



Annual report 2021



2

[YEAR 2021](#)

[DIRECTORS'
REPORT](#)

[CORPORATE
GOVERNANCE](#)

[FINANCIAL
STATEMENTS](#)

[HOME](#)



Gassco – **securing** energy supply



FRODE LEVERSUND
President and CEO

Norwegian gas exports have never been more important

Europe found itself in a difficult energy position during the last half of 2021. At a time of record energy prices, a changing energy system and rising European electricity demand, Norwegian natural gas has never played a more important role.

Gas is one of the largest sources of power generation in Europe, and deliveries from Norway now cover about a quarter of the continent's total energy consumption. European households and companies faced high prices for gas, coal and electricity in 2021. Gas deliveries and stocks have been among several accelerators of the high power prices.



Our strategy in Gassco is closely tied to the UN's sustainable development goals (SDGs), and all our activities in 2021 were in accordance with this framework. If the goals of the Paris agreement are to be reached, the world's energy system must undergo fundamental changes. On the one hand, the constant need for more energy is a challenge. On the other, emission-reducing measures shift the market towards energy sources which are still under development. The stability of Norwegian natural gas deliveries plays a key role here. Conditions in the European market during 2021 make it abundantly clear how complex and intricate energy systems are, and how important it is that they hang together.

In addition to high energy prices, the coronavirus again made its mark on people's lives in 2021. For the second year in a row, however, we in Gassco can say that not a single cubic metre of gas was lost because of the pandemic. We have adapted from "everyone at home" to "half in the office at a time". We have celebrated the reopening of society, only to be returned to our home offices. The flexibility, ability and willingness displayed by our employees in getting day-to-day operations to function have been the primary success criterion for the 2021 results we are presenting.

That said, we could not have managed this alone. More than 60 fields are producing gas on the Norwegian continental shelf (NCS), and results for the year show that all the players in the value chain have delivered in an impressive way. The Norwegian value chain for gas has proved not only able to deliver, but also reliable, secure and predictable.

We face challenges in certain areas within HSE and the process for closing nonconformities. This has also been noted by the supervisory authorities. We have devoted dedicated efforts to improvement measures in both areas, and will continue this work in 2022.

The Petroleum Safety Authority Norway (PSA) has identified capacity and competence as general challenges following a number of audits and investigations in the industry. It has therefore chosen "capacity and competence – the key to safety" as its main issue for 2022. This has been related to ageing plants, automation, the introduction of new modes of operation, and projects related to new forms of energy – all highly relevant for the business we are responsible for. We will ensure that special attention is paid to the subject of capacity and competence in both improvement measures and our strategy work during the time to come.



Activity on the NCS was high in 2021. We have noticed this through a substantial increase in the number of projects and in enquiries on new field developments where a tie-in to our system is sought. In this context, we have conducted an assessment of the actual gas transport proposals in order to ensure a good and integrated solution for the fields and the transport system. The level of activity gives us a clear indication of the great demand for natural gas in Europe, and of how important this commodity is as a reliable energy source on the route to emission-free energy forms.

We also launched studies in 2021 on how we can adapt the transport network for tomorrow's energy requirements. That includes looking at opportunities for using the gas infrastructure to transport hydrogen and CO₂. Norway's gas transport system is flexible, and can be used to carry both blue and green hydrogen as well as CO₂. This presupposes that we secure the raw materials and continue exploration activity on the NCS.

The energy position in Europe and the world demands that all available options which can reduce overall emissions are adopted. That calls for collaboration, a proactive approach and integrated solutions. Norwegian gas is reliable and has a low carbon footprint, and the gas industry has ambitious climate targets. That positions us well in the transition to a new energy era.

We play an important role in the development of infrastructure for the NCS. Our knowledge means we can see energy configurations in a bigger picture, which will be crucial for achieving the transformation required. We will continue to provide today's energy supply at the same time as preparing infrastructure for the future. In a difficult energy position, we have never played a more important role.

Directors' report



Gassco is a limited company wholly owned by the Norwegian state. Established in 2001, it is the operator for the integrated gas transport system from the Norwegian continental shelf (NCS) to European countries. This system comprises pipelines, process plants and platforms as well as gas terminals in continental Europe and the UK.

The company's head office is at Bygnes in Karmøy local authority. It also has branches in Germany, Belgium, France and the UK, which are responsible for day-to-day operation of the receiving terminals.

Companies owned by the Norwegian state are categorised in accordance with the government's goals as owner. Gassco is in category 3, which means a company where the government seeks the most efficient possible achievement of sectoral policy goals. The reason for state ownership of Gassco is the desire to ensure a neutral and independent operator for the integrated gas transport system, while facilitating efficient utilisation of resources on the NCS.

The government's objectives as owner are efficient operation and integrated development of the gas transport system on the NCS.

Special and normal operatorships

Operating parameters for Gassco are determined by the Norwegian government,

and its primary roles are the exercise of special and normal operator responsibilities.

The special operatorship refers to the exercise of duties allocated to Gassco pursuant to the Norwegian Petroleum Act and associated regulations. That includes system operation, capacity management and infrastructure development.

The normal operatorship refers to the technical operation of process plants, pipelines, platforms and terminals pursuant to the Norwegian Petroleum Act's provisions on operator responsibility. These duties are regulated by agreements with the Gassled, Zeepipe Terminal, Dunkerque Terminal DA, Valemon Rich Gas Pipeline, Utsira High Gas Pipe, Knarr Gas Pipeline, Haltenpipe, Nyhamna, Polarled and Vestprosess DA joint ventures.

Gassco has entered into agreements with Equinor, Norske Shell and North Sea Midstream Partners on the purchase of technical operating services for pipelines, gas terminals, platforms and process plants.

Corporate governance is dealt with by Gassco's management system, which ensures efficient and prudent operation in accordance with applicable legislation, statutory regulations and specified goals.

Corporate social responsibility (CSR) and sustainability are integral parts of the company's organisational culture, strategy, operational activities and ethical conduct towards the world at large.

Risk assessments are conducted, with the most hazardous activities at any given time identified, in order to ensure safe and reliable operation of the business.

Gassco does not make a profit or a loss from its operations. Costs are covered by the joint ventures, users and third parties. This means that its economic and financial risks are very limited.



Key figures

Gassco's key figures are presented below. Figures for 2020 in brackets.

0

Fatalities

(0)

19

Personal injuries

(9)

10

Lost-time injuries

(3)

2

Gas leaks

(3)

1041^{ktonnes}CO₂ emissions

(1137)

1246^{TWh}Energy quantity
gas transport

(1178)

1

Fires

(2)

8884^{km}

Pipelines

(8884)

99.76%

Availability

(99.64)

113.2^{bn scm}

Gas products

(107.0)

7.01^{mill tonnes}

Liquid products

(8.53)

99.99%

Gas quality

(99.99)

29.9^{bn NOK}

Tariff revenues

(33.8)

12.22^{kg/t}CO₂ e-intensity

(14.14)

9.0^{bn NOK}

Operating costs

(5.9)

3.4%

Sickness absence

(3.3)

1

Unintentional spills,
oil/chemicals

(1)

850^{mill scm}Extra capacity
sales

(172)

7

Critical incidents
and situations

(5)

1.6

Critical incident
frequency

(1.3)

359

Employees

(343)

36%

Women in
workforce, Norway

(38)

43%

Women in
management team

(57)

35%

Sustainability
share of R&D

(25)

The company's vision, strategic goals and values

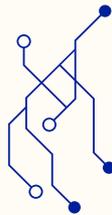
GASSCO'S VISION IS "Gassco – securing energy supply"

GASSCO'S STRATEGY

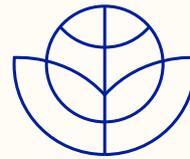
The company, through sustainable operation and development, has three strategic goals:



**safer and more
value**



**create infrastructure
for the future**



**reduce climate
impact**

A precondition for reaching these goals is human expertise and a well-functioning organisation.

GASSCO'S VALUES BASE IS SUMMED UP BY TRACK:

- T – transparent**
- R – respectful**
- A – accountable**
- C – challenging**
- K – knowledgeable**

Strategy and results

Gassco conducted a strategic analysis with clear goals for the company in 2020. This was updated in 2021, and certain sub-topics related to each strategic goal have been adjusted or replaced. See the separate review of the strategy from page 17.

Risk management and sustainability are integrated components in the strategy work. The radar image presented in figure 1 reflects elements which were taken into account during 2021, and which provide the basis for the company's future direction. This image is therefore reflected in Gassco's action plan for 2022.

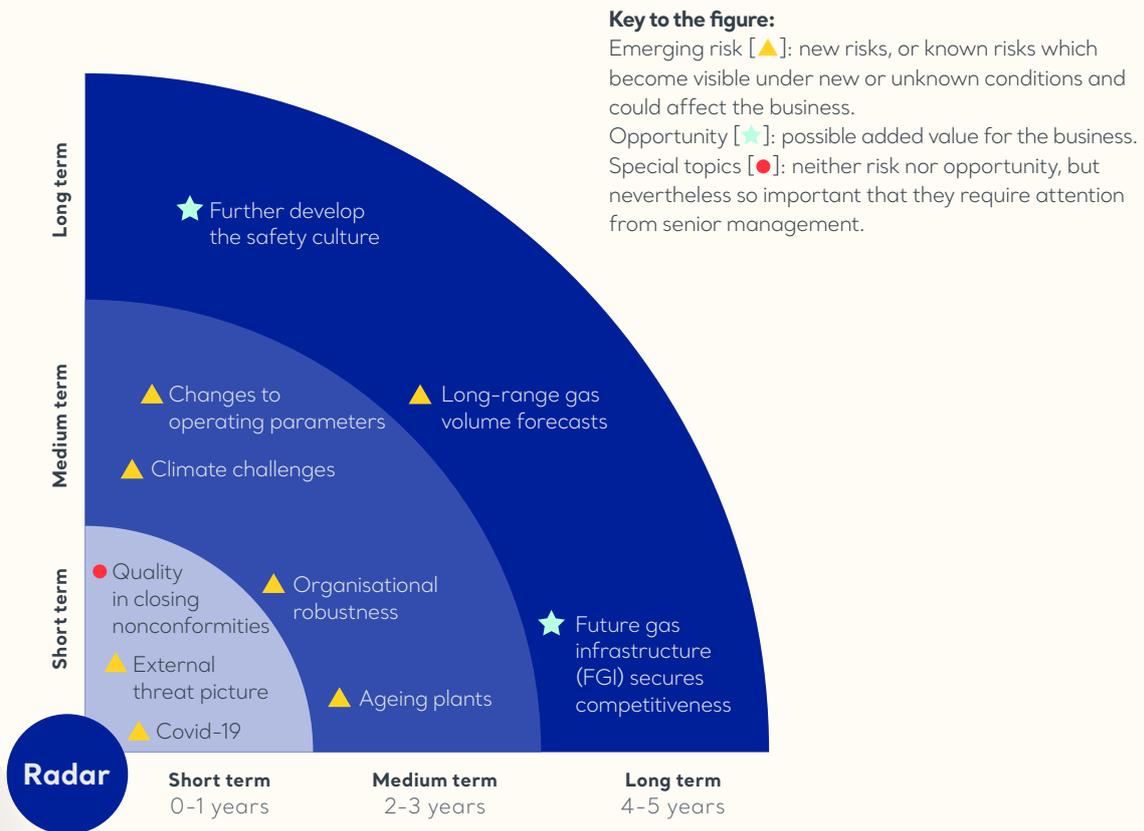


Figure 1 The radar image.

ISSUES WHICH AFFECTED THE RADAR IMAGE IN 2021:

Short-term time frame [0-1 years]

▲ **Covid-19:** 2021 was characterised by uncertainty related to Covid-19 and the consequences of the pandemic for the company's operations and projects. Like the rest of Norwegian industry, Gassco witnessed a normalisation of society during the autumn months. But infection rates rose again towards the end of the year. Gassco continuously monitored developments and adopted measures based on national and local guidelines.

▲ **External threat picture:** the general threat picture in society is continuously developing, and Gassco devotes particular attention to physical security and the ability to counter cyber attacks.

● **Quality in closing nonconformities:** Inspections have identified deficiencies in the process for closing nonconformities. These have been uncovered both in Gassco and at technical service providers (TSPs). The company has initiated work to implement improvements.

Medium-term time frame (2-3 years)

▲ **Ageing plants:** Gassco's plants vary in terms of age, and some have exceeded their original lifespan. In recent years, the company has initiated several parallel projects intended to secure the integrity of these facilities.

▲ **Organisational robustness:** Demand for Norwegian gas is high, and the plants have run at full capacity. Many new projects were initiated in 2021 on the various fields, and a number of the licensee groups aim to submit plans for development and operation (PDOs) by the end of 2022.

The level of activity makes heavy demands on both expertise and capacity at Gassco. Good planning and management have thereby been important for ensuring flexibility and robustness in the organisation, both immediately and in the longer term.

▲ **Climate challenges:** Climate change and policy affect Gassco's business. National and international targets for reducing emissions call for increased use of renewable energy sources and the phasing-out of fossil fuels. Together with its stakeholders, Gassco has formulated ambitions for understanding climate risk and proposing measures to reduce it.

Read more about how Gassco works with climate risk on page 35.

▲ **Changes to operating parameters:** Changes to regulations, operating parameters (both at home and abroad) and the energy mix affect the gas business. Gassco is monitoring these developments closely.

Long-term time frame (4-5 years)

▲ **Long-term gas volume forecasts:**

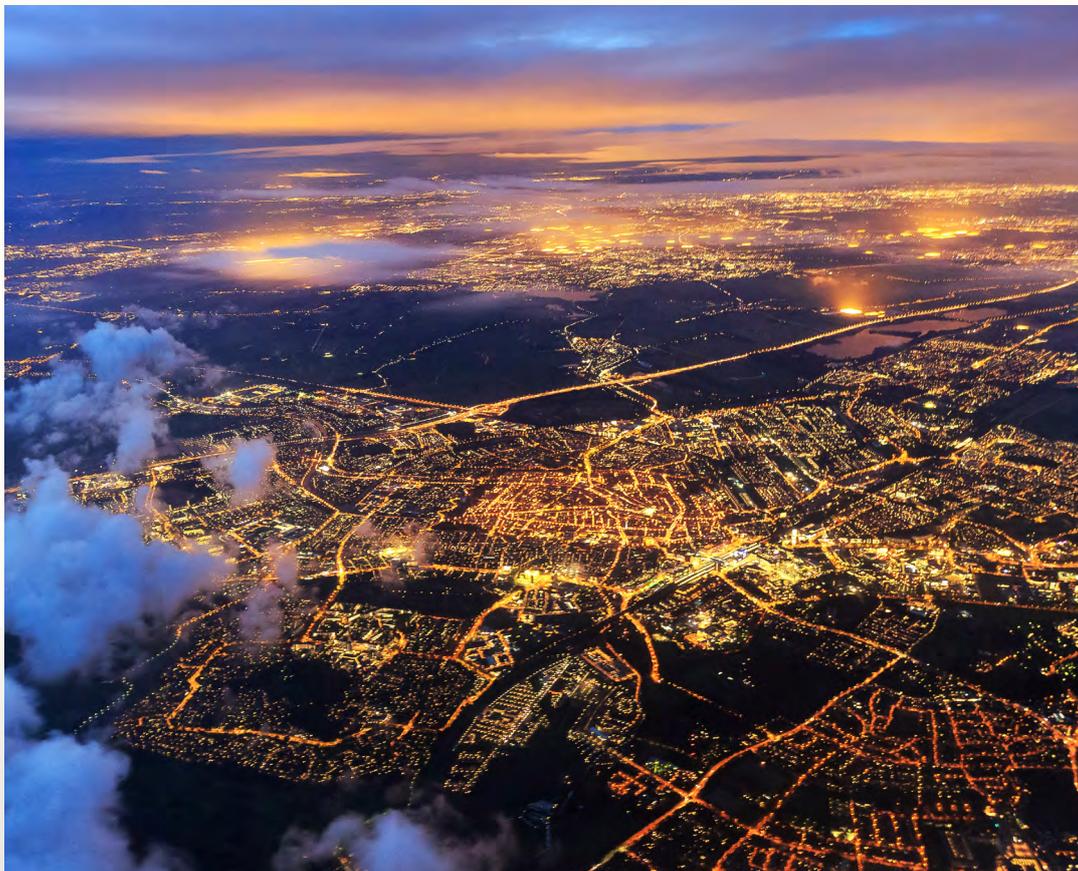
Gassco annually receives forecasts of the expected gas volume from the companies on the NCS. The prognoses provided show that this volume is expected to decline. In order to ensure that Gassco can deliver in line with predicted European demand for natural gas, it will be important to maintain a high and predictable level of exploration activity.

★ **Future gas infrastructure (FGI) secures competitiveness:** Tailoring the future gas infrastructure to maintain the competitiveness of Norwegian gas in a

short- and long-term perspective is important. The infrastructure must also take account of the need for new services and possibilities for re-use – hydrogen and carbon capture, transport and storage (CCS). That also involves possible regulatory and/or commercial changes.

★ **Further develop the safety culture:**

Human behaviour and organisational systems are important barriers for avoiding incidents. Continuously improving the safety and security cultures is fundamental for the company's performance. A strong culture contributes to sustainable operation and to maintaining competitiveness. This work covers the whole organisation.



SUSTAINABILITY IS A RED THREAD RUNNING THROUGH GASSCO'S STRATEGY WORK AND ITS DIALOGUE WITH STAKEHOLDERS.

Sustainability relates to the environment, value creation and social conditions. Gassco's work on sustainability and CSR is tied to the UN's SDGs and the UN Global Compact.

State-owned companies are required to have an overarching plan for sustainable value creation. This plan forms an integrated part of overall strategy work in Gassco, and the company draws up and reports on specific goals. It contributes to nine of the 17 SDGs. An overview of concrete measures and results related to these nine goals is provided on page 16.

Gassco is the operator of gas facilities on land and offshore as well as transport pipelines for natural gas. Its activities present an inherent risk of causing harm and major accidents. The oil and gas industry, to which the company belongs, is among the climate challenges. At the same time, natural gas will play a key role if Europe is to reach its own goals for emission cuts under the Paris agreement.

The UN has defined 2020-30 as a decade of action, and it is a matter of urgency to initiate measures – against climate change, poverty and inequality – which can contribute to reaching the SDGs by 2030.

Gassco's three strategic goals reflect its work for sustainable value creation.

"Safer and more value"

safe and reliable operation is a precondition for good value creation.

"Create infrastructure for the future"

infrastructure must be further developed to meet tomorrow's energy requirements.

"Reduce climate impact"

the impact on the climate must be reduced throughout the value chain.

MATERIALITY ANALYSES

Gassco's work on sustainability is based on materiality analyses and due diligence assessments. These are developed in dialogue with its main stakeholders.

The materiality analysis and due diligence assessment accord with the OECD's guidelines on due diligence and the Oslo Børs guidelines on reporting CSR.

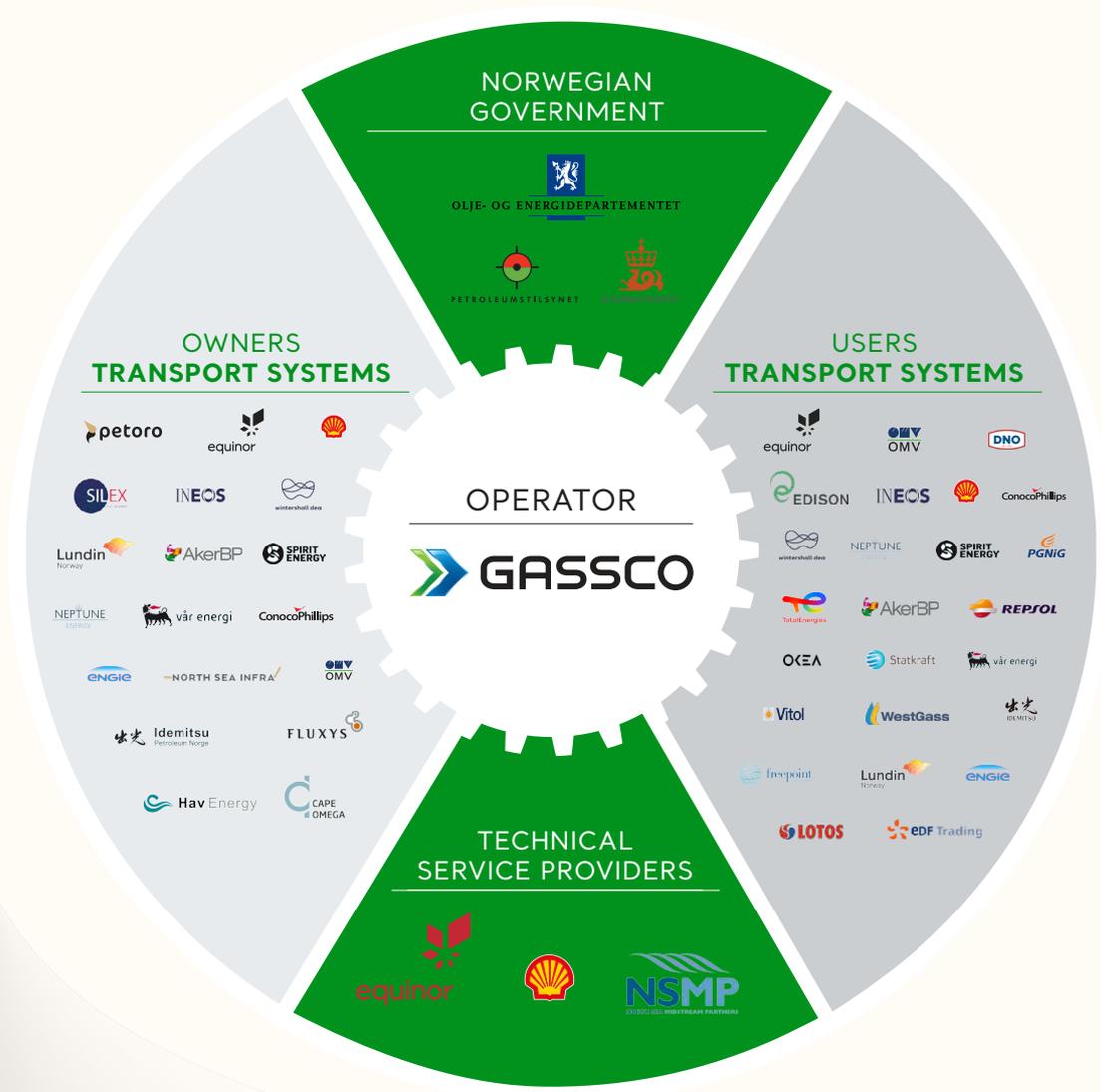


Figure 2 Gassco's main stakeholders.

MATERIALITY MATRIX FOR SUSTAINABILITY

The figure below illustrates the outcome of the materiality analysis, which has been carried out together with a broad selection of Gassco's stakeholders.

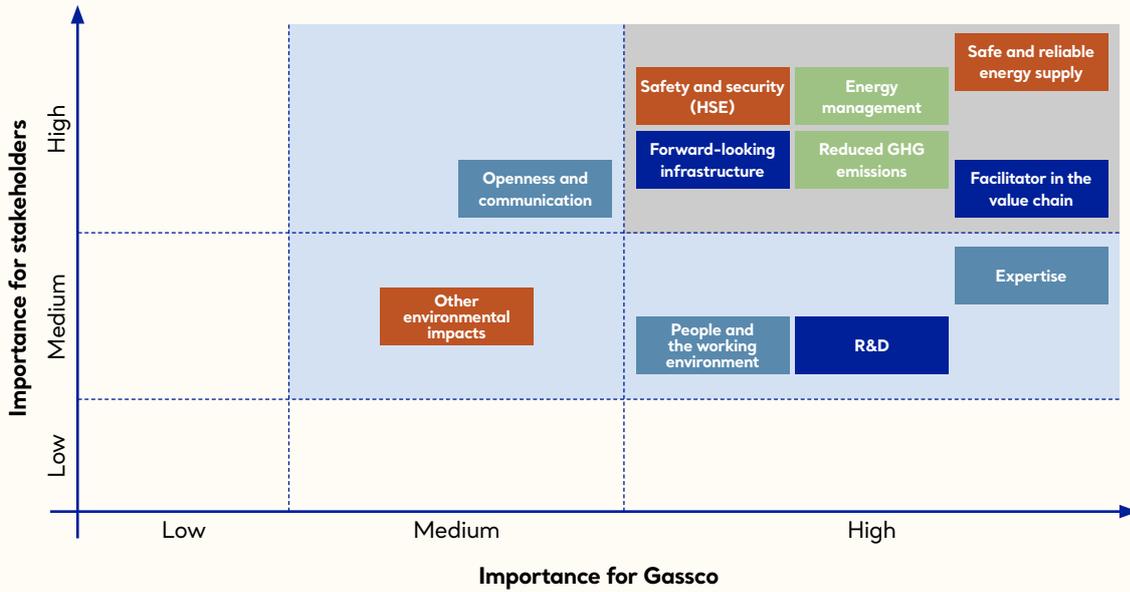


Figure 3 Materiality matrix, sustainability.

The most significant sustainability areas related to Gassco's business are taken into account through its strategic goals and priority areas. The connections between these sustainability areas and Gassco's strategic goals are presented on page 16.

SUMMARY OF RESULTS FOR THE STRATEGIC GOALS

SDGs	Strategic goals	Indicator	Result	Goal
	Safer and more value	Fatalities	0	0
		Personal injury frequency	4.40	0
		Lost-time injuries	10	0
		Fires	1	0
		Gas leaks	2	0
		Critical incidents (frequency)	1.62	0
		Unintentional discharges, oil/chemicals (number)	1	0
		NO _x emissions (tonnes)	768.0	*
		IT security, user awareness and enhancing system robustness in relation to plans	0	0
		Planned but not executed maintenance of safety-critical equipment	1.5	0
		Closing nonconformities from PSA audits in relation to plans	0	0
		Gasco's ability to deliver at the end point (%)	99.76	99.34
		Product quality, dry gas (%)	99.99	99.96
		Capacity administration, number of invalid decisions	0	0
Extra capacity sales (million scm)	849.8	157.8		
Total operating costs, excluding electricity and taxes (NOK million)	9033	8383		
	Create infrastructure for the future	Strategic projects in relation to plans (%)	96	100
	Reduce climate impact	CO ₂ emission intensity (kg/t)	12.22	15.9
		Scope 1 emissions (direct CO ₂ and methane emissions) ktonnes	1066	**
		Scope 2 emissions (emissions from purchased electricity) ktonnes	39	**
		Quality of decision basis for Kårstø electrification project (%)	100	100
		R&D costs related to the goal of "reduce climate impact" (%)	35	30
	People and organisation	Proportion of women in management team (%)	3.4	3.0
		Digitalisation of selected processes/ assignments (%)	43	40
		Employee and development reviews (%)	90	100
		Trainees (number)	92	100
		Apprentices (number)	3	1

* No common threshold limit value has been defined for NO_x emissions, but limit values have been established per plant.

** No threshold limit values have been established for total GHG emissions (scopes 1 and 2). These are followed up through emission intensity, with a goal of 15.9.

Gassco's three strategic goals

Gassco will secure energy supply through sustainable operation and development. In this work, the company has defined three strategic goals: safer and more value, create infrastructure for the future and reduce climate impact. A brief explanation is provided below of what each of these three goals encompasses, what results have been achieved, and what prospects Gassco associates with them.



Strategic goal of **SAFER AND MORE VALUE**

Gassco will operate and further develop Norway's gas infrastructure in a safe, reliable and efficient manner. Outstanding results for health, safety and the environment (HSE), a strong ability to deliver and a high level of efficiency are crucial for ensuring the competitiveness of Norwegian gas and for maximising value on the NCS.

This strategic goal is in line with **UN SDGs 8 on promoting a safe and secure working environment for all workers** and **12 on ensuring effective and sustainable resource utilisation**.

Gassco has a philosophy of zero accidents and no harm to people, the environment or material assets.

This philosophy is based on a conviction that all harm can be prevented by systematic and purposeful HSE work, and also embraces a requirement to prevent all discharges/emissions and to protect nature. That accords with **UN SDGs 14 on life below water** and **15 on life on land**.

The following topics were pursued under this strategic goal in 2021:

- **safety culture**
- **asset integrity**
- **efficient operation which creates value.**

Safety culture

This is about how Gassco pursues its work, including routines to ensure safety in day-to-day operations.

Human behaviour is an important barrier for avoiding undesirable incidents. Continuous further development of a strong safety culture is therefore crucial for achieving good results.

The One Gassco initiative is about building a common safety culture throughout the organisation. Three core areas have been defined for this work – (1) risk understanding, (2) compliance and (3) learning.

Together with Gassco's TRACK values base, these provide the foundation for work on the safety culture in the company.

Important initiatives in 2021 have involved strengthening risk understanding through training and expertise development, compliance with procedures, implementing a process-based management system, quality in closure processes, and sharing and permanent learning across plants, organisations and company.

Asset integrity

Safe, sustainable and reliable operation is important for Gassco's operatorship. The company operates and maintains the infrastructure in a structured and planned way throughout an asset's operating life.

The company has good work processes, systems, tools, expertise and resources, and works continuously to improve these.

Ageing increases integrity risk, and Gassco therefore works long-term and systematically to minimise this and to strengthen understanding of how ageing affects its assets.

The company has also strengthened its management of technical, operational and organisational barriers. Physical and IT security were other key initiatives in Gassco's integrity management during 2021.

Efficient operation which creates value

Competitiveness and maximising value creation on the NCS are achieved through good planning and communication, low costs, innovative solutions, and the company's ability to make provision for new business opportunities and services.

Important instruments for achieving this are user and owner dialogue, benchmarking, digitalisation, and research and development (R&D).

Management of TSPs and digitalisation were important initiatives in 2021. Gassco reviewed internal collaboration related to managing TSPs and the allocation of internal responsibility for the various work processes within such management, including expertise. Work with digitalisation included devoting attention to reducing manual work through automation and by making data available.



Results for the goal of "safer and more value"

Safe and reliable operation of the gas transport system was a priority in 2021. Measures adopted in response to Covid-19 were risk-assessed. Safety and operation-critical activities are prioritised regardless of the pandemic position. No damage or loss of gas deliveries related to Covid-19 were registered during the year.

Covid-19 restrictions have contributed to new ways of working. Both management inspections and audits are conducted virtually, for example.

Gassco's management system covers such aspects as reporting, investigating and following up incidents and nonconformities. This work is important for achieving continuous improvement. The company has established key performance indicators (KPIs) which show how HSE and quality (HSE&Q) results are developing over time. This helps to make improvement initiatives measurable and as effective as possible.

The company works purposefully to identify, follow up and implement measures in the wake of incidents. The frequency of incidents defined as critical increased from 1.30 in 2020 to 1.62 in 2021.

Seven critical incidents occurred in 2021, compared with five the year before, but 470 000 more hours were worked in 2021.

No actual harm was caused by six of the critical incidents in 2021. But they were nevertheless critical in the sense that they represented a potential and could thereby have had serious consequences. The one

critical incident leading to actual consequences/harm was a bicycle accident at Kårstø which caused a serious lost-time injury.

All seven critical incidents were subject to a detailed review and analysis, and risk-reducing measures have been implemented. Lessons learnt are shared across Gassco's operatorship.

Gassco received an order from the PSA related to an arc flash incident at Kårstø in 2020. Work was done on this event, and a reply was sent to the PSA in December. Gassco also received an order and notice of a coercive fine from the PSA following an electrical/instrumentation audit on Draupner. Among other comments, the PSA highlighted systematic identification of ignition sources, training on ignition source control, TSP organisation of the electrical discipline, and deficiencies in the nonconformity system and closure process. The company has pursued a good dialogue with the PSA here and drew up a closure plan for actions within the specified deadline in 2022. Examples of measures include strengthening in-house expertise and capacity in the electrical discipline and improving the work process for TSP management and nonconformity closure.

Gassco takes a serious view of these incidents and will implement both proactive and reactive measures in the time to come to avoid future critical events.

As the responsible operator, the company will cooperate closely with the TSPs to discharge its see-to-it role and improve safety at the plants.

Serious incident frequency (SIF)

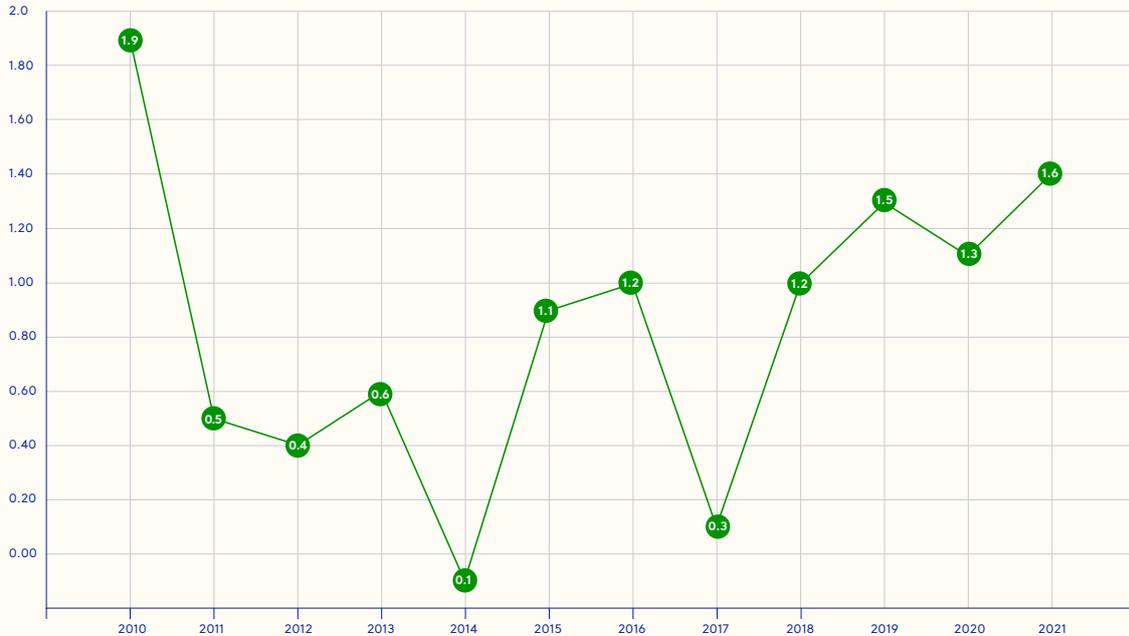


Figure 4 Critical incidents.

Monitoring asset integrity and good barrier management are crucial for preventing critical incidents. Gassco works systematically to ensure good control of integrity status through the right indicators. Measures are implemented on the basis of risk.

The company made continued efforts throughout the year to improve work processes, systems, data and tools, particularly in relation to safety-critical equipment.

The personal injury frequency for the company's operator area, measured as injuries per million working hours, rose from 2.34 in 2020 to 4.40 in 2021. All personal injuries in 2021 had a low potential, with the exception of the bicycle incident mentioned above under critical incidents.

Purposeful work on HSE and improvements is important. Both Gassco and its board want to see systematic improvement work in the HSE field in order to reach the goal of zero critical incidents or personal injuries. A work group has been established on learning permanent lessons from incidents, and an improved process for this is being created.

Gassco recorded one minor fire in 2021 and two gas leaks larger than 0.1 kilograms per second (kg/s). Both leaks were classified as yellow 3 – in other words, "non-critical incidents". Root-cause analyses have been conducted for both leaks, with measures and learning points shared within Gassco's operatorship.

Avoiding harm to the environment is a goal for the company. It complies with ISO 14001 for environmental management and ISO 50001 for energy management. Gassco devotes its greatest environmental attention to emissions of CO₂ and NO_x as well as energy consumption, but all components in emissions to the air and discharges to water are closely monitored.

Environmental risk analyses and environmental impact assessments (EIAs) are conducted for projects. Internal requirements are also set for the documentation of environmental impacts and the assessment of what represents the best available technology (BAT).

Pursuant to the Norwegian Pollution Control Act and legislation in the UK and continental Europe, Gassco is required to hold permits for all its operations and all planned activities.

All the company's process plants, gas terminals and platforms are operated within their annual emission/discharge limits. One unplanned discharge occurred in 2021. This involved the release of 20 cubic metres of mono-ethylene glycol (MEG), which is classified as having a low effect on the natural environment.

The company emitted 768 tonnes of NO_x in 2021. Gassco pays NO_x tax on its emissions from Norwegian sources. The company reports all its emissions annually to the authorities in each of the countries where it operates. These reports are in the public domain. Emissions of greenhouse gases (GHGs) and energy consumption are detailed on page 29.

Gassco monitors its emissions to the air and discharges to the sea through permanent environmental monitoring programmes, such as vegetation and

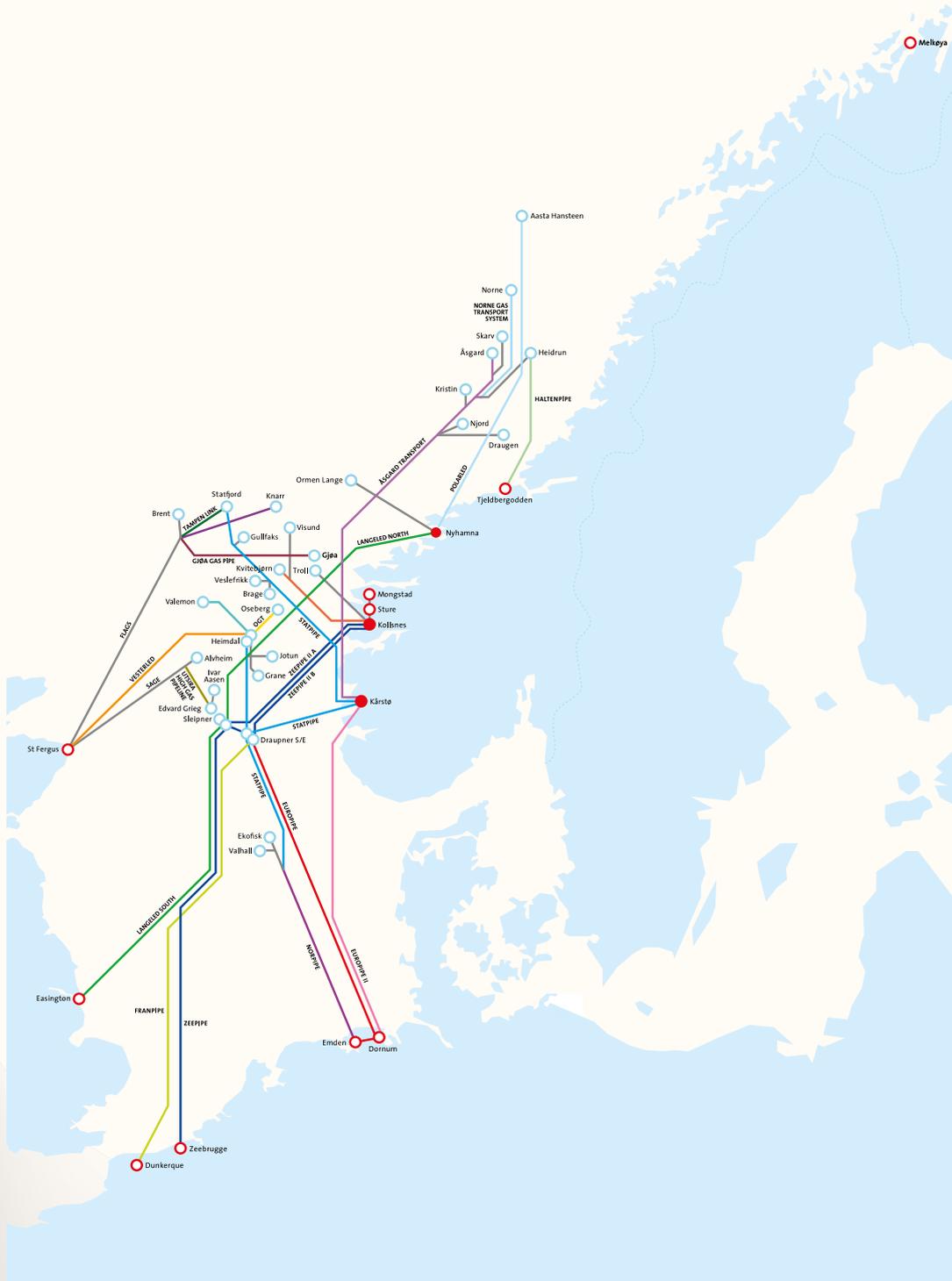
seabed sampling. These samples show that emissions/discharges from the facilities have had no demonstrable negative effects on the natural environment. Before commencing new activities, such as expanding or changing operations at the facilities, detailed environmental analyses are conducted in order to limit the risk of negative impacts on the natural environment and diversity.

Supervision in the form of audits, verifications and management inspections plays an important role in Gassco's follow-up of its business. The company is also audited by official regulators and the owners. Gassco was subject to rather more official audits in 2021 than in 2020.

Audits carried out resulted in one order and notice of a coercive fine, 28 nonconformities and 19 improvement points. The board follows up safety work and is pleased with the measures adopted.

The emergency response organisation is an important component in Gassco. Its response organisation at Bygnes held and participated in 12 exercises during 2021. These demonstrated that the emergency response organisation in Gassco is robust and well-functioning. The company's response organisation was mobilised five times in 2021.

Work began at the company in 2020 to establish a new process-based management system, which came into use in November 2021. At the launch date, 95 of Gassco's processes had been identified. The remainder were linked to existing governing documentation. Identification of the remaining processes continues. This system also covers nonconformity and change handling at the company.



Gassco delivered 113.2 billion standard cubic metres (scm) of natural gas in 2021, corresponding in energy terms to 1 246 TWh. This energy is utilised almost entirely in such segments as electricity generation, manufacturing and households in the various European recipient countries. Deliveries were 5.8 per cent higher than the year before. Total deliverability was 99.76 per cent, compared with 99.64 per cent in 2020.

Vessel traffic, which includes shipment of natural gas liquids (NGL) and light oil (Gudrun Blend) from Kårstø and condensate from Nyhamna, is carefully coordinated with other gas transport.

The second half of 2021 was characterised by high prices for energy in general and gas in particular. NGL offtake from the Kårstø process plant was therefore reduced in order to increase the energy content in dry gas exports from this facility. That meant a corresponding reduction in NGL production and exports.

Kårstø had a total of 478 ship calls and Nyhamna eight during the year. The number of calls was somewhat lower than in earlier years, primarily because of turnarounds and NGL production changes at Kårstø.

A number of maintenance activities planned for 2020 were transferred to 2021 because of Covid-19. No similar effect has been registered from 2021 to 2022, although some residual activities which were put off remain to be done.

Potential capacity increases have been assessed for the process plant at Kollsnes through several studies, including the Kollsnes increased capacity (KolC) assessment. During the year, this matured

the opportunity for increasing the capacity of the plant's export compressors.

The gas transport system has a flexibility which makes it possible to compensate for production disruptions on fields, at process plants and on riser platforms. Gassco can also enter into operational agreements with the operators of adjacent transport systems. That permits further flexibility in gas deliveries from the NCS and is managed through Gassco's control room.

As the transport system has become increasingly complex and has experienced more intensive utilisation, further field tie-ins and a greater number of gas qualities, delivering with almost 100 per cent availability in the market has also become more demanding. Despite that, deliverability was higher in 2021 than in 2020. The board is very satisfied with production availability and regularity in the gas transport system during 2021.

Operating costs for 2021 totalled NOK 9 034 million, while the target for the year was NOK 8 383 million. Increased electricity charges and CO₂ emission allowance prices are the main reasons why actual costs were above the target.

Benchmarking at Gassco's terminals and process plants shows that the system is operated in a safe, reliable and efficient manner. Areas for improvement have also been identified. A new benchmarking is planned in 2022.

Gassco is pursuing several projects intended to increase the technical integrity of its assets, with the main attention devoted to ageing and solutions which do not meet current standards. In addition to normal upgrading, three major projects are under development.

The primary purpose of Statpipe landfill is to replace the existing culverts at the facility with a tunnel. The project went through concept selection in 2021.

The barrier integrity review (BIR) is an integrity project which aims to increase technical safety at the terminals. During the year, work in the project included deciding the scope of work and establishing a design contract up to execution.

Draupner robustness is an upgrading project concentrated primarily on technical safety and ageing. Initiated in 2021, sub-projects have been identified and will be given priority in execution plans.

Where R&D are concerned, Gassco has concentrated on implementing robotised solutions for internal inspection of tanks. Examples from Norwegian plants are a "snake arm" for visual inspection and a new type of gas detector which can be integrated with a robot solution in order to expand its area of application even further.

Restrictions related to Covid-19 have created a general need for better virtual interaction. New technology has been tested, and digital solutions have been of good help in monitoring and maintenance activities. In early 2022, an integrated assessment of work so far will be made. On that basis, Gassco will evaluate whether to set new priority areas and goals.



Bygnes



Outlook for the goal "safer and more value"

Gassco's HSE results for 2021 show that the company still has an improvement potential. It has a zero goal, and will maintain its commitment to achieving improvements in the HSE area, in close collaboration with companies which perform operational assignments on its behalf.

This work will take account of official expectations, such as the PSA's 2022 main issue of capacity and competence – the key to safety. Particular attention is being devoted to all conditions with a major accident potential, with special emphasis on process and personal safety. Topics related to capacity and competence – the key to safety will be included in Gassco's working meeting on major accidents with the infrastructure owners in 2022.

Based on analyses of and investigations into the critical incidents in 2021,

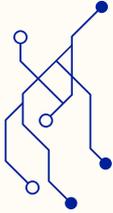
measures have been implemented and will be continuing.

Current projects for safeguarding asset integrity are continuing. Among those mentioned in the section on results, construction work for the Statpipe landfall at Kalstø will begin in 2022, and contracts for the BIR are due to be awarded during the first half.

New services, both in the transport system and for power supply to petroleum facilities, are constantly being assessed with the aim of enhancing efficiency and value creation as part of the optimisation of work processes and asset management.

Overall, topics and initiatives from 2021 will largely continue in 2022. However, an adjustment will be made to the topic of efficient and value-creating operation, which is being replaced in 2022 by competitive plants and by system optimisation on the NCS.





Strategic goal of **CREATE INFRASTRUCTURE FOR THE FUTURE**

In Gassco's role as the special operator, the company works as an independent, non-commercial and neutral system operator. Enshrined in section 4-9 of the Norwegian Petroleum Act and chapter 9 of the petroleum regulations, this role gives Gassco an extensive mandate to coordinate the further development and operation of the transport system with the aim of achieving integrated solutions. The system operator role also contributes to developing safe, reliable and sustainable infrastructure of high quality.

This role supports **UN SDG 9 on industry, innovation and infrastructure**, which covers the promotion of an inclusive and sustainable industrialisation.

Future use and development of existing infrastructure will have socioeconomic and environmental effects. Transport solutions for new discoveries could realise unutilised resources and promote technological concepts with greater efficiency and a smaller climate impact.

Natural gas deliveries from Norway now cover about a quarter of Europe's total consumption. Increased availability of resources from the NCS have ensured many years with high utilisation of the gas infrastructure. This position is expected to persist, providing resources are maintained through exploration activity and new gas discoveries.

Tomorrow's energy needs call for continuous adaptation. Gassco will meet market changes through an effective and timely development of the infrastructure, and by contributing to a well-functioning and competitive model for the NCS. Good work and decision processes are important for achieving the goal.

The following topics were pursued under this goal in 2021

- **efficient and timely development of the gas infrastructure**
- **a competitive model for the NCS.**

Efficient and timely development of the gas infrastructure

Substantial investment has been made in the infrastructure for processing and transporting gas from the NCS to the European market. This infrastructure is continuously being tailored to meet market demand, and the future delivery picture depends in part on the number and size of new discoveries. Long-term forecasts indicate high and stable production to the end of the 2020s.

Analyses of how Gassco can maintain the competitiveness of Norway's gas infrastructure in a long-term perspective had top priority in 2021. The purpose of these analyses is to ensure that decisions

taken are timely and sustainable, and that they contribute in total to maximising value creation on the NCS.

In addition, analyses covering further development of resources from the Barents Sea were matured further during the year.

Competitive model for the NCS

Well-functioning work and decision processes make a significant contribution to a competitive model for the NCS, and to exercising the company's role as a special operator in a good way.

A number of revisions have been made to these processes over time, in part to ensure that the users are involved to a greater extent so that secure, timely and sustainable decisions can be taken.



Results for the goal "create infrastructure for the future"

Gassco's preparatory work for the tie-in of a spur from the Europipe II pipeline to Nybro in Denmark represents an important contribution to the work of creating tomorrow's gas infrastructure. This spur forms part of the Baltic Pipe infrastructure project, which could transport Norwegian natural gas to both Danish and Polish markets towards the end of 2022. The company implemented design and fabrication preparations in 2021 for this tie-in, and ended the year with a successful offshore campaign.

The company also executed several offshore campaigns to prepare the tie-in of the export pipelines from the Heimdal platforms, and it was decided to halt Heimdal production and postpone the final switchover until 2023. Both these projects contribute to a competitive

development of the gas infrastructure.

A high level of activity was otherwise maintained on the NCS in 2021, with many field development projects in progress. In connection with concept selections by licensees during the year, Gassco assessed transport solutions for more than 20 different discoveries, including Noa, Krafla, Fulla, Halten East, Linnorm, King Lear, the Skarv satellites and Asterix. All of these will help to increase utilisation of the gas infrastructure.

Gassco prepares a transport plan every year with the aim of ensuring efficient utilisation of the gas network, identifying possible bottlenecks and recommending necessary changes to the infrastructure. This plan is used as the basis for choosing transport solutions and makes integrated and sustainable solutions possible for each area.

User needs form the basis when choices come to be made on further development of transport capacity. The 2021 review found that utilisation of the transport system is expected to be good over the next few years.

Preparing tomorrow's gas infrastructure in a long-term perspective was a priority objective for analysis in 2021. Assessments made in close collaboration with shippers, owners and the government included how far capacity in the infrastructure can be tailored for new requirements or whether such a scenario would require completely new functionality. This work has shown that the gas infrastructure is flexible and adaptable, and can be used for such alternative applications as transporting hydrogen and CO₂. A number of recommendations have been made for further analyses and studies, which will be further matured in 2022.

To ensure a high level of infrastructure utilisation, the availability of resources must be maintained. According to the Norwegian Petroleum Directorate (NPD), about half the resources on the NCS remain to be produced. A large proportion of these lie in the Barents Sea.

Developing gas infrastructure in and from the Barents Sea formed part of a feasibility study in 2020, and that work was expanded in 2021 to include the potential for low carbon solutions. This has shown that the cost of developing export capacity from the Barents Sea will be high, but that it is also important that decisions are taken from an area perspective where alternatives are compared between field licences before taking final decisions. That creates synergies and increases the socioeconomic value creation in the area.

As the system architect, Gassco is continuously concerned to contribute to well-functioning work and decision processes. Attention in 2021 was devoted to improving these processes so that they are better tailored to conversions and a possible downscaling or adaptation of capacity to meet future requirements.



Outlook for the goal "create infrastructure for the future"

Declining production will challenge future transport costs. Keeping these down and ensuring efficient resource management call for a transport infrastructure tailored to requirements. To ensure sustainable

development, studies will be initiated for parts of the infrastructure – such as the process plants.

In its effective infrastructure R&D programme, Gassco has studied subsea solutions for riser platforms as well as opportunities to reduce the cost of gas export solutions for new fields and to cut gas export costs from tail production on existing fields. This work will continue in 2022.

Efforts to ensure a robust and integrated development of the Barents Sea will also be maintained.

To develop optimal and sustainable solutions for alternative use of the transport system, synergies must be exploited between the sectors with regard to power requirements, balancing variable production, energy storage and access to infrastructure. This will be among the priority areas in 2022, and the company will continue to mature new value chains through a new strategic topic. In collaboration with government, users and owners, Gassco will also outline future scenarios for sustainable development of the energy system on the basis of the Norwegian gas infrastructure.



Strategic goal of **REDUCE CLIMATE IMPACT**

Climate change is a global challenge, and Gassco regards the Paris agreement as an important contribution to overcoming it. Partly as a result of this agreement, the European energy system is changing. Goals such as Fit for 55 show that the EU's ambition is to reduce emissions from the energy system by 55 per cent up to 2030 and to zero in 2050.

Gassco will contribute to the KonKraft goal of reducing the industry's GHG emissions. This is in line with **UN SDG 17 on partnership for sustainable development**.

The company's job is to secure energy supply while working at the same time to reduce the climate impact. This is in line with **UN SDGs 7 on affordable and clean energy** and **13 on climate action**.

Climate impact is defined by Gassco as energy consumption and emissions of CO₂ and methane. A climate roadmap for the period up to 2030 has been developed in close dialogue with a selection of the company's stakeholders. This provides a strategic tool for the work of defining which areas and assignments Gassco will pursue to achieve the strategic goal.

The following topics were pursued under this goal in 2021:

- **reduce emissions**
- **energy management.**

Reduce emissions

A crucial requirement when working to reduce climate impact is that the actual GHG emissions are cut. Gassco's most significant source of GHGs is CO₂ from combustion processes. It also releases small amounts of methane from incomplete combustion and fugitive emissions.

Areas and tasks which Gassco will pursue are defined through the climate roadmap. These include identification of emission-reducing measures for all its facilities, further development of methods for measuring methane, and innovation related to low-emission solutions.

Gassco conducted a study in 2021 on mapping opportunities for emission reducing measures. This covered emission data at source-flow level for all facilities within the company's operatorship, as well as assessments of identified measures – both operational and in projects – which will require substantial investment.

Several schemes for increasing the use of electricity were studied, including the

energy and climate technology project at Kårstø. If these are approved and implemented, they may yield big emission reductions from Gassco-operated assets. The company is also pursuing several R&D activities, including collaborations within the industry and with the supplier sector. Activities have related to CCS, hydrogen in the gas infrastructure and studies on measuring methane emissions.

Energy management

Energy management involves identifying opportunities for energy optimisation at each plant and devoting attention to energy-efficient system operation. Efforts have been made through integrated energy management to find solutions which offer the best total outcome for the whole value chain and which provide optimal resource utilisation. Energy management is incorporated in Gassco's governing documents for implementing modifications and infrastructure development.

Energy-efficient operation is one of Gassco's most important operating parameters. All its plants are followed up in relation to specified climate and energy KPIs. Work on the climate roadmap has shown that, as the system operator, Gassco is particularly suited to serving as the coordinator for integrated energy management of the value chain on the NCS.

Gassco made provision during 2021 for further development of its energy management from a value-chain perspective, together with all upstream and downstream players. Collaboration plays a key role in building expertise and culture for energy management on the NCS. More emphasis has been given to energy assessments in the decision basis for modifications and projects.



Results for the goal "reduce climate impact"

Gassco introduced a climate KPI at company level in 2021, specified as CO₂ equivalent in kilograms per tonne (e kg/t) of exported product. This incorporates CO₂ and methane emissions as well as electricity consumption expressed as CO₂ equivalent. Results from the KPI are presented in figure 7.

CO₂ emissions are primarily influenced by such operating parameters as consumption of fuel gas and diesel oil for process operation as well as safety flaring. Gassco has followed up specific direct CO₂ emissions (without contributions from methane and electricity) over many years, and trends are presented in figure 5.

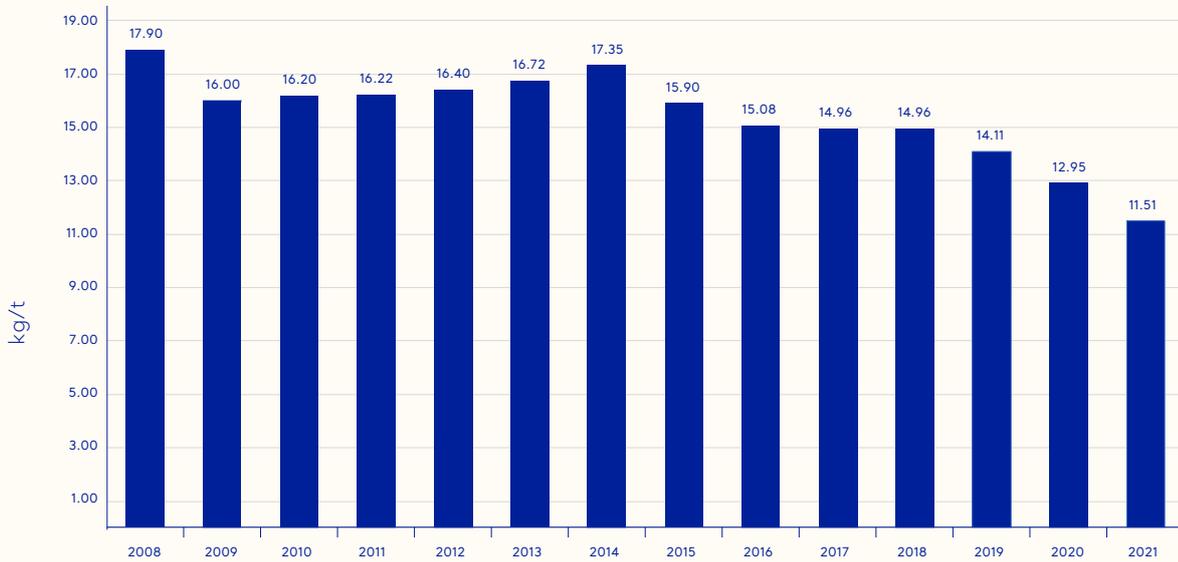


Figure 5 Specific CO₂ emissions from Gassco's product exports (kg/t produced).

Gas deliveries were high and stable during the year, and rose by 5.8 per cent from 2020. Producing NGLs is more energy-intensive than gas processing, and thereby has a higher emission intensity. High gas prices meant that NGL production at Kårstø was reduced in the autumn of 2021 in order to increase the energy content of the dry-gas exports. Combined with a long-planned turnaround at Kårstø, this meant lower consumption of fuel gas for processing and thereby reduced CO₂ emissions, as shown in figures 4 and 5.

Operation was stable throughout the gas transport system, with great attention paid to energy efficiency. The overall result was substantially lower specific emissions of CO₂ from products exported by Gassco in 2021 than in earlier years.

A total of 1 040 547 tonnes of CO₂ were released in 2021, down by eight per cent from 2020.

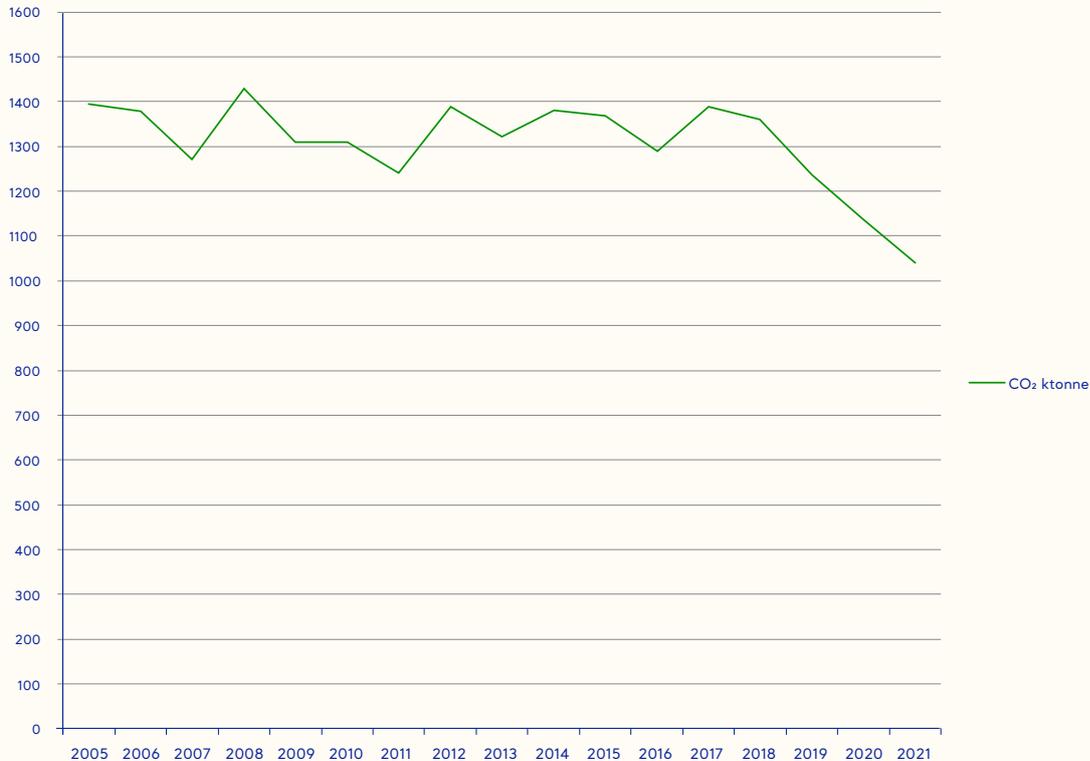


Figure 6 Annual CO₂ emissions from Gassco-operated plants.

Gassco's business is subject to the EU emission trading system (EU ETS). This means the company has to submit verified reports annually on emissions covered by the system, which must be approved by national environmental authorities. Free EU emission allowances (EUAs) are supplemented with purchases through the ETS.

The company was allocated 213 000 EUAs free of charge in 2021, and purchased 708 000 more at an average price of EUR 53.20 per tonne. Unused allowances are carried forward to 2022.

Emissions of CO₂ from the petroleum facilities on Draupner are also subject to Norway's CO₂ tax, and the land-based plants pay a special tax for using fuel gas.

Pursuant to the transport agreements and tariff regulations, costs for EUAs and fuel gas tax are borne by the transport system users. Gassco's climate accounting utilises the GHG protocol as the framework for reporting such emissions.

Scope 1 emissions include CO₂ released by direct combustion, plus methane emitted from the company's own plants. When calculating CO₂ equivalent, a factor of 25 is applied for determining the climate effect of methane. Scope 2 emissions also include the CO₂ equivalent of purchased power. This is reported in accordance with the location-based method in the revised GHG protocol scope 2 guidance.

CO₂ factors are taken from the emission factors database at the International Energy Agency (IEA). Where the Norwegian plants are concerned, use is made of the CO₂ factor from the Norwegian Water Resources and Energy

Directorate (NVE) for climate declarations of physically delivered electricity in 2020. The NVE factor has been eight g/kWh and 27 g/kWh respectively and is the main explanation for the change in scope 2 emissions.

Year	Direct emissions (scope 1) CO ₂ e (tonnes)	Indirect emissions (scope 2) CO ₂ e (tonnes)	Scope 1 and 2 emissions CO ₂ e (tonnes)
2021	1 066 061	39 089	1 105 151
2020	1 164 751	78 337	1 243 088
2019	1 458 020	34 729	1 492 749

e = equivalent.

Figure 7 GHG emissions from Gassco.

The energy and climate technology project, which involves increasing electricity use at Kårstø, was further matured. A decision basis presented in 2021 means that the project can be progressed to the next phase. It may require the development of new technology for use in several industries, and could yield a significant emission reduction. A concept selection has been made, and detailed design is under way.

Norway's gas infrastructure is already largely driven by power from the grid. If more use of electricity at Kårstø also becomes a reality, the power grid to the Haugaland district will need reinforcement. In partnership with Haugaland Business Park and Haugaland Kraft Nett, Gassco is meeting Statnett's costs for considering the licence application covering a new transmission line to Gismarvik in Tysvær local authority.

Increased use of electricity represents a considerable contribution to reducing the climate impact of the petroleum industry.

This is central not only for Gassco's business but also for the whole sector. Gassco prepared detailed forecasts in 2021 concerning the power requirements of the whole petroleum industry on the basis of identified plans to expand electricity use. The company has established details of regional and national grid challenges. Relations with the power companies and grid operators equip Gassco to assess the overall cost/benefit of these plans across the industries.

The NPD and Gassco have been asked by the Ministry of Petroleum and Energy (MPE) to assess company plans for expanding electricity use on new and existing fields in the Halten Bank area. Reporting to the MPE was made in connection with the choice of concept for power solutions on Njord and Draupner in the last quarter. Discussion is continuing with the players in the northern part of the Halten Bank to ensure a socially beneficial solution for reducing emissions from operations there.

Collaboration is a key element in Gassco's R&D efforts, where the company will work to ensure that a broad range of climate-efficient solutions and new technology are assessed throughout the value chain. Gassco has R&D partnerships within the industry as well as with the supplier sector.

About 35 per cent of the company's R&D budget was devoted to the sustainable development programme, which relates primarily to reducing the climate impact. Activities in the programme during 2021 related to CCS, hydrogen in the gas infrastructure and studies for measuring methane. A major campaign was conducted at the Kollsnes plant with various methods and technologies for such measurement. This formed part of a research collaboration between Gassco and Equinor to improve the quality of measuring fugitive methane emissions.

The company also collaborated closely with the producers on the NCS to assess possible energy-saving measures in the value chain. That contributed to substantial improvements.

Examples of results from energy-saving measures implemented in 2021 include the following.

- Gassco and downstream operator Fluxys entered into an agreement on reducing the temperature of the gas delivered from the Zeebrugge terminal. That has cut fuel gas consumption, energy requirements and CO₂ emissions there. Work is under way on a corresponding reduction and agreement with downstream operator GRTgaz in Dunkerque. This has been somewhat delayed because of Covid-19.
- Reduced operating pressure in the Norpipe pipeline lowered fuel gas consumption by up to 100 000 scm/d and cut CO₂ emissions by up to 85 000 tonnes per annum on upstream fields. This initiative began in 2020 and was continued in 2021.
- The Polarled inlet facilities at Nyhamna were originally operated at a minimum pressure of 120 barg. Optimised modelling and monitoring have allowed Gassco to reduce the pressure in this pipeline step-by-step to 110 barg. A 10-bar pressure reduction yields an annual CO₂ emission reduction of about 8 500 tonnes and cuts fuel gas consumption by 3.8 Mscm for Aasta Hansteen.
- Gassco is working systematically to optimise operation of the gas value chain from field to export terminal in order to reduce total energy consumption and associated CO₂ emissions. Computer tools and the process for controlling inventory levels in the pipelines were further developed in 2021. They are used in the round-the-clock operation of Gassco's transport control centre.

Experience so far shows that working on GHG-reducing measures and value creation go hand-in-hand. Gassco collaborates with a number of players in several parts of the value chain to achieve the ambition of reducing climate impact and increasing value creation. Field operators, TSPs and downstream operators are involved in this collaboration.



Outlook for the goal "reduce climate impact"

The study of emission data from all facilities under Gassco's operatorship resulted in an overview which will be kept up to date and provide a useful basis for further work on emission reductions from the company's assets.

A number of measures intended to reduce the climate impact of the gas transport system will be continued in 2022. Modifying the volatile organic compound (VOC) plant for product loading at the Kårstø plant will reduce emissions of methane and other VOCs. Plans call for this project to be completed in August 2022. The energy and climate technology project for increased electricity use at Kårstø is in a detail design phase and will be further matured towards a planned investment decision at the end of 2022.

Gassco's R&D portfolio embraces several programmes on low-emission technologies which will be pursued over several years. This work has led to some tasks being incorporated in the business under the strategic goal of creating infrastructure for the future. A new strategic topic has been established for 2022 which will continue to mature new value chains.

Energy management in the value chain is another priority area for the company in coming years. It is continuing work on improving inventory management. In addition, a project has been awarded to Sintef on developing a pilot for model optimisation which will help the operations organisation make tactical dispositions for routing and storage of gas in the network.

This pilot will cover a limited part of the network and, should it prove a success, can be expanded to the whole system.

In cooperation with government, TSPs, users, owners and other relevant players, Gassco will assess technology and expertise, challenge today's solutions and present innovative approaches to reducing climate impacts in the natural gas value chain.

Climate risk

Gassco's ambition is to report climate risk pursuant to the framework from the task force on climate-related financial disclosures (TCFD).

This has defined three types of risk where the climate issue is particularly relevant: **physical, transition and liability.**

Assessing climate risk forms a natural part of Gassco's other processes related to risk management, where risks and possibilities are assessed in the short, medium and long terms. These are presented in the company's radar image. See page 10. The radar image is reported to the board and at meetings with the owner, and is incorporated in the company's analysis work related to strategy and corporate management. Climate risk from the company's risk-radar component on climate challenges is presented in the table below, which provides an overview of factors relevant for each of the three risk areas with associated measures.

Climate risk

CLIMATE RISK	TIME FRAME	FACTORS	MEASURES
Transition risk			
Political and regulatory risk	Medium term	<ul style="list-style-type: none"> International climate obligations EU ETS Carbon costs 	<ul style="list-style-type: none"> Study emission reductions Mature projects Effective solutions for the value chain
Technological risk	Long term	<ul style="list-style-type: none"> Speed of developing and applying low-emission technology solutions 	<ul style="list-style-type: none"> Expertise build-up R&D Forward-looking gas infrastructure (FGI)
Market risk	Short term	<ul style="list-style-type: none"> Short-/long-term demand for natural gas Price 	<ul style="list-style-type: none"> Field reporting – Gassco main data collection (GMDC) Stakeholder dialogue Forward-looking gas infrastructure (FGI)
Reputational risk	Short term	<ul style="list-style-type: none"> Responsible operator An understanding that natural gas is part of the solution 	<ul style="list-style-type: none"> Compliance with ethical guidelines Exercise of the operator role Safe and efficient operation Communication strategy
Physical risk			
Acute risk	Medium term	<ul style="list-style-type: none"> Impacts related to extreme weather, such as wind, floods, temperature 	<ul style="list-style-type: none"> Vulnerability assessments of plants, facilities Physical design, barriers Review of assumptions in earlier analyses
Chronic risk	Long term	<ul style="list-style-type: none"> Changes in temperature Changes in sea level 	<ul style="list-style-type: none"> Risk management at plant level Updating of existing winterisation/summerisation programme
Liability risk			
Liability risk	Long term	<ul style="list-style-type: none"> Risk of charges Insurance claims 	<ul style="list-style-type: none"> Reliable operator Stakeholder dialogue Risk management Openness

PEOPLE AND ORGANISATION

People are society's most important resource. As an employer, Gassco has a big influence on the professional and personal development of its personnel as well as on equal opportunities, diversity and equality. The company had 359 permanent employees at 31 December 2021, including 152 at the gas terminals in Europe and the UK.

In line with **UN SDG 8 on decent work and economic growth**, Gassco contributes to society in various ways through employment, sustainable value creation, development of technology and expertise, and sponsorships.

Gassco is an expertise company where employees overcome complex and varied challenges, and receive good and close follow-up. Motivated employees and innovative technology provide its competitive advantage.

The company has a fundamental faith that the commitment of its employees creates a good working environment where knowledge and collaboration are the keys to delivering complex energy solutions, and contribute to secure and efficient value creation for the future.

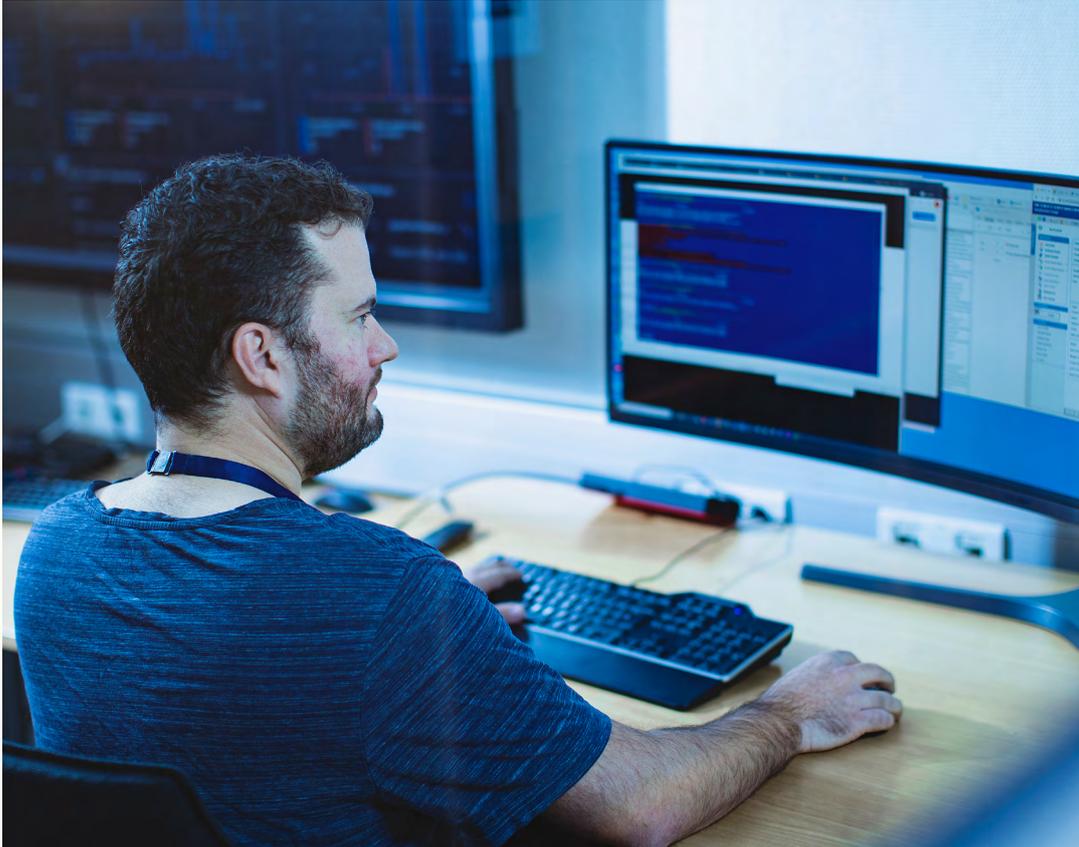
The company's procedure for ethics and confidentiality applies to all its employees and contract personnel. It includes anti-corruption provisions. These guidelines are available on the company's website. Gassco also has ethical guidelines for its suppliers. The company expects its partners and suppliers to apply the same ethical standards it sets for its own commercial operations.

During tendering processes for substantial purchases, clarification is sought that the supplier has its own guidelines for CSR which accord with Gassco's requirements. Checks are made to establish whether incidents have occurred at a supplier related to corruption, child labour, and breaches of human and labour rights. That accords with **UN SDG sub-goal 12.7 on promoting sustainable public procurement practices**.

Gassco employees undertake to observe its ethical guidelines, which are intended to clarify the guiding principles for the company's commercial operations and for the behaviour of its employees. The latter are required to review the guidelines regularly. One of these requirements is that each employee must contribute to an inclusive workplace. All of them share a responsibility for creating a good working environment where health and safety are protected.

The guidelines also address such aspects as the duty of confidentiality, possible conflicts of interest and questions related to accepting gifts and services. Gassco has established security requirements for information and ITC in its business. The board and senior executives are covered by the company's ongoing directors' and officers' liability insurance, which is provided by insurance companies with a solid rating.

Whistleblowing procedures are in place. The board encourages employees to raise ethical issues and to report what they perceive to be breaches of the rules. The right to notify irregularities in the business also extends to consultants working for Gassco.



The company has a procedure for equality, inclusion and diversity which applies to all employees. These guidelines are made available on its website. Gassco will be a workplace characterised by equal opportunities and diversity, where all employees promote equality and fairness. It will comply with legal requirements and the terms of collective agreements, and work proactively to exploit diversity as a corporate resource. Gassco will reflect the diversity of society.

The company also wants to be an enterprise which accepts its CSR, and which views work on equality and diversity in relation to that.

Gassco will be an attractive workplace, where all employees and qualified candidates are given equal opportunities regardless of their age, gender and functional ability. These guidelines apply to all employees and consultants at Gassco.

Creating and further developing a good working environment is a priority for Gassco's human resources policy. A regular employee survey is conducted to measure indicators of significance for the company's performance, results and working environment. Generally speaking, Gassco scores very highly. Because of the pandemic, the 2021 survey was postponed to January 2022. Its results will be considered in all the departments during the first half of 2022.

Gassco's TRACK values represent a set of goals which behaviour and work process in the company are assessed against, and therefore form an integrated element in employee performance assessments as well as in departmental and management meetings.

The board's follow-up of ongoing competence and management development in the company has been handled through involvement in and reviews by the compensation committee, which reports status and development trends back to the board. This ensures that the board's duties are discharged in compliance with the state's principles for good corporate governance as described by the White Papers on state ownership in force at any given time.

Management and personnel development processes are pursued continuously. Expertise and skills are to be regarded as perishable commodities, and must be kept fresh throughout the career of the person possessing them. A career development path is established through close follow-up of employee performance assessments and in light of the company's goals.

Through meetings involving all managers with responsibility for personnel, Gassco has concentrated attention on their role in the company. Several gatherings of management personnel were staged in 2021. Such development efforts must be viewed in relation to the work being done on a daily basis to develop personnel and expertise.

Gassco staged two-day gatherings for all personnel in Norway when the Covid-19 guidelines permitted. Attention at these events was on development and expertise enhancement.

Management and employee development in Gassco is based on the company's vision, values base and strategy. The company's human resources policy is intended to ensure that its requirements for equality and diversity are met.

The human resources policy is known in the organisation and, in cooperation with the works council, elected union officers and the chief safety delegate, the HR department ensures that it is followed up and the requirements met. This is in line with **UN SDG 8 on promoting ... full and productive employment and decent work for all.**

Gassco's human resources policy is gender-neutral and accords with its goals for equality of opportunity, diversity and continuous organisational development. Job advertisements express the company's desire for a good gender balance, age spread and diversity in the workforce. Recruitment is pursued systematically by publicising vacant posts through job advertisements and in relevant media.

Gassco has always emphasised being an attractive employer for both women and men, and has contributed in this respect to recruiting talented young people for the oil and gas sector. All provisions on pay and working conditions have been developed to apply to everyone, and do not exclude any group of employees.

Thirty-six per cent of Gassco's workforce are women. Recruiting more female graduates and making provision for women to pursue a career in the company are among its priorities. In determining and negotiating pay, Gassco pays special attention to equal treatment of men and women.

Women account for 43 per cent of Gassco's executive management team. The company's human resources policy concentrates attention on equal opportunities and further development of talented people at all levels of the organisation.

Gassco does not discriminate on the basis of gender, religion, national or ethnic affiliation, social group or political views. Emphasis is given to equal opportunities between genders for professional and personal development, pay and promotion. The HR department has an overview of and follows up demographic data in the organisation.

The graph below presents the relationship between annual pay of women and men in Gassco and the Hay grade, which is a measure of the weight of each position based on three criteria – expertise, problem-solving ability and responsibility. According to the graph, only small gender differences exist in Gassco in terms of the relationship between the Hay grade and annual pay.

Pay levels for women and men in Gassco.

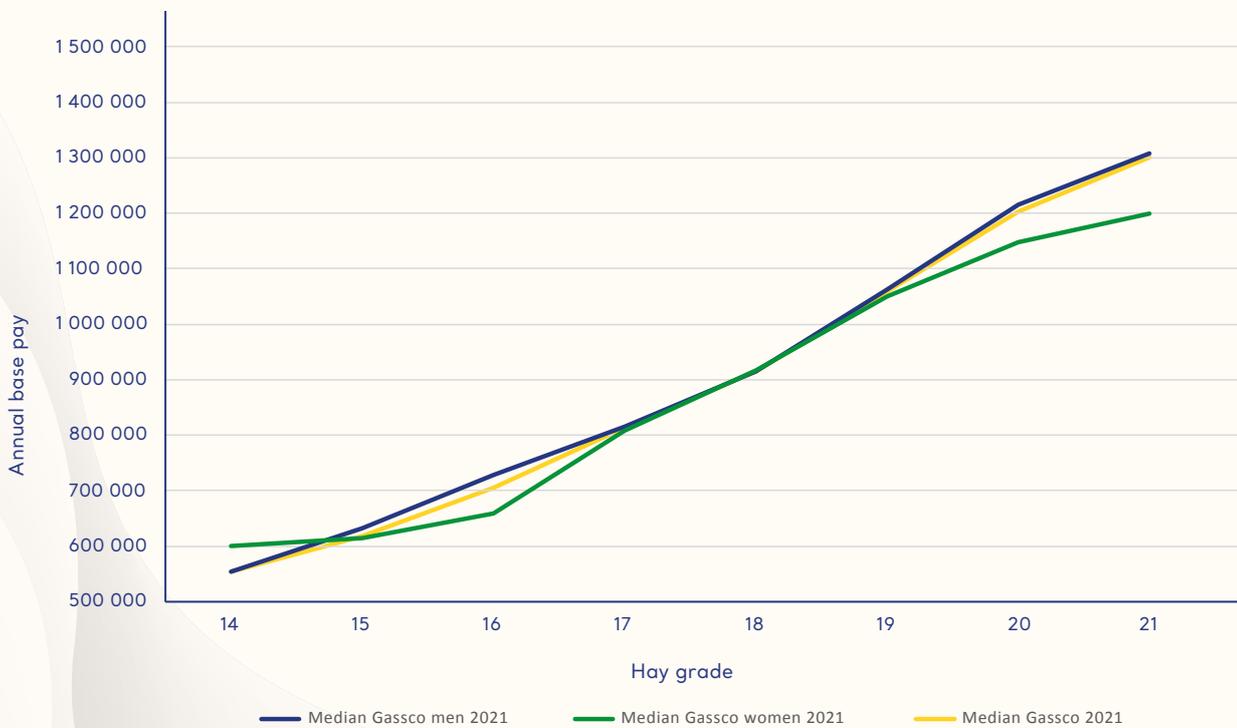


Figure 8 Pay levels for women and men in Gassco.

The company presents information on executive remuneration which describes the bonus system and executive pay assessments. See note 3 to the accounts. Basic pay is the main component in the remuneration of Gassco personnel. The company also has a bonus system which is the same for all employees. Proposed guidelines have been drawn up for executive remuneration, and will be submitted to the general meeting for approval in 2022. With effect from fiscal 2022, the company will have a specific statement on executive remuneration approved by the general meeting.

A set of KPIs is adopted annually, and results achieved in relation to these form the basis for that year's employee bonus. The KPIs are linked to Gassco's vision, values and strategy, and convert the values into tangible actions and results. They cover sustainability, the environment, safety, operational conditions, financial aspects, project progress and the company's values.

Gassco has personnel with different cultural and ethnic backgrounds. Working conditions are customised so that people with disabilities can work for the company. Gassco has ensured good physical access to its buildings, including for people with disabilities.

Workplaces are individually customised for employees with actual or incipient repetitive strain injuries. Collaboration with the company health and safety delegate services is open and solution-oriented.

The company has a goal of maintaining a good mental and physical working environment for all its employees. The company's working environment is good.

Its target for a number of years has been an overall sickness absence below three per cent. Overall sickness absence for the whole business during 2021 was 3.36 per cent, which represented an improvement from four per cent in 2020. Sickness absence for Gassco AS was 1.6 per cent in 2021.

Planning and organising social, cultural and sporting activities again presented an unusual and difficult challenge in 2021. The company organised virtual exercise sessions for employees several times a week.

Gassco's sponsorship strategy is entrenched in its work on CSR. The company supports cultural and sporting teams, organisations and events, and believes in a positive interaction between local communities and companies which creates a meaningful daily life for those around it. Support was maintained for sports clubs, teams and organisations in 2021, despite a number of cancelled events and activities during the year. Gassco also made funds available to the Avaldsnes Landowners Association for maintaining tracks and signs in the countryside.

Close collaboration is pursued with educational institutions in order to increase interest in and knowledge of science and technology subjects. Gassco is also a partner in the Junior Achievement organisation in Rogaland.

The company had three office trainees in 2021, compared with one the year before.

Working environment and diversity in Gassco

	Unit	2021	2020	2019
Employees				
Employees at 31 Dec	Number	207	204	202
Employed at terminals	Number	152	147	142
Turnover	%	1	4	2
Trainees at 31 Dec	Number	3	1	2
Age composition				
Employees aged less than 30	%	5	4	4
Employees aged 30-50	%	52	50	51
Employees aged more than 50	%	43	46	45
Average age all employees	Year	48	49	48
Average age men	Year	49	50	50
Average age women	Year	46	46	45
Gender balance				
Female proportion, Norway	%	36	38	37
Female proportion, terminals	%	13	12	12
Female proportion, management (in Norway, with responsibility for personnel)	%	29	34	38
Female proportion, exec mgmt team	%	43	58	58
Female proportion, board	%	40	40	40
Female proportion, new recruits	%	36	20	43
Sickness absence				
Short term, 1-16 days	%	0.5	0.6	1
Long term, >16 days	%	1.2	1.4	2
Total	%	1.6	2	3
Gassco as employer				
Personnel with annual job review	%	92	95	95
Expertise in Norway				
Employees with BSc	%	32	32	N/A
Employees with MSc	%	47	51	N/A
Employees with PhD	%	0.25	0.2	N/A
Female share, BSc*	%	10	11	N/A
Female share, MSc*	%	16	15	N/A
Female share, PhD*	%	0	0	N/A
* of total in Norway				

DIGITALISATION

Digital transformation is part of Gassco's business strategy, and an important instrument for reaching its strategic goals. Digital initiatives are on the business strategy's action plan.

Such transformation calls for new expertise, roles and responsibilities. New forms of interaction are also needed in the company. Gassco acquired good experience from the digital change processes it had under way during the year. Digitalisation is now part of the company's business strategy, and digital products are included in the strategic action plan.

Gassco has also developed new digital products. A new information portal available in early 2022 is intended to handle data sharing both externally and internally. This portal will ensure secure and effective access to good-quality data and information.

In addition, the company has introduced hand-held units which allow new processes and digital products to be used in the field at its facilities. A number of internal digital solutions have been adopted which reduce manual work. Making data accessible and collating them has made it possible to develop new products for analysis and decision support.

Gassco will devote attention in 2022 to digitalising existing processes by making new data accessible and by continuing to develop new digital products. At the same time, it will improve its processes in inventory management for gas transport and plant maintenance.

Over the coming year, the company aims to accelerate its digital transformation by adopting cloud technology. It will adapt existing processes to permit rapid and efficient implementation of digital initiatives.

SHARE CAPITAL

The company's share capital at 31 December 2021 was NOK 10 million, divided between 10 000 shares. All the shares are owned by the MPE on behalf of the Norwegian state.

NET PROFIT AND ITS ALLOCATION

Net profit was NOK 0. The company's equity at 31 December 2021 was NOK 15 248 350. The total balance sheet at 31 December 2021 was NOK 2 096 million, and the company had liquid assets through bank deposits of NOK 348 million at the same date.

Gassco is organised so that the company does not make a profit or a loss from its operations, and has been exempted from capital and income taxes pursuant to section 2-32, paragraph one of the Norwegian Taxation Act. On that basis, market, liquidity and credit risk is considered to be low. Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the accounts have been prepared on the assumption that the company is a going concern.

Bygnes, 5 April 2022

Sign.

Jan Skogseth

Chair

Sign.

Asgeir Tomasgard

Director

Sign.

Tor Rasmus Skjærpe

Director

Sign.

Anne-Lene Midseim

Director

Sign.

Brita Holstad

Director

Sign.

Brynjar Aardal

Director*

Sign.

Toralf Bredahl

Director*

Sign.

Lisbet Kallevik

Director*

Sign.

Frode Leversund

President and CEO

* Elected by the employees

**Jan Skogseth**

Chair (born 1955). He has an MSc from the South Dakota School of Mines & Technology and more than 35 years of experience from the oil, gas and renewables industry, working for oil companies and the supplier sector in Norway and internationally. Skogseth was CEO of Aibel from 2008 to 2017, and played an important role in establishing that company on several continents. He has held several board appointments, including many years of service as chair of the oil, gas and maritime renewables sector of the Federation of Norwegian Industries. Skogseth is currently a director of SR Bank ASA, Scatec Solar ASA and Nammo AS. He has been a director since 2018 and chair since 2019.

**Tor Rasmus Skjærpe**

Director (born 1950). He graduated as a petroleum engineer from the Norwegian University of Science and Technology (NTNU). Skjærpe was with the Proactima consultancy in 2014-16, where he delivered services related to leadership as well as risk and management systems. He has previously held various executive position with Petoro and Norsk Hydro in operations, technology, licence management and strategy. Skjærpe has been a director since 2016.

**Anne-Lene Midseim**

Director (born 1968). Midseim has a law degree from the University of Oslo and has worked since 1998 at Hydro, where she is currently executive vice president for compliance and vice president legal. She has held various management roles in Hydro, including working for Norway's Oil for Development programme in East Timor as legal adviser to the minister for natural resources and energy. Before joining Hydro, Midseim was a partner in the Vogt & Co law firm and a civil servant in the Ministry of Petroleum and Energy. She has been a director since 2019.

**Asgeir Tomasgard**

Director (born 1970). Tomasgard is a professor in the department of industrial economics and technology management at the Norwegian Institute of Science and Technology (NTNU), and director of the Norwegian Centre for Energy Transition Strategies (Ntrans) as well as the NTNU energy transition initiative. He has been a guest researcher/professor at a number of international universities and is a member of several national and international panels and specialist councils. Tomasgard has been a director since 2021.

**Brita Holstad**

Director (born 1966). She has an MSc in petroleum geology from the Norwegian University of Science and Technology (NTNU) and 30 years of experience from various oil companies in Norway and internationally. Holstad was CEO of Hess Norge in 2010-13, regional vice president at Cairn Energy with responsibility for the UK and Norway, and CEO of Capricorn Norge in 2013-20. A director of Source Energy, Sognekraft and Nordcon Energy, she is currently COO of Transitus Energy. Holstad has been a director since 2020.

**Brynjar Aardal**

Worker director (born 1981). He is a principal engineer in Gassco AS and head of the Gassco branch of the Norwegian Society of Graduate Technical and Scientific Professionals (Tekna). Aardal has been a director since 2016.

**Toralf Bredahl**

Worker director (born 1962). He works in the IT department at Gassco AS and chairs the Gassco branch of the Norwegian Society of Engineers and Technologists (Nito). Bredahl has been a director since 2020.

**Lisbet Kallevik**

Worker director (born 1973). She is an adviser in Gassco and chair of the Gassco branch of the Norwegian Union of Industry and Energy Workers (Industry Energy). Kallevik has been a director since 2020.



Corporate governance

The board's presentation of corporate governance

Governing bodies in Gassco are the general meeting, the board of directors, the chief executive and the management group. The roles and responsibilities of the various bodies are defined at the highest level by legislation, statutory regulations, agreements and Gassco's articles of association.

Corporate governance in Gassco accords with relevant points in the Norwegian code of practice in this area. Since the company is not listed, but is a wholly state-owned limited company which does not have the generation of profits and income for the shareholder as its business purpose, aspects relating to equity and dividend, equal treatment of shareholders and transactions with close associates, free transferability of the company's shares, the general meeting, a nomination committee and takeovers are not relevant and therefore not covered below.

In Gassco, corporate governance covers the overall management and control systems intended to ensure that the interests of the owner, the employees, and the users and owners of the gas transport system are protected. It will also ensure that the company runs its business in a safe, efficient, sustainable, ethical and socially responsible manner from the perspective of Norwegian society.

Gassco complies with the state's principles for good corporate governance as described by the White Paper on state ownership in force at any given time.

Gassco's business

The company's business, vision and strategy are described in the directors' report. Gassco's strategic goals are evaluated annually, and strategic action plans and key performance indicators (KPIs) with goals and traffic lights are established and approved by the board.

The KPIs measure how far the company has achieved the sectoral policy goals set by the MPE. By ensuring good HSE results, high regularity of gas deliveries to continental Europe and the UK, and operating costs below the budget ambition, Gassco contributes to maximising value creation from the NCS.

Risk in the company is reviewed at each board meeting and in owner meetings with the Ministry of Petroleum and Energy (MPE). The status of KPIs is reported monthly to the board and biannually to the MPE.

Corporate social responsibility (CSR) and sustainability are an integrated part of the company's organisational culture, strategy, operational activities and ethical behaviour towards the world at large.

Equal treatment of shareholders — transactions with related parties

The Norwegian state's equity interests in Equinor ASA and Gassco AS mean that these two companies are related parties. Gassco purchases goods and services from Equinor ASA related to technical plant operation and third-party assignments at cost, pursuant to the technical service provider (TSP) agreement.

General meeting

The general meeting is the company's highest authority. The minister of petroleum and energy acts as the general meeting, and is thereby responsible for administering the state's ownership of the company. The annual general meeting is held in Oslo or on the island of Karmøy before the end of June each year. It adopts the profit and loss account and the balance sheet, determines the application of net profit or coverage of net loss, and elects the company's auditor as well as determining the auditor's fee.

The general meeting also elects the chair and directors on behalf of the shareholder and ensures that, overall, the board has appropriate and adequate expertise, capacity and diversity. Women account for 40 per cent of directors elected by the general meeting.

Apart from the owner, the AGM is attended by the directors, the chief executive and the auditor. The oil and gas department of the MPE is responsible for day-to-day supervision of Gassco.

Board of directors, composition and independence

Corporate assembly

Pursuant to the Norwegian Act on Limited Liability Companies, a corporate assembly must be elected for companies with more than 200 employees. However, agreement has been reached in Gassco with the employees that the company should not have such a body and the employees have instead elected an additional worker director.

Board of directors

The Gassco board comprises eight directors, including five elected by the general meeting and three elected by and from among the employees. All directors elected by the general meeting are independent of the company's day-to-day management and significant business associates. None of the directors elected by the general meeting has separate assignments for the company in addition to their directorship. No alternates are elected for these directors, nor do they have a pension plan or a pay guarantee agreement. None of the directors owns shares in the company.

Directors are elected for up to two years at a time. Continuity on the board is secured by providing new directors with a detailed briefing on the company's history, status and challenges (introduction programme).

On accession, new directors must sign declarations of willingness to serve and of confidentiality, and confirm that they have read the articles of association, the ethical guidelines, the procedure for CSR, the instructions for the board, the compensation committee and the chief executive, and the authority matrix for the company.

The chief executive is not a director.

Work of the board

The board ensures an acceptable organisation of the business. It is responsible for establishing control systems and for ensuring that the business is pursued in accordance with the company's values base, guidelines on ethics and CSR, and the UN's SDGs.

It gives weight to avoiding conflicts of interest, and to ensuring that directors and executives possess broad and in-depth expertise relevant to the company's challenges and the business for which it exercises operator responsibility. The board appoints the chief executive, and establishes instructions for its own work, for the compensation committee and for the chief executive.

The board determines strategy, performance indicators, budgets, accounts and other important issues on the basis of proposals from the chief executive, who is responsible for day-to-day management of the company. The board can also put items for decision or information on its agenda at its own initiative.

Four to eight board meetings are usually held every year, plus a strategy meeting. The board is also kept informed about the business through regular reporting between meetings. A special portal has been established to provide directors with information. The chair can call extraordinary meetings as required. Five board meetings and a board seminar were held in 2021, and attendance was 100 per cent.

A decision matrix has been created for the board, which specifies its role in relation to the various issues. The board has an annual plan for its work. This plan incorporates such recurring issues as

strategy, risk, sustainability and HSE. The board devotes great attention to safe and efficient operation, and conducts an annual self-assessment of its work.

A power of attorney on behalf of the company has been awarded to the chief executive and to the heads of the German, Belgian/French and UK terminals.

Audit committee

Following an assessment, the board has concluded that it does not need to appoint an audit committee. The company is subject to greater independent scrutiny and system audits by impartial parties than is usual for a joint stock company. Reports and feedback from such audits are communicated to the board on a continuous basis. The board conducts a special review with the external auditor in connection with the annual audit.

Compensation committee

The board has established a compensation committee. Its role is to prepare matters for the board which concern the conditions of employment for the CEO, the frameworks and principles governing such terms for other employees (including bonus plans), and other conditions relating to remuneration, supplementary benefits, incentive models, pension terms, and organisational and competence development in the company. The committee comprises three directors who are appointed by the general meeting. It is chaired by the chair of the board or one of the other committee members appointed by the board. Instructions have been prepared for the appointment and work of the compensation committee, and these have been adopted by the board.

Risk management and internal control

The government specifies requirements for management, follow-up, control and risk management in state-owned enterprises. Gassco's management system describes its corporate governance.

To ensure safe operation of the business, risk assessments are conducted and the most important emerging risks identified so that the necessary measures can be taken. Gassco's management system and associated control routines ensure efficient and prudent operation in accordance with applicable legislation, statutory regulations and specified goals.

Management and control are exercised through various processes which involve one or more of the company's governing bodies. The shareholder's management and control of the business are exercised through annual and extraordinary general meetings.

The board ensures that the company is run in accordance with its strategy and objectives through board meetings and periodic reporting from the company. Gassco's board works to safeguard the owner's interests, but also has a responsibility towards employees, government authorities, customers/users, infrastructure owners, suppliers and other stakeholders.

The established management principles are intended to secure good operation and control of the business. These principles are adjusted on an on-going basis to ensure that the company operates in conformity with statutory provisions. The management system is reviewed

annually by the board. In addition, Gassco is subject to management and control by the infrastructure owners in joint ventures for which the company exercises operator functions.

Gassco's management structure builds on established and communicated goals, strategies and values, including ethical rules. Gassco's executive management, which comprises a seven-member management team, regularly checks that the business is being conducted in accordance with its strategy.

Relevant government agencies, as well as users and owners of the gas transport system, also conduct regular audits and supervision of Gassco's operatorship as well as associated activities and management systems. The chief executive is responsible for ensuring that the executive management reviews the management system twice a year, and an annual plan has been established to ensure that this is done.

The management system manual, including the subordinate procedures, describes the company's corporate governance. Gassco is in the process of establishing and implementing a process-based management system. The company's duties and roles are derived from the overall goals, principles and frame documents governing Gassco's operations.



Figure 9 Gassco's management model.

Gassco's management model has three levels. The topmost of these comprises the company's two management processes. Next come four groups of processes related to Gassco's duties within the special and normal operatorships. The third level consists of 10 groups of support processes.

The management process covers processes both for control of the company by the owner (in other words, the MPE and the board) and for management of the company, including the establishment of the management system manual, the transport plan, the budget and the business plan, the determination of strategies – including sustainability goals and KPIs – budgeting and decision-making processes, and important processes related to quality assurance.

An authority matrix has been established, along with a decision matrix which describes the decision-making processes to be observed for important issues, who is responsible for the final decision, and which authorities the decision-makers hold.

Terms of reference for the various joint ventures and their committees have been established and approved by the owners. A special verification process for projects has been established and approved.

The user fora – the Infrastructure Advisory Board (IAB), the Operating Forum, the NGL Forum and the NCS Gas Infrastructure Forum – have been established with participation from relevant companies. Participants in these bodies are licensees on the NCS and qualified shippers. Gassco continuously

evaluates whether the established user fora function as intended. Although formal decisions are taken either by the owners of the gas infrastructure or by participants in specific infrastructure development projects, the work processes ensure that shippers exert genuine influence ahead of these decisions.

Primary responsibility for Gassco's monitoring activity rests with the department for safety, security and sustainability (SSU), which draws up annual monitoring programmes. This unit conducts internal audits as well as auditing the work of the TSPs. Other types of internal and external monitoring activities are also conducted by Gassco's units and projects. This helps to ensure that operations are conducted as required by legislation, statutory regulations, in-house instructions and suppliers' own in-house requirements.

The results of these monitoring activities are used to achieve continuous improvements to and further development of Gassco's management system. Overall management and control to ensure that improvements in the management system are being observed and implemented are exercised by the SSU.

Integrated risk management

Integrated risk management plays a key part in Gassco's management processes, and is used throughout the business, in decision processes and in projects. The work process for risk management in Gassco builds on the principles in ISO 31000-2018 on risk management. Particular attention is devoted to risks with a major accident potential, which forms the basis for workshops on major accident risk pursuant to the industry standard.

A dedicated risk committee has been established to support the management in ensuring an integrated understanding of risk throughout the company. The company's management and board utilise a "radar image" as important information for decision processes and when updating strategy. This radar image primarily presents emerging risks and opportunities. It reflects strategic, operational and external risk as well as opportunities. Various types of risk are dealt with differently in the organisation. Gassco works continuously to improve its risk management process, and experience transfer from the various parts of the business contributes to progress.

Management tools

The board and chief executive utilise such activities as strategic planning, budgeting, periodic financial and operational reporting, and dedicated processes in conducting systematic risk management of the business. Follow-up and control are pursued in part through monthly operational and financial reporting on the development and status of the company and all its business areas. Risk management and a balanced scorecard are utilised as tools in the business areas.

Remuneration of directors

The general meeting determines directors' fees, which are independent of the results achieved.

Remuneration of executive personnel

The board determines the remuneration of the chief executive, including any bonus payments, in accordance with guidelines set by the general meeting. The chief executive determines the remuneration

of other members of the company management team in accordance with guidelines set by the board. Remuneration of directors and the chief executive is specified in Note 3 to the accounts. Information on executive remuneration is presented as a separate item on the agenda to the general meeting. The company has drawn up draft guidelines for executive remuneration pursuant to section 6-16b of the Public Limited Companies Act. This will be submitted for approval to the general meeting in 2022. From fiscal 2022, the company will have a specific declaration on executive remuneration which is approved by the general meeting.

Performance-related pay

The board is responsible for overall assessment of the company's development in accordance with specified targets. The company has a general performance contract, which provides all employees with the opportunity to receive an annual bonus of up to 10 per cent of basic pay, depending on the extent to which targets have been met. The board's information on pay and other remuneration for senior executives, see note 3 to the accounts, details the remuneration of senior executives and the terms of the company's remuneration policy, including the bonus plan. The information from the board is considered by the general meeting.

Information and communication

The board of Gassco has established a communication strategy which ensures an open dialogue both in-house and externally, so that the company's employees and other stakeholders are well informed about its business activities.

Press releases and annual reports are posted to the company's website at www.gassco.no.

User information is made available to the shippers in Gassco's booking system, in the Origo ICT system and in the user fora.

In addition, License2Share (L2S) is used as a medium of communication with infrastructure owners and shippers, while Authorityweb is used with the authorities.

Real-time information and details about planned and unplanned shutdowns are posted to www.umm.gassco.no.

Auditor

PricewaterhouseCoopers (PwC) is the company's external auditor. The auditor's fee is determined by the general meeting. The auditor attends board meetings where the accounts are considered. In addition, the board has an annual meeting on its own with the auditor. Subjects addressed in this meeting include the company's internal control. The auditor confirms their independence on an annual basis.



Reliable operation

Sustainable

Development

Secure Norwegian

Gas exports

Effective

Organisation



Financial statements

Income statement

Amounts in NOK 1 000	Note	2021	2020
Operating income and expenses			
Total operating income	2	0	0
Total operating expenses	2,3,4	0	0
Operating profit		0	0
Financial income and expenses			
Financial income		0	0
Financial expenses		0	0
Net financial items		0	0
Profit before tax			
Tax on ordinary activities	10	0	0
Net profit/(loss)		0	0
Transfers			
Transferred to/(from) other equity		0	0
Total transfers		0	0

Balance sheet

Amounts in NOK 1 000	Note	2021	2020
Assets			
Tangible assets			
Land, buildings and other property	4	29 537	29 547
Operating equipment and fixtures	4	135 775	136 300
Total tangible assets		165 311	165 847
Other long-term receivables			
Other receivables	3,5,9	415 019	432 444
Total other long-term receivables		415 019	432 444
Total fixed assets		580 331	598 291
Current assets			
Receivables			
Accounts receivable	6	159 219	92 351
Other receivables	1,5	1 008 535	697 350
Total current receivables		1 167 754	789 701
Bank deposits and cash	11	347 622	287 976
Total current assets		1 515 377	1 077 677
Total assets		2 095 708	1 675 968

Amounts in NOK 1 000	Note	2021	2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	7	10 000	10 000
Total paid-in capital		10 000	10 000
Retained earnings			
Other equity	8	5 248	5 248
Total retained earnings		5 248	5 248
Total equity		15 248	15 248
Liabilities			
Provisions			
Pension commitments	9	606 549	627 440
Total provisions		606 549	627 440
Long-term liabilities			
Other long-term liabilities	5,12	68 607	73 250
Total long-term liabilities		68 607	73 250
Current liabilities			
Accounts payable	1,6	1 182 201	673 977
Unpaid government charges and special taxes	1,11	23 286	96 562
Other current liabilities	5	199 815	189 491
Total current liabilities		1 405 303	960 029
Total liabilities		2 080 459	1 660 720
Total equity and liabilities		2 095 708	1 675 968

Bygnes, 5 April 2022

Sign.
Jan Skogseth
Chair

Sign.
Asgeir Tomasgard
Director

Sign.
Tor Rasmus Skjærpe
Director

Sign.
Anne-Lene Midseim
Director

Sign.
Brita Holstad
Director

Sign.
Brynjar Aardal
Director*

Sign.
Toralf Bredahl
Director*

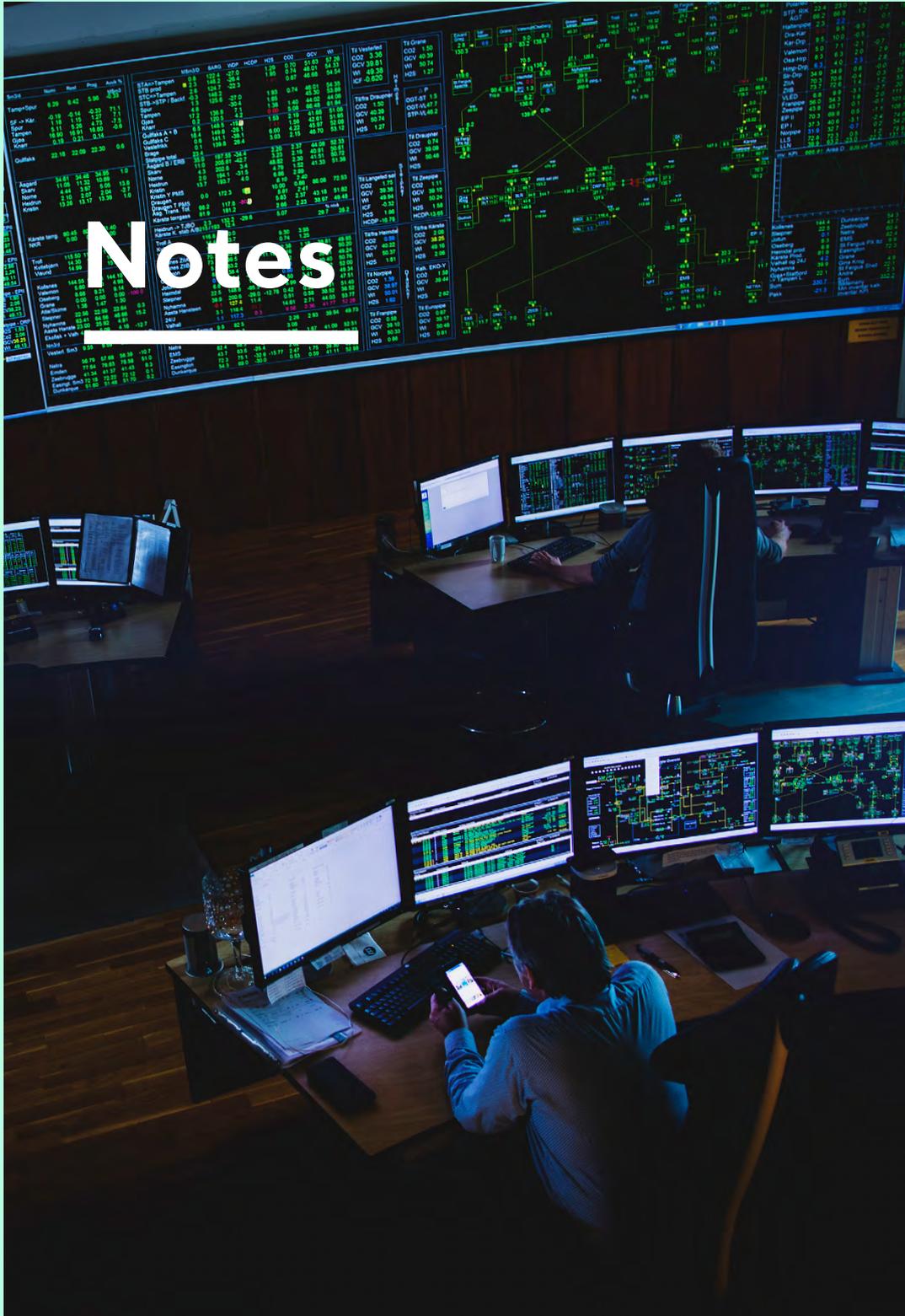
Sign.
Lisbet Kallevik
Director*

Sign.
Frode Leversund
President and CEO

* Elected by the employees

Cash flow statement

Amounts in NOK 1 000	Note	2021	2020
Cash from operational activities			
Profit on ordinary activities before tax		0	0
Depreciation	4	45 658	47 937
Change in accounts receivable	6	(66 868)	(38 929)
Changes in other current receivables	5	(311 185)	(128 450)
Changes in long-term receivables		17 425	(33 336)
Changes in accounts payable		508 224	70 842
Changes in long-term commitments		(20 891)	42 729
Changes in other current liabilities	5	(62 951)	47 547
Changes in other long-term liabilities	5	(4 643)	(4 759)
Net cash from operational activities		104 770	3 581
Cash applied to investment activities			
Net disbursement for acquisition of fixed assets	4	(45 123)	(60 215)
Net cash applied to investment activities		(45 123)	(60 215)
Cash from financing activities			
Redemption of long-term debt		0	0
Net cash from financing activities		0	0
Net change in cash and cash equivalents		59 647	(56 634)
Cash and cash equivalents at 1 January		287 976	344 610
Cash and cash equivalents at 31 December		347 622	287 976



Note 1.

Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Description of the company's business

Gassco AS was established on 14 May 2001 and is wholly owned by the Norwegian state. The company is responsible for transporting gas from the Norwegian continental shelf to Europe. Its head office is located in Bygnes, and it also has branch offices in Germany, Belgium, France and the UK.

General rules for assessing and classifying assets and liabilities

Assets intended for permanent ownership or use have been classified as fixed assets. Other assets are classified as current assets. Accounts to be repaid within one year are classified as current assets. The same criteria are used for classification of current and long-term liabilities.

Fixed assets are carried at historical cost with a deduction for planned depreciation. If the real value of the fixed asset is lower than the book value, and this decline is not expected to be temporary, the asset is written down to fair value. Fixed assets with a limited economic life are depreciated on a straight-line basis over their economic life.

Current assets are valued at the lower of historical cost or fair value.

Other long-term and current liabilities are carried at nominal value.

The company has chosen to use gross recording when presenting items related to the normal operatorship in the balance sheet. This means that gross figures are presented for balances with third parties related to the company's operator activities. These almost entirely concern accounts payable and VAT in the joint ventures.

Assets and liabilities in foreign currency

Accounts for the branches abroad are compiled in the currency primarily used in their operations (EUR, GBP).

Balance sheets are converted from foreign currencies to Norwegian kroner at the exchange rate prevailing on 31 December, while income statements are converted at average exchange rates.

Accounts receivable

Accounts receivable are posted at nominal value less provision for expected bad debts. Provision for bad debts is made on the basis of an individual assessment of each account.

Bank deposits and cash

Bank deposits and cash include cash, bank deposits and other monetary instruments with a maturity shorter than three months from the date of their acquisition.

Pensions

The company has various pension schemes. These are financed through payments to insurance companies, with the exception of the AFP early retirement scheme and a closed plan for pension benefits exceeding 12 times the National Insurance base rate (G). The company has both defined contribution and defined benefit plans.

Defined contribution plans. Under defined contributions plans, the company makes contributions to an insurance company. It has no further commitments once the contributions have been paid. The contributions are recorded in the accounts as payroll costs. Possible contributions paid in advance are recorded in the balance sheet as an asset (pension funds) to the extent that the contribution can be refunded or reduce future payments.

Defined benefit plans. A defined benefit plan is a pension scheme which is not a defined contribution plan. It typically defines a pension benefit which an employee will receive on retirement. This benefit normally depends on a number of factors, such as age, number of years with the company and level of pay. The capitalised commitment related to defined benefit plans is the present value of the defined benefits on the balance sheet date, less the fair value of the pension funds (amounts paid to an insurance company), adjusted for estimate variations and costs not recorded in the income statement related to pension

earnings in earlier periods. The pension commitment is calculated annually by an independent actuary using a linear earnings method.

Taxes

In accordance with a decision by the tax authorities, the company is exempt from tax pursuant to section 2-32, paragraph one of the Taxation Act. On the basis of this decision, the company must continuously assess whether "economic activity" is pursued which incurs a liability to tax pursuant to section 2-32, paragraph two of the Taxation Act.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash in hand, bank deposits and other short-term liquid investments which can be converted immediately and with insignificant price risk to known cash amounts and which have a remaining term to maturity of less than three months from the date of acquisition.

Note 2.

The company's income and expenses

The company's primary roles can be defined as the exercise of special and normal operator responsibilities.

The special operatorship refers to the performance of duties allocated to Gassco pursuant to the Norwegian Petroleum Act and associated regulations. It relates to system operation, capacity administration and infrastructure development. The normal operatorship refers to the technical operation of facilities and platforms pursuant to the Norwegian Petroleum Act's provisions on operator responsibility.

These duties are also regulated in the operator agreements with the Gassled, Haltenpipe, Zeepipe Terminal, Dunkerque Terminal, Valemon Rich Gas Pipeline, Knarr Gas Pipeline, Utsira High Gas Pipeline, Nyhamna, Polarled Gas Pipeline and Vestprosess joint ventures, which own the infrastructure for transporting gas from the NCS.

In addition, Gassco carries out a number of study assignments for various government bodies and players on the NCS.

Gassco is not intended to make a loss or profit from its activities. All its expenses are therefore covered by the licensees for work related to the normal operatorship and by the gas shippers for work related to the special operatorship. Other assignments are financed by the client which awards the assignment.

Activities are thereby deemed to be performed on behalf of the clients and at their expense and risk, and costs related to Gassco's various assignments accordingly do not appear in the accounts for Gassco AS. A net presentation of this kind accords with practice at other operators where the expenses of the operatorship are divided between the owners.

However, the net presentation provides very limited information on Gassco's total activities and area of responsibility. Gassco's accounts are accordingly presented below in accordance with the proportionate consolidation method.

Income statement

Amounts in NOK 1 000	2021	2020
Operating income and expenses		
Normal operatorship	10 901 018	7 255 450
Special operatorship	326 836	284 084
Other assignments	582 352	215 401
Total operating income	11 810 206	7 754 936
Payroll expenses	581 235	558 159
Depreciation of fixed assets, Gassco	45 658	47 937
Other expenses	11 183 313	7 148 839
Total operating expenses	11 810 206	7 754 936
Operating profit	0	0
Financial income	0	0
Financial expenses	0	0
Net financial items	0	0
Profit before tax	0	0
Tax on ordinary activities	0	0
Net profit/(loss)	0	0

Gassco is also responsible for administering capacity available at any given time in the pipeline network and at the treatment plants. On behalf of the transport system's owners, Gassco invoices all shippers on the NCS for their booked capacity in accordance with applicable tariffs. Tariffs paid by the shippers are transferred without delay to the transport system owners.

Amounts in NOK 1 000	2021	2020
Tariff revenues		
Total tariff revenues	29 909 805	33 767 259

Note 3.

Payroll expenses, number of employees, remuneration, loans to employees, etc

Amounts in NOK 1 000

Payroll expenses	2021	2020
Pay	401 132	394 850
Payroll tax	71 084	67 286
Pension costs (see note 9)	88 862	78 784
Other benefits	20 157	17 238
Total payroll expenses	581 235	558 159
Work-years performed	357	343

Remuneration of senior executives in 2021

Amounts in NOK 1 000

Surname, forename		Pay/ remuner- ation¹	Bonus²	Other benefits³	Pension costs⁴	Total	Loans
Lever sund, Frode	CEO	3475	270	25	303	4073	-
Hansen, Alfred Skår	Senior vice president, system operation	1773	122	32	192	2119	35
Rossebø, Øystein Høyvik	Senior vice president, business development and projects	1993	136	33	191	2353	485
Kaste, Kristin Kinn	Senior vice president, asset management	1943	134	31	195	2304	400
Viksund, Randi	Senior vice president, staff and business support	1753	119	37	200	2110	287
Lund, Trine	Manager, corporate governance	1638	113	21	547	2319	-
Hansen, Alvin	Senior vice president, safety, security and sustainability	1929	137	26	521	2613	289

¹ Pay/remuneration plus fixed overtime pay in 2021.

² Bonus paid in 2021 on the basis of results for 2020.

³ Telephone, broadband, insurance, etc.

⁴ Pension premium and provision for 2021.

Amounts in NOK 1 000

Remuneration of directors in 2021	Amount
Directors	1 959

Amounts in NOK 1 000

Loans and security provided to:	Loans	Security
Employees	70 651	0

Declaration on pay for Gassco's executive management for the 2021 financial statements

The basis of the principles for remuneration of senior executives is that Gassco should be able to attract and retain personnel with the knowledge and experience required by the company. Gassco's most important context is the upstream oil and gas industry in Norway. It will offer competitive terms in relation to this, but not be a pacesetter on pay.

Remuneration of senior executives will accord with legal provisions and guidelines as well as with good corporate governance. It will be equitable and non-discriminatory, and based on the responsibility and authority of the post as well as individual performance.

In accordance with its guidelines, the board determines the pay and other conditions of the chief executive, while the latter determines the pay and benefits of the rest of the management team. A compensation committee comprising the chair, the deputy chair and one director has been established. The head of human resources serves as the committee's secretariat. This prepares matters for the board and supports the board in its work on the chief executive's conditions of employment as well as the framework and principles for the conditions of employment of other employees, including bonus plans.

Gassco's remuneration system comprises basic pay, bonus, pension and insurance plans, and other benefits. Nobody in Gassco has agreements on pay after termination of their employment or on severance pay.

The bonus scheme can provide a bonus of up to 10 per cent if agreed targets are met. The board approves the performance indicators relating to HSE, finance, operations and development. Different performance indicators are included in the bonus calculation for each year. The targets for the performance indicators have become more demanding in recent years, and clear boundaries have been established for when a target is met, partly met or not met. The bonus scheme is the same for all employees in Gassco.

Pension and insurance plans for the management team are the same as for other Gassco employees.

Employer's liability insurance covers permanent injury, permanent disability and death. A health insurance policy is also in place, along with an all-year travel policy covering both business and private travel.

Other benefits include payments in kind such as free phone, broadband and personal insurance. Gassco also offers all employees interest-free loans of up to NOK 600 000 with a term of 12 years.

Gassco introduced a defined contribution pension scheme at 1 January 2016 with rates of seven and 25.1 per cent. At the same time, the pension plan for rates of pay exceeding 12G was terminated. The former defined benefit plan was retained for employees who will reach the age of 67 within 15 years or less. Gassco's pension arrangements have thereby been converted and adapted to the new National Insurance and AFP early retirement provisions as well as to guidelines from government on pay and other benefits for senior executives in state-owned companies.

Auditor

NOK 1 660 435 was paid in 2021 as fees to PricewaterhouseCoopers AS for auditing the company and the licences operated by Gassco AS. Furthermore, PricewaterhouseCoopers AS was paid fees of NOK 1 038 669 for consultancy work. No fees were paid to Advokatfirmaet PricewaterhouseCoopers AS for legal assistance in 2021.

Note 4.

Tangible fixed assets

Amounts in NOK 1 000	Buildings and other real property	Operating equipment, fixtures, tools, etc	Total
2021			
Acquisition cost 1 Jan 2021	46 169	419 061	465 230
Disposals/scraping	-	45 123	45 123
Conversion difference	-	(17 283)	(17 283)
Acquisition cost 31 Dec 2021	46 169	446 901	493 071
Accumulated depreciation 1 Jan 2021	16 623	282 761	299 383
Disposal accumulated depreciation	-	(17 283)	(17 283)
Depreciation for the year	10	45 648	45 658
Accumulated depreciation 31 Dec 2021	16 633	311 126	327 759
Book value 31 Dec 2021	29 537	135 775	165 311
Economic lifetime	5, 50 years	3, 5, 7, 8, 10 years	
Depreciation plan	Linear/none	Linear	

Note 5.**Other receivables and liabilities**

Other long-term receivables		
Amounts in NOK 1 000	2021	2020
Loans to employees	70 651	69 989
Pension-related receivables	344 368	362 455
	415 019	432 444

Other current receivables		
Amounts in NOK 1 000	2021	2020
Receivable from licences	970 903	678 427
Other current receivables	37 632	18 923
	1 008 535	697 350

Other long-term liabilities		
Amounts in NOK 1 000	2021	2020
Liabilities to shippers	68 607	73 250

Other current liabilities		
Amounts in NOK 1 000	2021	2020
Liabilities to shippers	3 732	29 435
Liabilities to credit institutions	65 332	71 300
Payroll-related liabilities	77 465	72 268
Other current liabilities	53 287	16 487
	199 815	189 491

Note 6.**Related parties**

Equinor ASA and Gassco AS have a common owner in the Ministry of Petroleum and Energy, and are thereby related parties. Gassco AS purchased goods/services worth NOK 6 941 million, including VAT, in 2021 (2020: NOK 4 681 million) related to various technical service provider (TSP) and third-party assignments. NOK 15 634 million (2020: NOK 17 744 million) was invoiced net as services sold (including tariffs) to Equinor ASA/ Equinor Energy AS. The net balance with Equinor was NOK 625 million at 31 December 2021 (2020: NOK 1 214 million). This figure also includes tariffs invoiced on behalf of the owners of the various joint ventures which are not recorded in the Gassco AS balance sheet.

Note 7.

Share capital and shareholder information

The share capital of the company at 31 December 2021 comprised the following:

	Number	Nominal value	Book value
Share capital	10 000	1 000	10 000 000

Ownership structure

	Shares
The Norwegian government, represented by the Ministry of Petroleum and Energy	10 000

Note 8.

Equity

Amounts in NOK 1 000	Share capital	Other equity	Total equity
Equity at 1 Jan 2021	10 000	5 248	15 248

Year's change in equity:

Profit for the year		-	-
Equity at 31 December 2021	10 000	5 248	15 248

Note 9.

Pension costs, funds and commitments

The company has pension plans which cover all its employees in Norway, Germany, France, Belgium and the UK.

Pension arrangements for employees in Norway:

A defined contribution plan is the main pension arrangement in Norway, with premiums paid representing the pension expense for the year. Gassco AS also has closed defined benefit pension schemes for employees who would reach the age of 67 in 15 years or less from 2015. These defined benefit plans depend primarily on the number of years of pensionable service, the level of pay at retirement and the size of state pension benefits. The company has both funded and unfunded plans. The calculated premium for all the plans is expensed annually and refunded by the licensees, and reflects the fact that the pension responsibility vis-à-vis the operator is settled as the obligation arises. For this reason, refunded pension costs from the licensees differ from premium payments and costs pursuant to the Norwegian Accounting Standard.

The company recorded the calculated pension commitment at 31 December 2021 in the balance sheet, with the corresponding receivable from the licensees as a counter item. Changes to the calculated pension commitment will thereby have no effect on profit.

The table below presents pension costs plus funds and commitments.

Amounts in NOK 1 000		
For employees in Norway	2021	2020
Present value of pension earning for the year	12 478	13 185
Interest cost of the pension commitment	6 374	8 113
Curtailment/settlement	0	0
Administration costs	112	115
Recorded implementation effect/ curtailment/settlement	0	0
Recorded estimate loss/(gain)	39 344	32 499
Net pension expenses/(gain)	58 307	53 911
Defined contribution plans	19 572	17 849

The company also has an agreement on early retirement (AFP). The new AFP scheme, which applies from 1 January 2011, is to be regarded as a defined-benefit multi-company plan, but will be treated in the accounts as a defined-contribution plan until reliable and adequate information is available which allows the group to account for its proportionate share of the pension expense, liability and funds in the scheme. As a result, the company's liability is not recorded as debt in the balance sheet.

As part of the restructuring of the company, early retirement agreements were entered into for some of the company's employees in 2016. The company charged these early retirement costs in 2016. Possible estimate variations in future years will be charged out.

Amounts in NOK 1 000

2021	Funded (collective)	Unfunded (AFP)	Other unfunded	Total
Earned pension commitments	472 097		297 630	769 727
Pension funds (at fair value)	(372 688)			(372 688)
Unrecorded effect of estimate variations	0			
Net pension commitments	99 409		297 630	397 039

Amounts in NOK 1 000

2020	Funded (collective)	Unfunded (AFP)	Other unfunded	Total
Earned pension commitments	441 594		284 698	726 292
Pension funds (at fair value)	(346 413)			(346 413)
Unrecorded effect of estimate variations	0			
Net pension commitments	95 181		284 698	379 879

Amounts in NOK 1 000

Economic assumptions	2021	2020
Discount rate on corporate bonds	1.90%	1.70%
Expected return on pension funds	1.90%	1.70%
Expected pay growth	2.75%	2.25%
Expected adjustment to current pensions	2.50%	1.5% / 2.0%
Expected change to National Insurance base rate (G)	1.75% / 2.5%	2.0% / 2.25%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

These arrangements apply to all the company's employees in Norway.

Pension arrangements for employees in Belgium

Employees in Belgium have either defined benefit or defined contribution plans. Funds in these plans at 31 December 2021 satisfied local requirements.

Amounts in NOK 1 000, converted at an average exchange rate of 10.1648

For employees in Belgium	2021	2020
Present value of pension earning for the year	4 694	5 661
Interest cost of pension commitment	197	199
Return on pension funds	(148)	(148)
Effect of curtailment	0	(540)
Recorded past service cost	0	9 537
Net pension cost	4 743	14 708

Amounts in NOK 1 000, converted at the closing exchange rate of 9.9888

Funded	2021	2020
Earned pension commitments	113 243	142 446
Pension funds (at fair value)	(86 493)	(93 206)
Net pension commitment	26 750	49 240

Economic assumptions	2021	2020
Discount rate	0.32% / 0.97%	0.1% / 0.8%
Inflation	1.80%	1.78%
Expected pay growth	2.00%	2.00%
Expected adjustment to current pensions	1.80%	1.80%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

These arrangements apply to all the company's employees in Belgium.

Pension arrangements for employees in France

Employees in France have defined contribution pension plans which comply with local requirements.

Pension arrangements for employees in the UK

Employees in the UK have defined contribution pension plans which comply with local requirements.

Pension arrangements for employees in Germany

Employees in Germany have various defined benefit pension plans.

Amounts in NOK 1 000 converted at an average exchange rate 10.1648

For employees in Germany	2021	2020
Present value of pension earning for the year	20 314	20 512
Interest cost of pension commitment	5 265	5 346
Recorded estimate loss/(gain)	9 692	2 461
Net pension cost	35 271	28 320

Amounts in NOK 1 000 converted at the closing exchange rate 9.9888

Funded	2021	2020
Earned pension commitments	443 903	454 870
Pension funds (at fair value)	(261 142)	(256 549)
Net pension commitments	182 761	198 321

Economic assumptions	2021	2020
Discount rate	1.30%	1.20%
Expected return on pension funds	0.00%	0.00%
Expected pay growth	3.30%	3.30%
Expected adjustment to current pensions	1.80%	1.80%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

These arrangements apply to all the company's employees in Germany.

Note 10.

Income taxes

Taxes for the year are as follows

Amounts in NOK 1 000

	2021	2020
Tax payable	0	0
Changes in deferred tax	0	0
Tax on ordinary profit	0	0

Tax payable

	2021	2020
Tax payable in the balance sheet	0	0

The company received a decision from the tax authorities dated 18 May 2017 which finds the company to be exempt from tax pursuant to section 2-32, paragraph one of the Taxation Act. Tax payments made in 2012-15 were repaid in 2016. The company has reviewed the factual position concerning its activities in 2021 and concluded that the conditions for tax exemption were also fulfilled in that year. No tax payable has therefore been calculated for 2021 nor any temporary differences/deferred tax for either 2021 or 2020.

Note 11.

Tax deducted

Bank deposits and cash include NOK 12 895 965 in tied tax withholdings.

Note 12.

Guarantees

The company has furnished bank guarantees in the amount of EUR 500 000 to the Belgian authorities relating to Belgian VAT and GBP 400 000 to the UK authorities related to Langede, and a statutory bank guarantee in the amount of EUR 470 000 related to ATZ pensioners in Germany.

Auditor's report



To the General Meeting of Gassco AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Gassco AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independent Auditor's Report - Gassco AS



accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Stavanger, 5 April 2022
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

[YEAR 2021](#)

[DIRECTORS'
REPORT](#)

[CORPORATE
GOVERNANCE](#)

[FINANCIAL
STATEMENTS](#)

[HOME](#)



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