability.
Green Gas	Biogas with the same quality and combustion properties as natural gas.
Trading points	Virtual trading exchanges for gas.
Renewable gases	Gaseous energy carriers of non-fossil origin.
H-gas	High-calorific natural gas, or gas with a high calorific value. This gas contains relatively higher levels of hydrocarbons and so contains more energy than low-calorific gas.
Small fields policy	Government policy aimed at promoting the production of natural gas from the smaller gas fields in the Netherlands. Small fields are fields other than the Groningen field.
L-gas	Low-calorific natural gas, or gas with a low calorific value. Groningen gas, natural gas obtained from the largest Dutch gas field in the province of Groningen, is low-calorific gas.
LNG	Liquefied Natural Gas.
MiFID	Markets in Financial Instruments Directive, European investment directive to protect investors and the integrity of the financial markets, to promote fair, transparent, efficient and integrated financial markets and to further harmonise the European trading and investment market.
TSO	Transmission System Operator, operator of a national or international transmission network.
TTF	Title Transfer Facility, virtual trading point for gas in the Netherlands.

6.2.7. GRI Index

GRI Content Index – GRI 101: Foundation 2016 – Core Level		
GRI Standard	Description	Chapter
GRI 102 General Disclosures 2016	102-01 Name of the organisation	Chapter 1
	102-02 Activities, brands, products and services	Chapter 1
	102-03 Location of headquarters	Chapter 1
	102-04 Countries in which the organisation is active	Chapter 1
	102-05 Ownership structure and management form	Chapter 3
	102-06 Markets served (geographical breakdown, sectors served and types of clients/beneficiaries)	Chapters 1 and 2
	102-07 Scale of the organisation	Chapter 6
	102-08 Information on employees	Chapter 6
	102-09 Description of the organisation's supply chain	Chapter 1
	102-10 Significant changes in the size of the organisation and its supply chain	Chapter 6
	102-11 Explanation of the application of the precautionary principle	Chapter 3
	102-12 Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes	Chapter 1
	102-13 Memberships of associations (such as sectoral associations) and national and international interest groups	Chapter 6

	102-14 A statement from the senior decision-maker in the organisation	Foreword
	102-16 A description of the standards and norms applied in the organisation and of the code of conduct	Chapter 6
	102-18 Governance structure	Chapter 3
	102-40 List of stakeholder groups	Chapters 1 and 6
	102-41 Number of employees covered by a collective bargaining agreement	Chapter 6
	102-42 Basis for inventorising and selecting interested parties that must be involved	Chapter 6
	102-43 Approach to involving interested parties	Chapter 6
	102-44 The key topics and issues arising from consultation with interested parties	Chapters 1 and 6
	102-45 Summary of all companies included in the consolidated financial statements or similar documents	Chapter 4
	102-46 Process used to determine the content and specific boundaries of the report and explanation of the principles used by the organisation to determine the content of the report	Chapter 6
	102-47 Summary of material issues	Chapter 1
	102-48 Consequences of any reformulation of information provided in a previous report and the reasons for this reformulation	Chapter 6
	102-49 Significant changes compared to previous reporting periods with regard to scope and boundaries	Chapter 6
	102-50 Reporting period to which the information provided relates	Chapter 6
	102-51 Date of the most recent previous report	Chapter 6

	102-52 Reporting cycle	Chapter 6
	102-53 Contact for questions about the report	Chapter 6
	102-54 Option selected for reporting in accordance with GRI Standards	Chapter 6
	102-55 GRI content index	Chapter 6
	102-56 Policy and current practice with regard to obtaining external verification about the report	
Material issues (summary of material issues in the report as reported under disclosure 102-47)		
Contractual obligation		
GRI 103 Management approach	103-1 Explanation of and boundaries to the material issue	Sections 1.4 and 2.1
	103-2 Explanation of how the organisation deals with the material issue and its impact	Sections 1.4 and 2.1
	103-3 Evaluation of the management approach	Sections 1.4 and 2.1
GRI 200 Economic	201-1 Direct economic value generated and distributed	Sections 1.4 and 2.1
Economic performance		
GRI 103 Management approach	103-1 Explanation of and boundaries to the material issue	Sections 1.4 and 2.2
	103-2 Explanation of how the organisation deals with the material issue and its impact	Sections 1.4 and 2.2
	103-3 Evaluation of the management approach	Sections 1.4 and 2.2
GRI 200 Economic	201-1 Direct economic value generated and distributed	Sections 1.4 and 2.2

GasTerra's role in the gas market		
GRI 103 Management approach	103-1 Explanation of and boundaries to the material issue	Sections 1.4 and 2.3
	103-2 Explanation of how the organisation deals with the material issue and its impact	Sections 1.4 and 2.3
	103-3 Evaluation of the management approach	Sections 1.4 and 2.3
GRI 200 Economic	203-2 Indirect economic impact	Sections 1.4 and 2.3
Sustainable energy supply		
GRI 103 Management approach	103-1 Explanation of and boundaries to the material issue	Sections 1.4 and 2.4
	103-2 Explanation of how the organisation deals with the material issue and its impact	Sections 1.4 and 2.4
	103-3 Evaluation of the management approach	Sections 1.4 and 2.4
GRI 200 Economic	203-2 Indirect economic impact	Sections 1.4 and 2.4

6.2.8. Colophon

Published by:

GasTerra B.V.

Postbus 477

9700 AL GRONINGEN

The Dutch version of the annual report is available online via our website:

<https://jaarverslag2021.gasterra.nl/>

The English translation of the annual report is available at:

<https://jaarverslag2021.gasterra.nl/english-version>

English translation: USP Translations

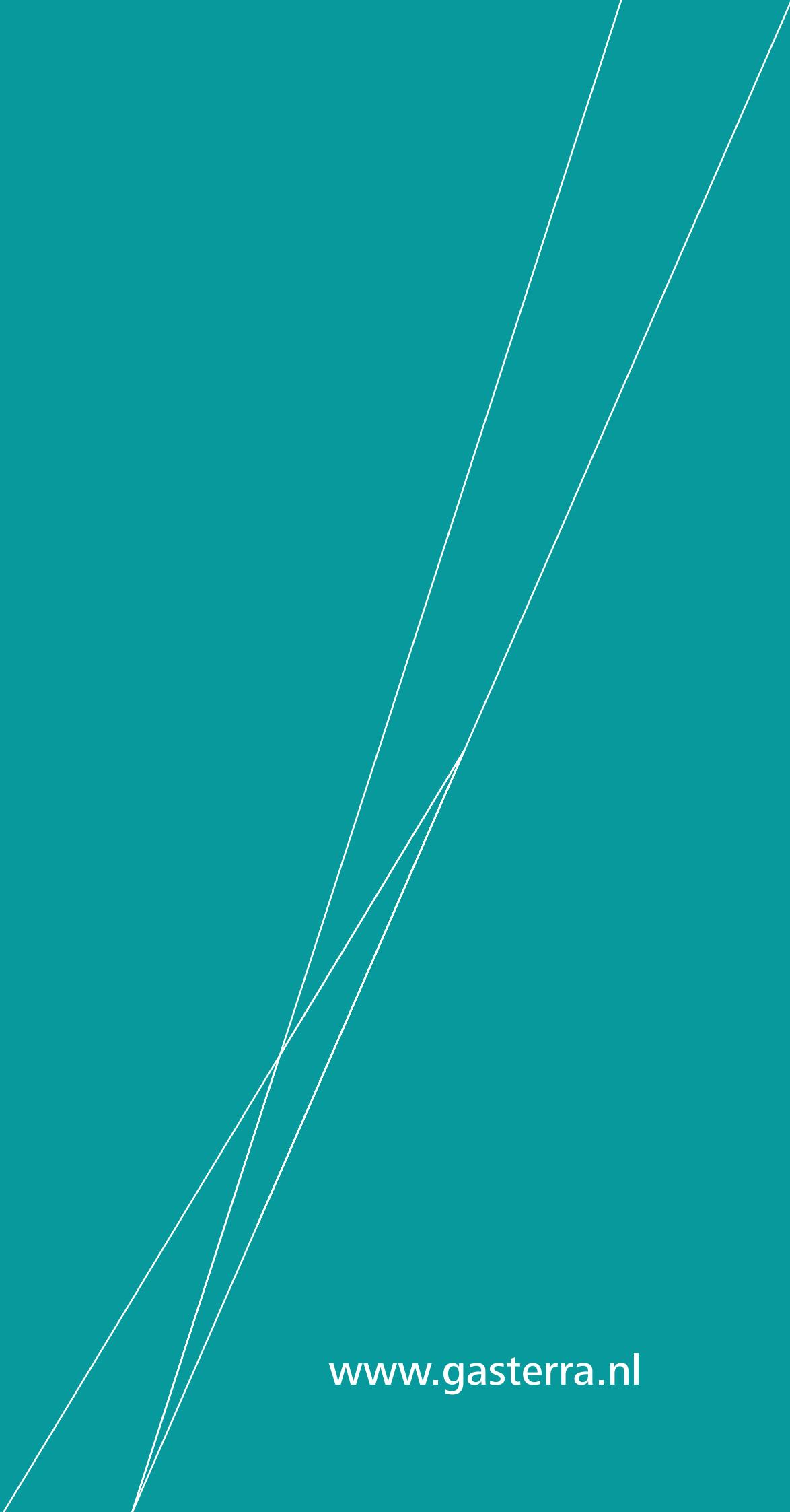
The Dutch version prevails.

If you have any questions about this annual report or suggestions for improvement you can contact the Communication Department via email or phone.

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February 2022



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