



Annual Report

2022

Sustainable value creation



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Gassco ensuring energy security



FRODE LEVERSUND
President and CEO

Europe needs Norwegian gas like never before

The war in Ukraine, a European energy market out of balance and major geopolitical uncertainty have created record demand for Norwegian natural gas. The situation has also put energy security firmly on the national and international agenda. Gassco has been a reliable and predictable supplier of vital energy to Europe throughout the year. Regardless of what is happening around us, that is our job – every hour of every day, year-round.

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The energy market in Europe was already under pressure at the start of 2022. Emissions from energy products account for the largest proportion of global greenhouse gas emissions. If the EU is to achieve its goal of net zero emissions by the end of 2050, the energy market will have to undergo major changes. There are two fundamental steps that need to be taken: greenhouse gas emissions must be cut and good solutions for cutting CO₂ emissions to air must be put in place. Gassco is dedicated to resolving both issues, both through its ongoing work on cutting supply chain greenhouse gases and through specific projects designed to cut emissions.

Natural gas has played an important role in cutting European emissions, initially by enabling cuts in coal-fired energy. Prior to the war, 40 per cent of Europe's natural gas imports came from Russia. The consequences of Russia's war of aggression against Ukraine, and the Nord Stream 1 and 2 explosions, therefore had a huge impact on energy markets and CO₂ emissions in 2022. This also created substantial demand for Norwegian natural gas in Europe. Norway has clearly been Europe's largest supplier of natural gas during a turbulent 2022, and Norwegian natural gas supplies have been crucial in meeting Europe's energy needs.

During the year, Gassco became partly subject to the Norwegian Security Act. This means that, for example, the control of petroleum production on the Norwegian continental shelf (NCS) and the transport of gas to Europe are classified as fundamental national functions under the Security Act. This puts us and the authorities in an even better position to share information and ensure that we have a common understanding of the situation with respect to risk assessments, contingency plans and other prevention and mitigation measures.

The geopolitical situation around us has generated considerable media interest in Gassco and security of supply as a topic. Despite the greater attention, we have maintained the same overall focus on safety that we have always had. Safety is always Gassco's top priority, and we have ambitious goals in the form of a zero vision for critical incidents and personal injuries. We still face challenges in some areas within HSE, including still having too many critical incidents and personal injuries. We are systematically working on improvement measures and closing nonconformities. We also focus on ensuring that lessons learned are not lost, thereby reducing the likelihood of adverse incidents happening again.

Every year, the Petroleum Safety Authority Norway (PSA) highlights a theme to which they want companies in the industry to pay particular attention. The theme for 2023 is "For safe and stable energy progress. Collectively and concurrently". The PSA has pointed out the huge,

difficult challenges that lie ahead and that success will require good, coordinated collaboration. Every day, energy from the NCS is delivered to Europe in a collaboration in which every participant in the gas value chain must deliver as agreed in about 60 producing fields. The results we have achieved in a strange year like 2022 clearly demonstrate that the Norwegian natural gas supply chain is not just able to deliver, it is also reliable, safe and predictable.

The PSA theme can also be linked to our strategic goal of "further developing Norwegian infrastructure", especially within the work on developing the hydrogen value chain and German-Norwegian energy partnership. We are committed to ensuring that the work on further developing infrastructure will not limit our opportunities to meet market demand for natural gas, at the same time as we have to improve the system in order to meet the energy demands of the future. During the year, Norway and Germany started work on a joint feasibility study of a hydrogen value chain. Part of what is being assessed is transporting hydrogen by pipeline from Norway to Germany. The goal is for the study to be completed by summer 2023 and, if a basis exists for such a value chain, start-up could happen in 2030.

The level of activity on the NCS was high in 2022. Much of the reason for this was the tax package the Storting, the Norwegian parliament, passed in June 2020 to secure activity and value creation in the oil and gas industry at a time of low oil prices and a pandemic. This has helped to ensure that the European market can expect stable, reliable deliveries of Norwegian gas in the future.

The opening of the Baltic Pipe at the end of the year now also ensures that Poland is directly linked to gas pipelines between Norway and the continent. Access to Norwegian gas could help to cut emissions by 70 million tonnes of CO₂ per year in Poland if the gas replaces coal-fired energy production. The new transport route will also help to strengthen the security of supply to both Poland and Denmark, as well as other countries around the Baltic Sea.

2022 clearly showed how important Norwegian natural gas is and will be as a reliable energy carrier in Europe. We spend every day working to ensure energy security and on reducing emissions throughout our value chain. Norwegian gas is reliable and has a low carbon footprint. The gas industry also has ambitious climate goals. We will continue to safeguard the current energy supply, while also rigging the infrastructure for the coming energy transition. Europe needs Norwegian natural gas, and they need to feel confident they will receive it. Today and in the future.



Directors' **Report**

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

Gassco's head office is in Bygnes in Karmøy Municipality. The company also has offices in Belgium, France, Germany and the UK. These are responsible for the day-to-day operation of the gas terminals.

State-owned enterprises are categorised based on the government's goals as their owner. Gassco is a category 2 company. This means it is a company through which the government is seeking to achieve the sustainable and most efficient possible attainment of sectoral policy goals. The rationale for the state's ownership is a desire to ensure that the integrated gas transport system has a neutral and independent operator, while simultaneously facilitating efficient resource utilisation on the NCS. The goals are to ensure efficient operation and the integrated development of the gas transport system on the NCS.

Special and normal operatorship

The operating parameters for Gassco's activities are set by the Norwegian government, and its primary role is to perform "special" and "normal" operatorship. "Special" operatorship means performing the duties assigned to Gassco under the Norwegian Petroleum Act and associated regulations. These include system operation, capacity management and infrastructure development.

"Normal" operatorship means managing process plants, pipelines, platforms and gas terminals in accordance with the Petroleum Act's requirements for operator responsibility. These duties are regulated in agreements with the joint ventures: Gassled, Zeepipe terminal, Dunkerque terminal DA, Valemon Rich Gas Pipeline, Utsira High Gas Pipe, Haltenpipe, Nyhamna, Polarled and Vestprosess DA. Gassco has entered into



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

Corporate governance is addressed by Gassco's management system, which ensures efficient and prudent operation that complies with applicable legislation, regulations and defined goals.

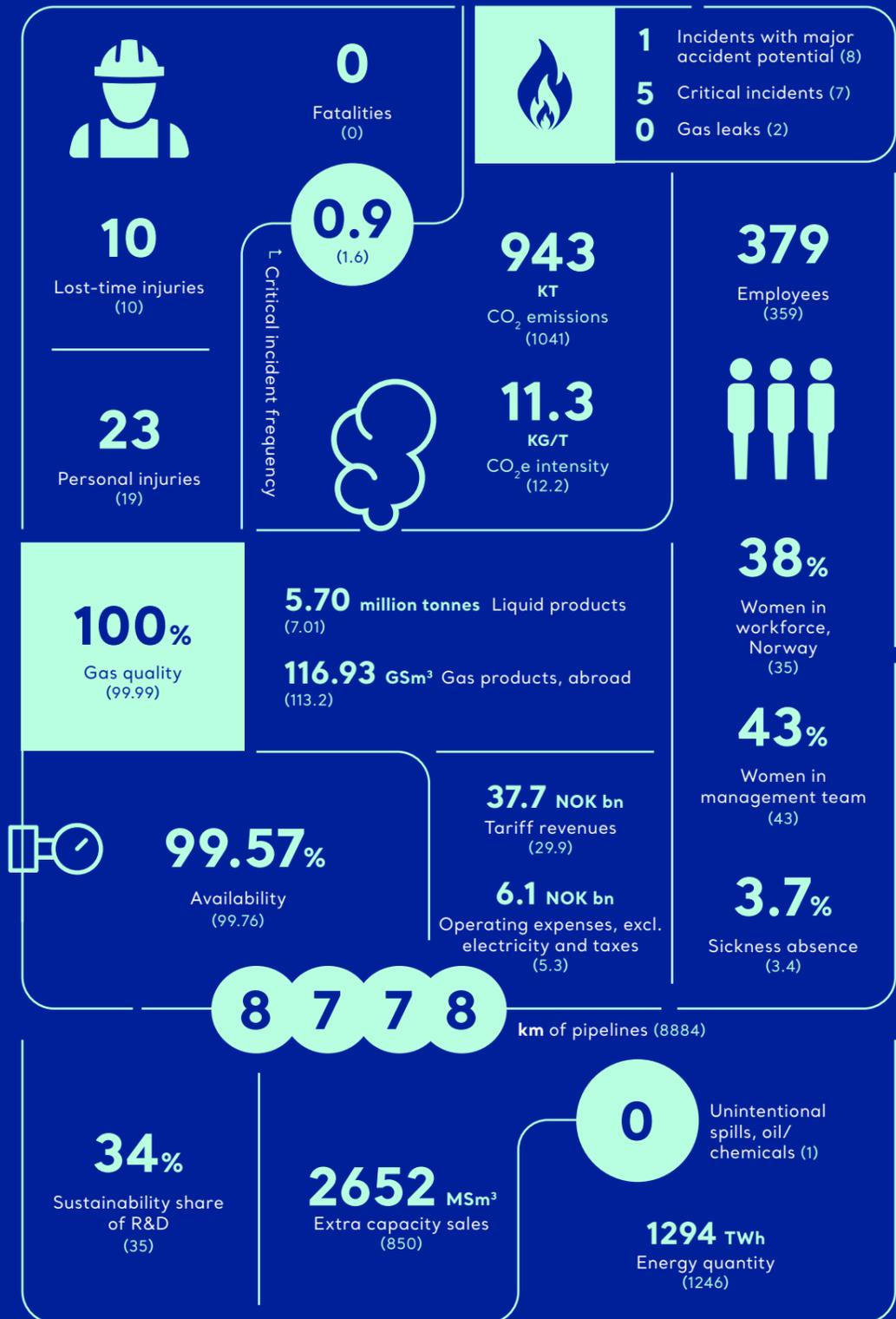
Sustainability is an integral component of the company's corporate governance, organisational culture and ethical conduct in relation to society and the environment.

Risk assessments are conducted, and the most important risk-filled activities are identified at any given time to ensure safe and reliable operation of the activities.

Gassco is not meant to make either a profit or a loss from its activities. The company's costs are covered by joint ventures, users and third parties. Therefore, Gassco's economic and financial risk is very limited.

Key metrics

Key metrics 2022 (figures in brackets are from 2021)



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The company's vision, strategic goals and values



Vision

Gassco's vision is to ensure energy security.

Strategy

Based on sustainable operation and development, the company has three strategic goals:

Achieving these goals will require human expertise and a well-functioning organisation.



Safer and more value



Create the infrastructure for the future



Reduce climate impact

Values

Gassco, on track

Gassco's core values are summarised by the acronym "TRACK":

T – Transparent

R – Respectful

A – Accountable

C – Challenging

K – Knowledgeable

Strategy and results

Gassco has developed a strategy that sets out clear goals for the company. The strategy was updated in 2021. The strategy underwent further updates in 2022 and one of the three strategic goals was adjusted. See the review of the strategic goals from page 30 onwards and more about the year's updates under "Future prospects for the goal 'safer and more value'" on page 44.

Risk management and sustainability are integral components of the strategy work. The radar image presented in the figure below reflects elements that were taken account of in 2022 and that provide the basis for the company's future direction. The radar image is, therefore, reflected in the company's strategic action plan for 2023.

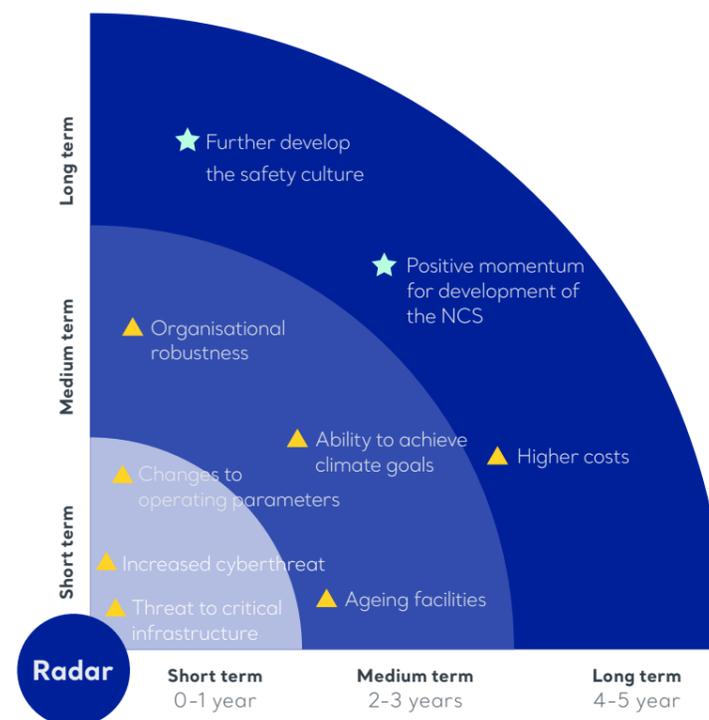


Figure 1 The radar image

Key to the figure:

Emerging risk [▲]: new or known risks that become visible under new or unfamiliar conditions and that could impact our activities.

Opportunity [★]: Possible added value for the organisation.

Special topics [●]: neither risk nor opportunity, although still important enough to require the attention of the management group.

EXPLANATION OF ELEMENTS IN THE RADAR IMAGE:Short term (0-1 year)

▲ **Changes to operating parameters:** The geopolitical security situation has changed since Russia invaded Ukraine. The war is having consequences for the energy landscape globally, in Europe, in Norway and for Gassco. The transport of gas in pipelines to Europe is now defined as a "fundamental national function" and Gassco is now subject to parts of the Norwegian Security Act. The changed security situation has resulted in extensive contingency and security work for Gassco.

Regulatory changes could also impact gas activities in the future, for example, the EU Taxonomy, emission requirements, climate allowances, emission costs, commercial and regulatory frameworks for the period up to 2028 and adjusted mandates.

▲ **Increased cyberthreat:** The cyberthreat picture has been high for a long time. Russia's invasion of Ukraine has contributed to an increase in risk. A number of steps have been taken during the year, and operations have taken place at a higher level of security than before. Gassco works closely with the authorities on this type of risk management.

▲ **Threat to critical infrastructure:** Over the course of the year, as a consequence of the war in Ukraine, Norway became the largest supplier of natural gas to Europe. The sabotage of Nord Stream 1 and 2 in September were not linked to the Norwegian gas infrastructure. Nevertheless, the incidents gave rise to a need for greater vigilance on the NCS, and further measures were, therefore, implemented to protect Norwegian infrastructure. Gassco has worked closely with the relevant authorities in this situation.

Medium term (2-3 years)

▲ **Organisational robustness:** Demand for Norwegian gas is high, and the facilities have been running at full capacity. Many new projects were started by various field owners in 2021 and many of the licensee groups had submitted plans for development and operation (PDOs) by the end of 2022. The level of activity is making heavy demands on both Gassco's expertise and capacity. Good planning and management have thus been important keywords for ensuring flexibility and robustness in the organisation, in both the short and medium term.

▲ **Ability to achieve climate goals:** Gassco has, together with its owners and users, set itself the goals of understanding climate risk and proposing measures for cutting greenhouse gas emissions. Gassco will help to achieve Norway's national commitments concerning reductions in greenhouse gases through Konkraft, a cooperative arena for Offshore Norway, the Norwegian Shipowners' Association, the Federation of Norwegian Industries, the Norwegian Confederation of Trade Unions, the Norwegian Union of Industry and Energy Workers and the Norwegian United Federation of Trade Unions. The UN Intergovernmental Panel on Climate Change is warning that emissions are being cut too slowly and that there is a major risk that the emission targets will not be achieved. Gassco recognised that this risk also impacts our activities. You can read more about Gassco's climate risk work on page 60.

▲ **Ageing facilities:** Gassco's facilities vary in terms of age, and some have exceeded their original technical lifetime. In the last few years, the company has initiated several parallel projects intended to secure the integrity of these facilities for the future.

Long term (4-5 years)★ **Further develop the safety culture:**

Human behaviour and organisational systems are important barriers to avoiding incidents. Continuously improving the safety and security culture is a basic necessity for the company's performance. A strong culture contributes to sustainable operations and helps to maintain competitiveness. The entire organisation is included in this work.

★ **Positive momentum for development of the NCS:**

Demand for Norwegian gas has increased. Many ongoing initiatives on the NCS will help improve Norway's delivery capacity in the years to come. It is also important that the gas infrastructure of the future is designed to maintain the competitiveness of Norwegian gas in the short term and long term. To do this, account must be taken of the need for new services and possible reuse (transport of hydrogen and CO₂). This also entails possible regulatory and/or commercial changes.

▲ **Higher costs:** The level of activity on the NCS has increased strongly and there are indications that activity will remain high for the next few years. This is putting pressure on the entire value chain. Inflation is also providing cause for concern with respect to the level of costs.

Changes in the risk picture since 2021:

"Covid-19" has been removed from the radar image. Even though the year started almost the same as how 2021 ended, Covid-19 did not impact the activities for the rest of the year. When the national restrictions were discontinued in January/February 2022, the organisation quickly returned to its normal routine.

"Quality in closing nonconformities" has also been removed from the radar image for the year. The measures that were taken to improve the work on closing nonconformities following inspections and audits at both Gassco and the technical service provider (TSP) resulted in improvements.

"External threat picture" has been split into more specific threats in the radar image for the year: "Increased cyberthreat" and "Threat to critical infrastructure".

"Long-range gas volume forecasts" and **"Future gas infrastructure (FGI) secures competitiveness"** have been merged into **"Positive momentum for development of the NCS"**.

SUSTAINABILITY IS A COMMON THREAD THAT RUNS THROUGH GASSCO'S STRATEGY WORK AND ITS STAKEHOLDER ENGAGEMENT.

Sustainability is about factors related to the environment, value creation and social conditions. Gassco's sustainability and corporate social responsibility (CSR) work is based on the UN Sustainable Development Goals (SDGs) and the UN Global Compact.

State-owned enterprises are required to have an overarching plan for sustainable value creation. In Gassco, the plan is an integral part of its overall strategy work, and the company develops and reports on specific goals. Gassco contributes to nine of the 17 SDGs. An overview of specific measures and results related to these nine SDGs is provided on page 29.

Gassco is an operator of onshore and offshore gas facilities and a transporter of natural gas. Its activities entail an inherent risk of harm and major accidents. The oil and gas industry, to which the company belongs, is part of the climate challenge. Although at the same time, natural gas will have to play a key role if Europe is to achieve its targets for emission cuts under the Paris Agreement.

DUE DILIGENCE ASSESSMENTS AND MATERIALITY ANALYSES

Gassco's sustainability work is based on due diligence assessments and materiality analyses. The due diligence assessments cover projects, activities and suppliers, and are conducted with the assistance of a third party. Materiality analyses are developed in dialogue with Gassco's main stakeholders.

When Gassco's management group makes decisions, it must consider the impact the relevant decision will have on social, economic and/or environmental conditions, as well as any impact on stakeholders.





Report on due diligence assessments in accordance with the Norwegian Transparency Act

The Transparency Act came into force on 1 July 2022. The Transparency Act's stricter requirements for transparency and accountability are intended to help prevent human rights violations and indecent working conditions at enterprises' business partners and in their supply chains. For Gassco, this means that the company will provide anyone who requests it with information about how Gassco addresses actual and potential negative impacts on fundamental human rights and decent working conditions. In the following, Gassco will report on the work on due diligence assessments based on the requirements of the Transparency Act.

The President and CEO of Gassco has overall responsibility for addressing actual and potential negative impacts on fundamental human rights and decent working conditions. Responsibility for sustainability management is delegated to the Director of the Safety, Security and Sustainability Unit, who must ensure that due diligence assessments are conducted and help address actual and potential negative impacts of our activities.

Gassco has worked with CSR as an integral part of its corporate governance for a good many years. This is described in the company's framework document "Management of Corporate Social Responsibility", which is in line with the international standard for corporate social responsibility, ISO26000. The company takes a risk-based approach to this work.

Processes have been established in Gassco's management system to support the company's work on conducting due diligence assessments pursuant to Section 4 of the Transparency Act. Gassco has anchored its responsibility for conducting its business in an ethical, sustainable and socially responsible manner in a separate policy, which is available (in Norwegian only) on its website:

"Gassco's policy for fundamental human rights and decent working conditions". This policy provides more information on how Gassco works to ensure that fundamental human rights and decent working conditions are respected, both in its own activities and supply chain and at business partners with direct links to its activities.

Gassco's business partners and suppliers deliver a wide range of goods and services related to its area of responsibility. These range from basic goods and services within administrative support functions to technologically advanced equipment and services related to the company's infrastructure, as well as research and development.

Gassco's head office is in Norway, with dedicated employees at the receiving terminals/departments in Belgium, France, Germany and the UK. The first link in the company's supply chain includes suppliers in Norway, Belgium, France, Germany, Italy, Spain, Sweden, Switzerland, the Netherlands, the UK and the US.

The day-to-day operation of the transport system is performed by technical service providers (TSPs). Equinor Energy AS is the TSP for the majority of the pipeline system, as well as the process plants at Kårstø, Kollsnes and Vestprosess. A/S Norske Shell is the TSP for Nyhamna process plant. The operations and procurements carried out under the TSP agreement are vital for Gassco. Interaction with the TSP for follow-up of suppliers and compliance with the requirements of the Transparency Act has been established in accordance with Offshore Norge's Guideline No. 148, "Recommended Guidelines for the Transparency Act", where it is assumed that the operator's role applies correspondingly to the TSP.

Gassco has already established a number of preventive measures to address the negative impacts of our activities. As an operator, Gassco is subject to an overriding duty to follow

Gassco has already established a number of preventive measures to address the negative impacts of our activities.

up everyone who performs work for the company, which in practice refers in particular to TSPs. Among other things, this duty entails ensuring that the TSPs comply with applicable regulations.

Gassco imposes demands on suppliers in the procurement process through a code of conduct and requirements relating to health, safety and the environment:

- During the prequalification process, the supplier's procedures for safeguarding health, safety and the environment (HSE), decent working conditions and human rights are surveyed. Investigations are conducted to determine whether there have been incidents of corruption, child labour, human rights violations, violations of workers' trade union rights, etc. This information is obtained from the suppliers themselves, as well as through internet searches and the use of external resources. The scope of this research depends on a risk-based approach. Factors that are identified may have consequences for the supplier's participation in the tender process.
- Gassco sets requirements for its suppliers through a code of conduct that covers, for example, decent working conditions and human rights for its employees. The code of conduct contains provisions concerning follow-up and sanctions.
- Gassco's goal is to ensure that the company's activities do not harm people, the environment or material assets. Gassco requires its business partners to strive to achieve the same goal. To this end, its suppliers are subject to extensive HSE requirements.

Gassco has conducted due diligence assessments in accordance with the OECD guidance, through which it has mapped and assessed actual and potential negative impacts for fundamental human rights and decent working conditions as a result of its business activities. This includes damage to, and drawbacks for, the environment and factors related to corruption.

As part of this work, Gassco has mapped the first link of the supply chain with the help of an external supplier. In addition, an initial mapping of Gassco's project portfolio and operational tasks has been carried out, including an assessment of risk based on the complexity and scope of the work in question.

The survey did not identify any actual negative impacts from the company's activities - either at Gassco or at its suppliers or business partners.

Nor have significant risks been identified for Gassco's activities, although the company has identified some areas that it wishes to prioritise and improve. These are, in order of priority:

1. Establishing a new procurement procedure that clarifies roles and responsibilities in Gassco, including procurements at terminals, and establishing clearer requirements for the qualification of suppliers with regard to human rights and decent working conditions.
2. Supplier follow-up in non-TSP project execution. For example, clarifying responsibilities and roles in Gassco, as well as developing checklists for human rights and decent working conditions at suppliers' places of work.
3. Reviewing and updating contracts for existing suppliers.
4. Improving Gassco's expertise in work environment management, both internally and in connection with projects.
5. Requiring climate impact documentation and emphasising environmental considerations in project procurements.

MATERIALITY MATRIX FOR SUSTAINABILITY

The materiality analysis was developed in line with Oslo Børs' guidance for reporting on corporate social responsibility.

Figure 3 illustrates the results of the materiality analysis conducted together with a wide range of Gassco's stakeholders (Figure 2).

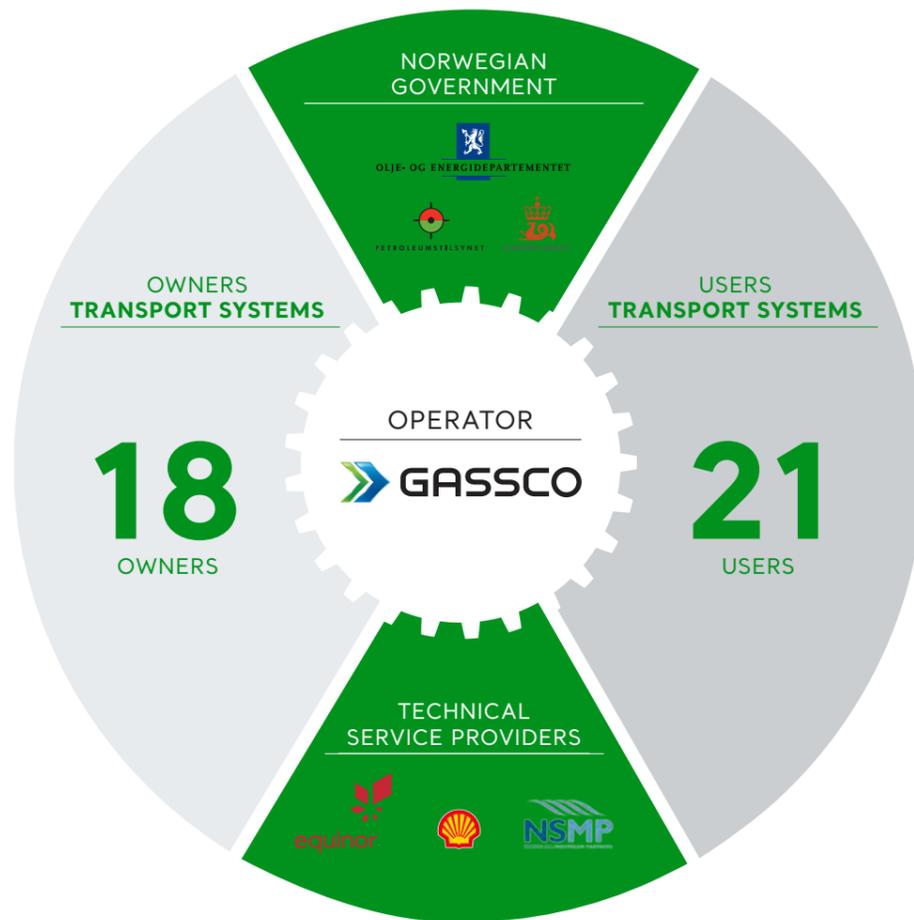


Figure 2 Gassco's stakeholders

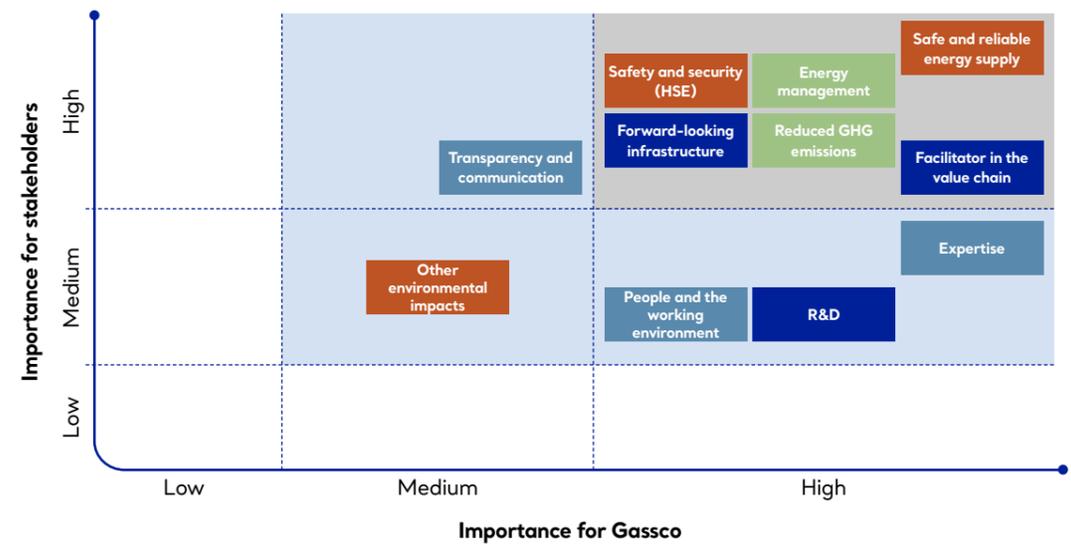


Figure 3 Materiality matrix for sustainability

The main sustainability areas linked to Gassco's activities are taken account of through its strategic goals and priority areas. The connections between these sustainability areas and Gassco's strategic goals are presented on page 30.



Summary of results for the strategic goals

Strategic goal	Indicator	Result	Goal
<p>Safer and more value</p> 	Fatalities	0	0
	Personal injury frequency	3.9	0
	Lost-time injuries	10	0
	Fires	1	0
	Gas leaks	0	0
	Critical incidents (frequency)	0.9	0
	Incidents with major accident potential (frequency)	0.2	0
	Unintentional discharges, oil/chemicals (number)	0	0
	NO _x emissions (tonnes)	693	*
	IT security, user awareness and system robustness in line with plans	0	0
	Gassco's ability to deliver at the end point (%)	99.57	99.34
	Product quality, dry gas (%)	100.00	99.96
	Capacity administration, number of invalid decisions	0	0
Extra capacity sales (MSm ³)	2652	405	
Total operating expenses, excluding electricity and taxes (NOK millions)	6092	5804	
<p>Create the infrastructure for the future</p> 	Strategic projects in line with plans (%)	97	100
	CO ₂ e intensity (kg/t)	11.3	14.1
<p>Reduce climate impact</p> 	Scope 1 emissions (direct CO ₂ and methane emissions) ktonnes	968	**
	Scope 2 emissions (emissions from purchased electricity) ktonnes	53	**
	Quality of decision basis for Kårstø electrification project (%)	100	100
	R&D costs in relation to the goal of "reduce climate impact" (%)	34	30
	Sickness absence (%)	3.7	3.0
<p>People and organisation</p> 	Proportion of women in management team (%)	43	43
	Digitalisation of selected processes/tasks (%)	68	100
	Employee performance and development interviews (%)	92	100
	Apprentices (number)	3	1

* No common threshold limit value has been defined for NO_x emissions, although limit values have been established per facility. ** No threshold limit values have been established for total GHG emissions (Scopes 1 and 2). These are followed up through emission intensity, with a target of 14.1.



Gassco's three strategic goals



Gassco must ensure energy security through sustainable operations and development.

In this work, the company has defined three strategic goals: "safer and more value", "create the 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 their prospects as envisioned by Gassco.

Results for the strategic goal "safer and more value"



The following topics were pursued under this strategic goal in 2022:

- **safety culture**
- **facility integrity**
- **competitive facilities**
- **optimised systems operation for the gas transport network**

Gassco's job is to operate and develop Norway's gas infrastructure in a safe, reliable and efficient manner. Outstanding results within health, safety and the environment (HSE), good delivery capacity and efficiency are crucial for ensuring the competitiveness of Norwegian gas and for maximising value on the NCS.

This strategic goal is consistent with the UN's SDG 8, Decent Work and Economic Growth, and with SDG 12, Responsible Consumption and Production.

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 targeted HSE work. Inherent in this is a requirement to prevent all emissions and protect nature. This is consistent with SDG 14, Life Below Water, and SDG 15, Life on Land.

Safety culture

Safety culture is about how a company performs its duties, including procedures that ensure safety in day-to-day operations.

Human behaviour is an important barrier to avoiding adverse incidents. Continuously enhancing 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) understanding risk; (2) compliance; and (3) learning.

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

Facility integrity

Safe, sustainable and reliable operations are important for Gassco's operatorship. The company operates and maintains the infrastructure in a structured and planned way throughout the entire system's operational lifetime.

The company has good work processes, systems, tools, expertise and resources, and is always working to enhance these.

Ageing increases integrity risk, and Gassco therefore takes a long-term, systematic approach to minimise this and to improve its understanding of how ageing impacts its facilities.

Competitive facilities

Competitive facilities are achieved through safe, reliable operations, good planning and communication, low costs, innovative solutions, and the company's ability to lay the ground for new business opportunities and services.

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

Optimised systems operation for the gas transport network

Gassco strives to maximise value creation on the NCS based on its knowledge of the gas transport network and the interdependencies between the actors in the value chain. Good planning and communication with all those involved are also important keywords.



Results for the goal "safer and more value"

Energy is big politics and, given the war in Ukraine, the European energy situation has been further pushed up the international political agenda. The situation has underscored the importance of Gassco's strategic goal of "safe and reliable operations". A number of measures have been initiated due to the heightened need for security, and critical security and operational activities have been prioritised.

In 2022, the Ministry of Petroleum and Energy determined that Gassco is subject to parts of the Norwegian Security Act since Gassco needs to handle classified information about its activities. Gassco has initiated work designed to adapt to this decision.

Gassco's management system includes reporting, investigating and following up incidents and nonconformities. This work is important in achieving continuous improvements. 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 takes a systematic approach to identifying, following up and implementing measures in the wake of incidents. The critical incident rate per million hours worked was 0.9 in 2022, compared with 1.62 in 2021. Critical incidents are incidents that result in actual injury or that have the potential to cause injury. There were five critical incidents in 2022, compared with seven in 2021, and 1.1 million more hours were worked in 2022 (5.5 million hours worked) than in the year before.

Four of the critical incidents did not result in any actual injury, although they were nevertheless critical in the sense that they represented a potential and could thereby have had serious consequences. The one critical incident that caused actual consequences/injury was an incident at Kalstø in the "Statpipe New landfall" project, where a person fell out of an unsecured door in a barracks rig. The incident resulted in a serious lost-time injury.

All five critical incidents were thoroughly reviewed and analysed. Risk mitigation measures were implemented. The lessons learned have been shared across Gassco's operatorship.

The personal injury frequency for the company's area of operations decreased from 4.4 in 2021 to 4.2 in 2022. All personal injuries in 2022 were injuries with low potential, with the exception of the fall incident from the barracks rig, which is discussed under critical incidents.

A systematic approach to HSE and improvement is important. Gassco takes critical incidents and personal injuries seriously and is committed to carrying out systematic improvement work in the area of HSE in order to achieve the objective of no incidents of this kind. A working group has been established in order to learn permanent lessons from incidents, and an improved process for this work was developed in 2022. In 2021, Gassco and Equinor were issued with instructions by the PSA in connection with an arc flash incident at Kårstø in 2020. Gassco also received instructions and a warning about a coercive fine from the PSA after an inspection of the electrical systems and safety systems with instrumentation on the Draupner installations in 2021. Serious attention was paid to both cases in the organisations. Measures were taken to close nonconformities and the company was not fined. Gassco has also changed and improved the procedures the company has to follow as an operator in order to ensure nonconformities are closed properly. In addition, it has increased the organisation's expertise and capacity within especially critical technical areas. There was a good dialogue between Gassco, TSP Equinor and the PSA during the processes, and during the year Gassco received confirmation from the authority that the cases are regarded as closed.

As a responsible operator, the company wants to work closely with TSPs in order to fulfil its supervisory role and improve safety at the facilities.

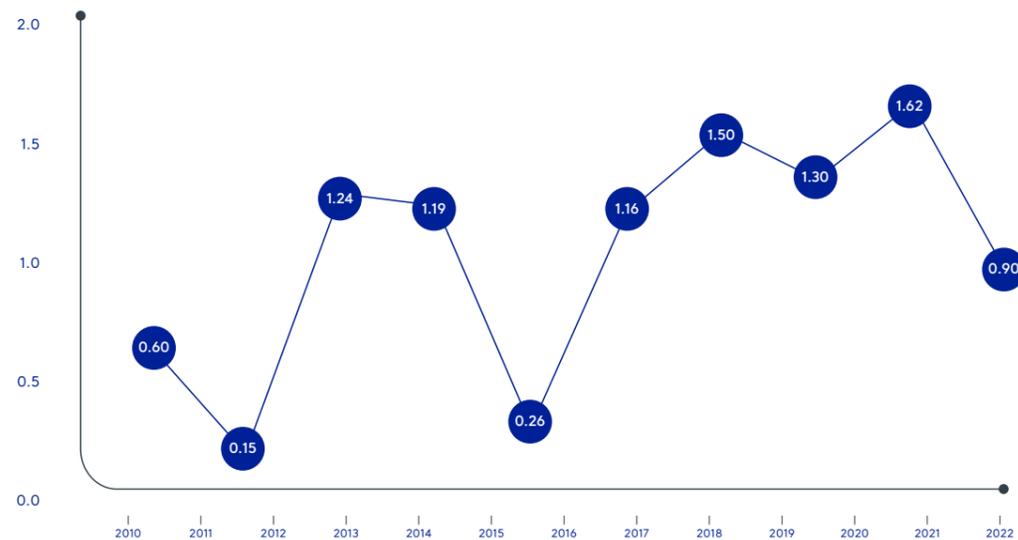


Figure 4 Critical incidents

Within facility management, Gassco has strengthened its management of technical, operational and organisational barriers. Physical and IT security were other key initiatives within Gassco's integrity management during 2022.

Monitoring facility integrity and good barrier management are crucial for preventing critical incidents. Gassco takes a systematic approach in order to ensure good control of integrity status through the right indicators. Measures are implemented based on risk.

Gassco has several projects that are intended to improve the technical integrity of its facilities, with a primary focus on ageing and solutions that do not meet current standards. In addition to normal upgrading, Gassco has other major projects under development and being executed.

1. **"Statpipe New Landfall Kalstø"** The current landfall at Kalstø is being replaced with a tunnel solution to extend the lifetime of the Statpipe pipelines. The project was sanctioned in spring 2022 and tunnel breakthrough was achieved in December 2022.
2. **"Barrier Integrity Review"** is an integrity project that is designed to increase technical safety at receiving terminals on the continent and in the UK. Work on concluding a contract and other project preparations has started.
3. **"Draupner the Robustness Campaign"** is an upgrading project for Draupner installations that is intended to ensure production beyond 2028, among other things. The focus has been on mapping and prioritising the scope of work up to its planned execution in autumn 2024.
4. **"Nyhamna Filter Project"** is an integrity project designed to prevent trace elements entering the facility in Nyhamna. Parts of the installation work have been completed.

Several studies of the potential for capacity increases have been conducted at the process plant at Kollsnes, including the "Kollsnes Increased Capacity" project. To date, two of the facility's export compressors have been upgraded. The goal of the project was to investigate opportunities for increasing capacity at Kollsnes.



During the year, Gassco continued its efforts to improve procedures, systems, data and tools, especially in relation to safety critical equipment.

Technical service provider management (TSP management) and digitalisation were important initiatives in 2022. Gassco reviewed internal interaction in relation to TSP management and assigned internal responsibility for the various procedures within TSP management.

Gassco has established a specific indicator for incidents with major accident potential. This indicator is based on incidents such as gas leaks, fires, safety function/barrier failures and loss of technical integrity with a severity of 3 or higher (on a scale of 1 to 5 where severity 1 is the highest). There was one such incident in 2022, compared with eight in 2021. The frequency was 0.2 in 2022 compared with 1.9 in 2021.

Gassco registered one minor fire in 2022, at Kårstø. The company registered no gas leaks of more than 0.1 kg/s.

Avoiding harm to the environment is one of the company's stated goals. It complies with ISO14001 for environmental management and ISO50001 for energy management. While the company's main environmental focus is on emissions of CO₂ and NO_x, as well as electricity consumption, all components in emissions to air and water are closely monitored.

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

All of the company's process plants, gas terminals and platforms are operated within their annual emission limits. There were no cases of accidental emissions in 2022. The company's emissions amounted to 693 tonnes of NO_x. Gassco pays NO_x tax on emissions from Norwegian sources. Every year, the company reports all of its emissions to the authorities in each of the countries in which it operates. These reports are in the public domain. Greenhouse gas emissions and energy consumption are detailed from page 51 onwards.

Gassco monitors its emissions to air and sea through permanent environmental monitoring programmes, such as vegetation and seabed sampling. These samples show that emissions from the facilities have had no demonstrable negative impact on the natural environment. Prior to new activities, such as expanding or changing operations at facilities, detailed environmental analyses are carried out in order to mitigate the risk of negative impacts on the natural environment and diversity.

Supervision in the form of audits, verifications and management inspections play an important role in Gassco's monitoring of its activities. The company is also audited by the authorities and facility owners. Overall, the authorities carried out a few more activities in relation to Gassco in 2022 than in 2021. Audits carried out in 2022 have so far resulted in eight nonconformities and 11 points requiring improvement. The board monitors safety work and is pleased with the measures that have been established.

The emergency response organisation is an important part of Gassco. In 2022, the emergency response team at Bygnes carried out and participated in 14 emergency response exercises. These demonstrated that the emergency response organisation in Gassco is robust and works well. Gassco's emergency response team was mobilised five times in 2022.

**There were no
cases of accidental
emissions in 2022.**

In 2020, Gassco started work on establishing a process based management system. The new system came online in November 2021. Gassco continued to develop the system in 2022 and implemented further processes. Some 144 of the company's processes had been mapped by the end of 2022. The remaining processes were linked to existing governing documents. Work on identifying the remaining processes continues. The system also addresses the company's nonconformity and change management.

Gassco delivered 116.93 billion Sm³ of natural gas in 2022, which is equivalent to 1294TWh of energy. This energy was almost entirely consumed by segments such as electricity generation, manufacturing and households in the various European receiving countries. This represents an increase of 3.3 per cent from 2021.

Total deliverability was 99.57 per cent, compared with 99.76 per cent in the year before. Gassco used to see lower natural gas deliveries in the summer months than in the winter. In 2022, increased demand ensured near winter delivery levels year-round. However, deliverability fell marginally, mainly due to planned and unplanned operational incidents.

The shipping of natural gas liquids (NGL) and light crude (Gudrun Blend) from Kårstø and condensate from Nyhamna is carefully coordinated with other gas transport.

Gassco has continued to maintain a good, close dialogue with users of the transport system. Capacity increases and reductions in bottlenecks have also had a high priority wherever possible. Gas was worth more than NGL, and adjustments were therefore made to maximise gas exports. NGL offtake from the Kårstø process plant has been reduced in order to increase the energy content in dry gas exports from the facility. This resulted in a corresponding reduction in NGL production and exports.

There were a total of 398 ship calls at Kårstø during the year, and six at Nyhamna. The number of calls was lower than in previous years, primarily due to the changed NGL recovery at Kårstø.

Planned maintenance activities in the fields, riser platforms, process plants and terminals were carried out in a good, coordinated and optimised manner in 2022.

The gas transport system has inbuilt flexibility that makes it possible to compensate for disruptions to production in fields, at process plants and on riser platforms. Gassco can also sign operational agreements with the operators of adjacent transport systems. This enables further flexibility in gas deliveries from the NCS, which can be utilised via control from Gassco's transport control centre.

As the complexity of the transport system grows and its utilisation increases, more field tie-ins and a greater variety of gas qualities, delivering almost 100 per cent availability in the market has become more demanding. The board was very pleased with production availability and regularity in the gas transport system in 2022.



Operating expenses for 2022, excluding electricity and duties, totalled NOK 6 092 million, while the operating expenses target for 2022 was NOK 5 804 million. The increase was due to external pipeline inspections and higher operating expenses for process plants and the Draupner installations. Benchmarking was carried out against equivalent facilities in 2022 for Gassco's terminals, process plants, platforms and pipelines. Benchmarking shows that the system is operated safely, reliably and efficiently.

Gassco has also continued its work on improving the process for making data available to its stakeholders, and on offering power services to NordPool for both TSPs and fields in production.

In the area of R&D, Gassco has focused on the rapid implementation and use of new and innovative robotic solutions for inspections and maintenance tasks at its facilities. One example of this is the development and integration of a new type of "mini hose arm" in combination with various robotic solutions, which is designed to provide faster and more complete internal inspections of tanks. A comprehensive evaluation of the work done so far was conducted in 2022, and Gassco adjusted its focus areas and established new targets for the ongoing work on developing and using robotic and drone solutions at its facilities.



Future prospects for the goal "safer and more value"

Gassco's HSE results for 2022 show that the company still has potential for improvement. Gassco has a zero vision and will maintain its commitment to achieving improvements in the HSE area in close collaboration with TSPs.

Particular attention is being paid to any factors with major accident potential, with a particular emphasis on process and personnel safety. Topics related to "extreme weather" and "new threats" will be included as part of Gassco's major accident working meeting with the infrastructure owners in 2023. The work meeting will have broad participation both from Gassco and the company's TSPs.

Based on analyses and investigations of critical incidents in 2022, measures have been implemented and will be continued.

The benchmarking against similar facilities showed good results. Nevertheless, areas requiring improvements were identified, and these will be worked on going forward.

The work on integrity projects described on page 37 will continue in 2023.

As part of the optimisation of work processes and the management of facilities, ongoing assessments of new services will be conducted, both in the transport system and at facilities for power supplies for petroleum installations to increase efficiency and value creation.

Overall, topics and initiatives from 2022 will largely be continued in 2023. However, an adjustment will be made to the goal "safer and more value", which in 2023 will be replaced by "safe, reliable and efficient". Under the goal "safe, reliable and efficient", "protection" will be added as a new topic. The changes have been driven by the "security policy situation" in Europe and the consequences the situation has had for the authorities' threat assessment of, for example, energy infrastructure and cybercrime.

The strategic goal



Create the infrastructure for the future

The following topics were pursued under this strategic goal in 2022:

- **efficient and timely development of gas infrastructure**
- **a competitive model for the NCS**
- **new value chains**

Given Gassco's role as a special operator, the company works as an independent, non-commercial and neutral system operator and architect. The role, which is enshrined in section 4-9 of the Norwegian Petroleum Act and chapter 9 of the Petroleum Regulations, gives Gassco a broad mandate to coordinate the further development and operation of the transport system with the aim of achieving integrated solutions. The system operator and architect role also contributes to the development of high quality, safe, reliable and sustainable infrastructure.

This role description supports **SDG 9, Industry, Innovation and Infrastructure**, which is about promoting inclusive and sustainable industrialisation.

The future use and development of existing gas infrastructure will have socioeconomic and environmental effects. Transport solutions for new finds could realise unutilised resources and promote more efficient technological concepts with less climate impact. Norway was by far the largest supplier of natural gas to Europe in 2022. Increased availability of resources from the NCS has ensured many years of high utilisation of the gas infrastructure. This situation is expected to persist, both in the short and medium term, provided resources are maintained through exploration activities and new gas finds. Tomorrow's energy needs call for constant adaptations. Gassco will meet market changes through the effective and timely development of the infrastructure. The company also wants to contribute to a well-functioning and competitive model for the NCS and lay the groundwork for new value chains.

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 constantly being adapted to meet market demands, and the future delivery picture depends in part on the number and size of new finds.

Long-term forecasts indicate high and stable production to the end of the 2020s. To maintain the competitiveness of the Norwegian gas infrastructure in a long-term perspective, it is important that Gassco contributes to the taking of timely and sustainable decisions regarding its future operation and development.

Competitive model for the NCS

Well-functioning work and decision-making processes make an essential contribution to a competitive model for the petroleum industry on the NCS and are also important in the company's performance of its role as a special operator. A number of revisions have been made to these processes over time, in part to ensure that the users, which bear the costs of the operation and further development of the gas transport system, are involved to a greater extent.

New value chains

The transition to renewable energy, also called the energy transition, may create a need for integration between the energy sectors and new value chains, for example hydrogen, ammonia, carbon capture and storage (CCS) and electric power. An integrated approach to infrastructure development is important in order to maintain competitiveness and maximise the value of the resources on the NCS. Norway can play a key role in the energy transition, especially by producing low-carbon hydrogen from natural gas with CCS, which could complement the energy mix and be a bridge builder for the further development and scaling up of renewable hydrogen capacity.

Gassco has been learning about new value chains through activities in its R&D portfolio for several years. This has provided technical know-how about these value chains and about the possibilities in relation to reusing the existing infrastructure. This has also provided insights into how the large scale production of hydrogen can take place in Norway, and what the export solutions for this production might look like. Going forward, it is vital that the R&D portfolio contributes to the technology skills acquisition Gassco need to be able to make timely decisions in these projects.



Results for the goal "create the infrastructure for the future"

2022 was another year of high activity levels on the NCS, with many field development projects. In connection with the licensees' choice of concept, Gassco has assessed transport solutions for many finds. These include Dvalin Nord, Symra (formerly Lille Prinsen), Linnorm and Wisting.

During the year, several of the field development projects that have been developed in the past few years, were further matured and the licensees decided to submit plans for development and operation (PDOs). These are important decisions with respect to ensuring the greater utilisation of the gas transport network going forward.

One example is Yggdrasil (formerly NOAKA), which will export gas through a common pipeline to Statpipe and onwards to Kårstø. The project started its execution phase in January 2023. Yggdrasil will provide significantly increased production for the Kårstø onshore facility in the period 2025 to 2035.

Analyses of how the gas infrastructure can facilitate efficient resource management with respect to the NCS were a top priority in 2022. Options for increasing capacity and/or flexibility in the network were assessed, as were opportunities for accommodating changed gas compositions from fields and finds. As a result of this work, Gassco has, together with users and owners of the system, initiated a number of studies that will be refined until a decision is reached in 2023. The goal of several of the studies is to increase production at the onshore facilities at Kollsnes, Kårstø and Nyhamna. The goal of some other studies is to increase capacity towards Germany, as part of an effort to increase the overall flexibility of the network.

Another important contribution to creating the gas infrastructure of the future is Gassco's work to tie in a branch pipeline from Europipe 2 to Nybro in Denmark. The branch pipeline is part of the Baltic Pipe infrastructure project and ensures the transport of gas to both the Danish and Polish markets. The branch pipeline opened for gas deliveries in the fourth quarter.

In 2022, Gassco's architect mandate was expanded to also include hydrogen. Gassco was, on behalf of the Norwegian government and the Ministry of Petroleum and Energy, also assigned the task of leading the feasibility study related to the Norwegian part of the German-Norwegian energy partnership on hydrogen.

Gassco draws up a transport plan every year based on updated resource submissions. The transport plan identifies the expected future utilisation of the gas transport system with the aim of ensuring the efficient utilisation of the infrastructure, identifying bottlenecks and recommending any need for changes. This year, this work has also included analyses of future emissions. The plan provides a basis for the choice of transport solutions and allows comprehensive and sustainable decisions to be made for each individual area.

One recommendation from this year's planning process was to evaluate potential solutions that could cost-effectively increase deliveries via the gas transport network. The recommendation was seen in the context of the changes in the energy situation in the winter of 2022, where demand for gas and security of supply were clear focus areas. Several studies within the same topic will be developed further in 2023.

This year's transport plan process stated that utilisation of the gas transport system is expected to be high in the coming years, although in order to ensure the high utilisation of the infrastructure in a long-term perspective, the resource base must be maintained.

Developing gas infrastructure in and from the Barents Sea is still relevant given the current energy situation. Gassco worked with the Norwegian Petroleum Directorate and the industry in 2022 to assess alternatives from a regional perspective. Different solutions are compared between field licences before final decisions. This creates synergies and increases the socioeconomic value creation in the region. The work has shown that the costs associated with building up export capacity from the Barents Sea are high.

As the system architect, Gassco constantly focuses on contributing to well-functioning work and decision processes. Throughout the year, the company focused on improving these processes such that they are better adapted to conversions and possible downscaling or adaptation of capacity according to future needs.



Future prospects for the goal "create the infrastructure for the future"

The NCS has very good potential for being able to deliver natural gas to Europe in the coming years. Exploration is required on the NCS in order to maintain the competitiveness of Norwegian gas exports and high utilisation rates of the existing gas infrastructure. The exploration must be carried out in order to realise undiscovered resources and cost-effective development solutions for marginal finds. In the long term, declining production will challenge transport costs and the current efficient resource management. Further development of the gas infrastructure must also take into account changes in gas composition, changed field strategies and the establishment of new value chains.

According to the Norwegian Petroleum Directorate, about half of the resources on the NCS remain, with a large proportion of these located in the Barents Sea. Further work on developing the Barents Sea as a petroleum province is important to realise this potential. The work on ensuring the robust and integrated development of the Barents Sea will also be maintained.

Opportunities for increasing the capacity and flexibility of the transport system will be studied further in order to meet the greater energy demand in Europe in the medium term, and due to the need to achieve the emission reduction targets in the Paris Agreement. This work will also take account of more demanding gas compositions, decreasing volumes and alternative uses in the longer term.

As part of the German-Norwegian energy partnership, Gassco will, together with the industry, conduct a feasibility study of a hydrogen value chain from Norway to Germany. This project will also study a CO₂ value chain with industrial capture in Germany and storage on the NCS.

Synergies between power needs, balancing varying production, energy storage and access to infrastructure must be viewed together in order to ensure optimal solutions for alternative use of the transport system. This will be one of the focus areas in 2023.

In its effective infrastructure R&D programme, Gassco has studied subsea solutions for riser platforms, as well as opportunities for reducing the cost of gas export solutions for new fields and cutting gas export costs from tail production on existing fields. This work will continue in 2023.

In close cooperation with the authorities, users, owners and other industry actors, Gassco will outline future scenarios for sustainable development of the energy system based on Norwegian gas infrastructure.

The strategic goal — Reduce climate impact

The following topics were pursued under this strategic goal in 2022:

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

Climate change is a global challenge, and Gassco regards the Paris Agreement as an important contribution to resolving it. The European energy system is changing, partly as a result of this agreement. Norway's emissions targets are to reduce greenhouse gas emissions by 55 per cent by 2030 and by 100 per cent by the end of 2050.

Gassco will contribute to achieving Konkraft's goal of reducing the industry's greenhouse gas emissions. This is consistent with the **UN's SDG 17, Partnerships for the Goals.**

Gassco's mission is to ensure energy security while also working to reducing climate impact. This is consistent with the **UN's SDG 7, Affordable and Clean Energy, and SDG 13, 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 some of the company's stakeholders. The roadmap is a tool for the work on defining the areas and assignments that Gassco will pursue in order to achieve the strategic goal.

Reduce emissions

One crucial requirement when working to reduce climate impact is ensuring that greenhouse gas emissions are actually cut. Gassco's most significant source of greenhouse gas emissions is CO₂ from combustion processes. It also emits small quantities of methane from incomplete combustion and diffuse emissions.

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

Gassco maps emission data at a source power level for all of the facilities under its operatorship, as well as opportunities for reducing emissions. This mapping is a topic in meetings with Gassco's stakeholders, in which emission reductions are assessed. Gassco carried out several activities during the year that were designed to improve models and analyses in order to improve the quality of emission estimates related to future gas compositions and facility operation.

The company is working on several R&D projects: R&D collaborations both within the industry and within the supply industry. The activities were related to carbon capture, transport and storage, hydrogen in the gas infrastructure and qualifying technology for measuring methane emissions.

Energy management

Energy management involves identifying opportunities for energy optimisation at each facility and focusing on energy-efficient systems operation. Efforts have been made through integrated energy management to find solutions that offer the best total outcome for the entire value chain and that result in 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 facilities are monitored in relation to specified climate and energy KPIs. Work on the climate roadmap has shown that, as the system operator, Gassco is particularly well-suited to serving as the coordinator for integrated energy management of the value chain on the NCS.



Results for the goal "reduce climate impact"

Gassco has a climate KPI at a company level, which is specified as CO₂e kg per tonne of exported product. This includes CO₂ and methane emissions, as well as electricity consumption expressed as CO₂ equivalents (Scope 1 and Scope 2 emissions in line with the Greenhouse Gas Protocol (GHG Protocol)). Results from the KPI are presented in figure 7.

CO₂ emissions are primarily influenced by operating parameters such as fuel gas and diesel oil consumption for process operation, as well as safety flaring. Gassco has closely monitored CO₂ emissions from operation of the facilities (without contributions from methane and electricity) over many years, and the development of this is presented in figure 5.

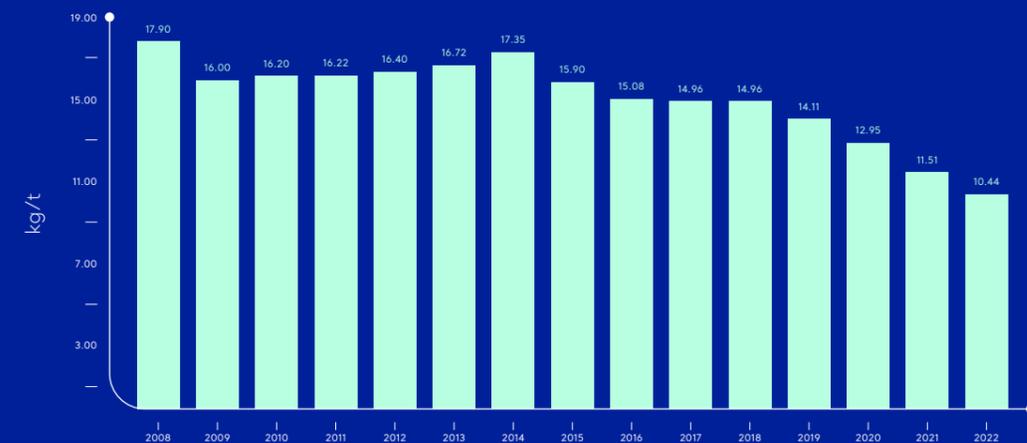


Figure 5 Specific CO₂ emissions from Gassco's product exports (kg/t produced).

Gas deliveries were high and stable during the year and rose by 3.3 per cent compared with 2021. CO₂ emissions from Kårstø in 2022 were reduced as a result of stable and energy-efficient operations, reduced NGL production and the introduction of a new mixed-butane product that is less energy-intensive to produce. See figures 5 and 6.

The total emissions of CO₂ in 2022 were 943 245 tonnes, 9.4 per cent lower than in 2021.

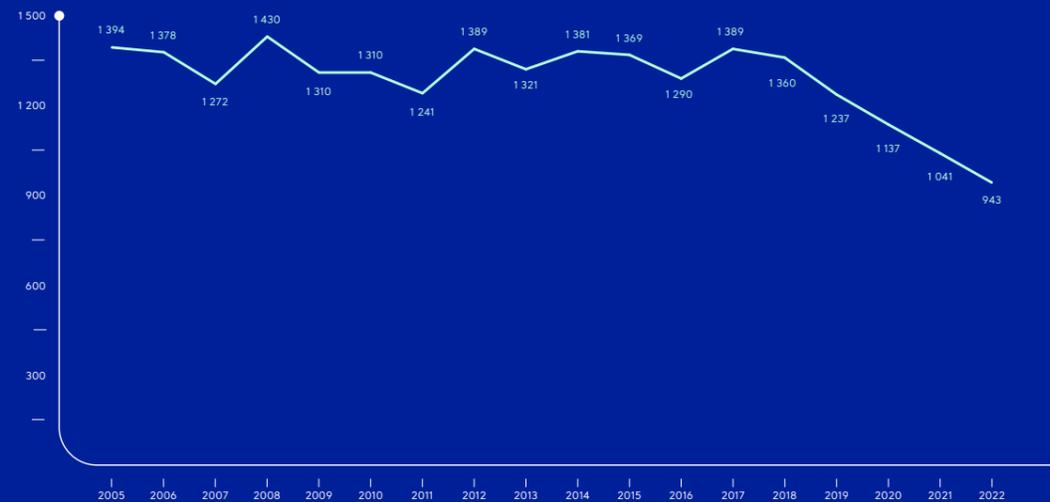


Figure 6 Annual CO₂ emissions from Gassco operated facilities.

Gassco's activities are subject to the EU Emission Trading System (EU ETS). This means the company has to submit annual verified reports on emissions covered by the system, which must be approved by national environmental authorities. Free EU Allowances (EUAs) are supplemented with purchases through the Emission Trading System (EU ETS).

It is estimated that Gassco was awarded 222 000 free EUAs for 2022. The authorities have changed the timing of the awarding of free EUAs for the coming year until after verified data for the previous year has been reported and processed. With this, an effort is being made to ensure that the award of free EUAs reflect the actual level of activities in the organisations as best as possible. Gassco purchased 793 000 EUAs at an average price of EUR 81 per tonne during the year. Unused EUAs were carried forward to 2023.

CO₂ emissions from the Draupner installations are also subject to a CO₂ tax, and at the onshore facilities there is an excise duty on the use of fuel gas.

Gassco's climate report uses the GHG Protocol as its framework for reporting such emissions.

Scope 1 emissions include CO₂ emitted by direct combustion, plus methane emitted from the company's own facilities. When calculating CO₂ equivalents, a factor of 25 is applied to determine the climate impact 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). As far as the Norwegian facilities are concerned, use is made of the Norwegian Water Resources and Energy Directorate's CO₂ factor for climate declarations for physically delivered electricity.

Scope 3 emissions are according to the GHG Protocol, emissions that a company does not produce itself but that arise further upstream or downstream in the value chain. A financial transaction must have occurred in order for Scope 3 emissions to be said to exist: Upstream emissions are emissions from goods and services purchased by the company, while downstream emissions are emissions from goods and services sold by the company. Gassco earns no direct income from the sale of its products or use of the infrastructure. Nor does it have expenses related to production on the NCS. However, Gassco does play a key role as the operator of the natural gas infrastructure in the value chain from field to market and consumer. Therefore, Gassco has chosen to include indirect emissions from the combustion of natural gas (sold gas) in our reporting as related indirect Scope 3 emissions, category 11 "Use-phase emissions of sold products".

Year	Direct emissions (Scope 1) CO ₂ e [tonnes]	Indirect emissions (Scope 2) CO ₂ e [tonnes]	Scope 2 carbon factor used for location-based reporting for assets in Norway	Scope 1 and Scope 2 emissions CO ₂ e [tonnes]	Indirect emissions Scope 3 *[million tonnes]
2022	967 647	52 524	11 g/kWh	1 020 171	234,59
2021	1 066 063	39 089	8 g/kWh	1 105 151	233,99
2020	1 164 751	78 337	17 g/kWh	1 243 088	

* Emissions from natural gas combustion (sold gas) related to Gassco's deliveries (1294 TWh in 2022, of which 93 per cent is assumed to have been incinerated), carbon factor 56.1 g/MJ. e = equivalents

Figure 7 Gassco's greenhouse gas emissions

Gassco has investigated options for the further electrification of Kårstø, in addition to the 20 per cent of the facility that is already electrified. The goal has been to provide a good overview of whether electrification is the best measure for achieving the desired emission cuts at the Kårstø facility. The study shows somewhat lower emission cuts than those that were first identified, and that the cost of the project has risen. Overall, this did not provide a basis for deciding to implement the project as it was originally planned.

Norwegian gas infrastructure is already largely powered by electricity from the power grid. Further electrification of the Kårstø facility or other emission cutting measures will trigger a need to upgrade the grid to Haugalandet. In line with the Norwegian construction contribution regulations, Gassco, Haugaland Business Park and Vår Energi will cover the study costs for Statnett's licence application for a new power line from Blåfalli to Gismarvik in Tysvær.

Gassco's good relations with the power and grid companies allow the company to assess the overall benefits of electrification measures. The partnership is the key to the work on achieving socially beneficial and climate efficient solutions. The company has established R&D partnerships both within the industry and within the supply industry.

Of the funds in this year's R&D budget, just over a third were spent on the "Sustainable Development" programme, which is mainly aimed at reducing climate impact.

An expanded campaign was conducted at the Kollsnes facility in 2022 with various measurement methods and technologies for measuring methane. The campaign was part of the R&D partnership between Gassco and Equinor aimed at achieving improved quality, reduced costs and more frequent measurements of diffuse methane emissions.

Gassco is part of the HighEFF Centre, which looks at emission cutting measures for industry in Norway, mainly from the perspective of energy efficiency. In 2022, a study was started at this centre that will look at the possibility of converting the hot oil system at Kollsnes to hydrogen operation. This work is expected to be completed during the course of 2023.

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

Examples of results from energy saving measures implemented in 2022 include:

- Gassco has agreed with Fluxys to reduce the temperature of the gas delivered from the Zeebrugge terminal. This has resulted in reduced fuel gas consumption, energy needs and CO₂ emissions in Zeebrugge. A similar reduction in temperature has been tested at GRTgaz in Dunkerque. This work is still being reviewed and evaluated.
- In order to reduce total energy consumption and associated CO₂ emissions in the value chain, the data tool and the process for checking inventory levels in pipelines were improved further. This is used in the round-the-clock operation of Gassco's transport control centre.

So far, experience shows that emission cutting measures and value creation go hand in hand. Gassco is working with many actors in several parts of the value chain to achieve reduced climate impact and increased value creation. Field operators, TSPs and downstream operators are all involved in this cooperation.

Gassco is working with many actors in several parts of the value chain to achieve reduced climate impact and increased value creation.



Future prospects for the goal "reduce climate impact"

Identifying and refining emission cutting measures will continue. Estimating Scope 1 and Scope 2 CO₂ emissions has become a more important part of the basis for making decisions about the future infrastructure, and higher quality analyses and forecasts will remain a focus area in 2023.

Gassco will also help to cut indirect emissions in the value chain (Scope 3), both through integrated energy management and through changes in how the infrastructure is used, such as establishing a hydrogen value chain. This is discussed in the future prospects for the goal "create the gas infrastructure of the future".

Work on cutting emissions from the Kårstø facility, including possible electrification of parts of the facility, continues. Kårstø Reduced Emissions (KREm) will be a new project from and including 2023. The project will include a joint concept phase. Emission cuts at the Kårstø facility will make an important contribution to achieving Konkraft's goal of reducing the industry's greenhouse gas emissions.

Gassco's R&D portfolio includes several programmes for low emission technologies that will be pursued over several years. Gassco's work on low emission technologies has led to some tasks being included in the activities for the strategic goal "create the infrastructure for the future".

Energy management in the value chain will be another priority area for the company in the coming years. Gassco is continuing to work on improving inventory management in pipelines and the associated processes. A project has also been awarded to SINTEF for the development of a pilot for model optimisation. This will help the operating organisation make tactical assessments regarding routing and storing gas in the network. This pilot will cover a limited part of the network and, should it prove a success, could be expanded to include larger parts of the network.

In cooperation with the authorities, TSPs, users, owners and other relevant actors, Gassco will assess technology and expertise, challenge current solutions and present innovative approaches to cutting climate impacts in the natural gas value chain.



Climate risk

The government wants state-owned enterprises to identify risks, opportunities and any need for transition in their activities based on the goals of the Paris Agreement, and for them to integrate these into their strategies. This means that companies must conduct scenario analyses to assess climate risk and map their room for manoeuvre.

Assessing climate risk is a natural part of Gassco's other risk management processes. Risks and opportunities are assessed in relation to the short, medium and long term and are presented in the company's radar image (see page 17). The radar image is reported to the board and at meetings with the owner and is incorporated into the company's analysis work related to strategy and corporate governance. Gassco's ambition is to report climate risk pursuant to the framework from the G20 countries' Task Force on Climate-Related Financial Disclosures (TCFD).

This defines three types of risk in which the climate issue is particularly relevant: physical, transition and liability.

Gassco's risk radar shows that its main climate risk is the "ability to achieve climate goals", and this is mainly related to transition risk. The table on the next page provides a complete overview of the relevant factors in each of the three risk areas with the associated measures.

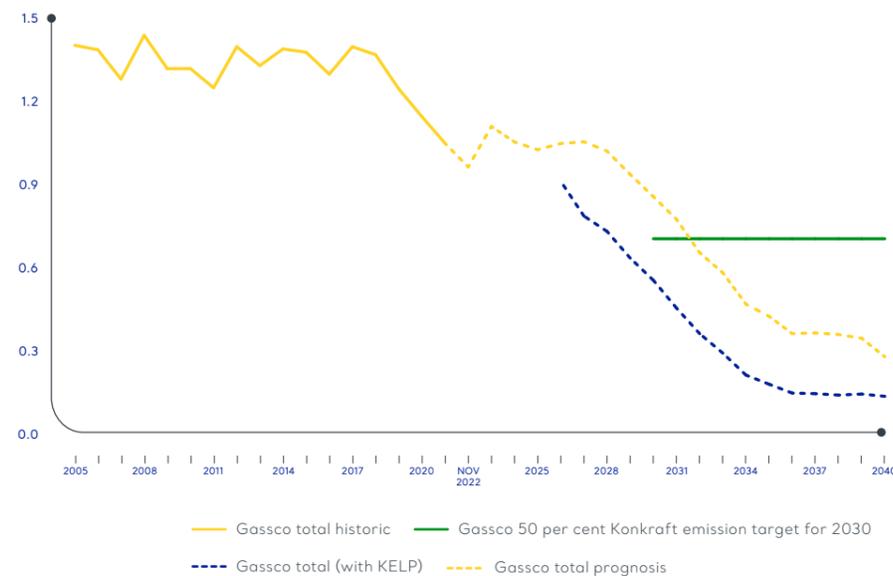


Climate risk	Time horizon	Factors	Measures
Transition risk			
Political and regulatory risk	Short and medium term	<ul style="list-style-type: none"> International climate obligations Regulations EU ETS Carbon costs 	<ul style="list-style-type: none"> Identify and study emission reductions Mature projects Electrification, access to electricity Efficient value chain solutions Knowledge sharing
Technology risk	Short and medium 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 development (FGI)
Market risk	Short term	<ul style="list-style-type: none"> Demand for natural gas in the short, medium and long term Changed utilisation of facility (gas/liquids) due to market prices OPEX/CAPEX 	<ul style="list-style-type: none"> Field reporting (GMDC) Stakeholder engagement Forward-looking gas infrastructure development (FGI) Kollsnes NGL train reconstruction Adaptive operations
Reputational risk	Short term	<ul style="list-style-type: none"> Responsible operator An understanding that natural gas is part of the solution Delivery security for energy deliveries 	<ul style="list-style-type: none"> Compliance with code of conduct Performance of operator role Safe and efficient operation Communication strategy Elevated security and emergency response level
Physical risk			
Damage (that results in CAPEX – incidents that cause major destruction)	Long term after 2050	<ul style="list-style-type: none"> Wind Flooding Impacts in relation to extreme weather 	<ul style="list-style-type: none"> Vulnerability assessments of facilities, installations Physical design, barriers Risk management at facility level
Restrictions in facilities that result in limited utilisation OPEX	Medium term	<ul style="list-style-type: none"> Cold snaps and heatwaves 	<ul style="list-style-type: none"> Vulnerability assessments of facilities, installations Physical design, barriers Updating of existing winterisation and summerisation programme Review of assumptions in earlier analyses
Liability risk			
Liability risk	Long term	<ul style="list-style-type: none"> Risk of being reported Insurance cases 	<ul style="list-style-type: none"> Reliable operator Stakeholder engagement Risk management Transparency

Gassco prepares emission forecasts based on future resource reports from fields and the planned utilisation of Gassco operated facilities. The prognoses for each of the Norwegian process plants and for the Draupner installations are reported every year in connection with the revised national budget (RNB).

In the figure below, the reported data from the RNB is aggregated with a premium for the terminals and shown as a prognosis for Gassco AS. Emissions data is based on resources up to and including resource class 5. This includes both resources where an extraction decision has been made, and some resources that have been proven but where no extraction decision has yet been made. A dotted curve has been included for emission reductions related to the Kårstø electrification project, which was finalised in 2022. The Kårstø electrification project was the measure that was found to have the greatest impact and was reported in the year's RNB. Please note that these figures applied for the official RNB submission (October 2022), and they may have changed subsequently.

The curve also includes a line related to the industry target of cutting total emissions by 50 per cent compared with 2005 levels by the end of 2030. This goal is in line with the Paris Agreement and the EU's emissions targets for sectors covered by EUAs. The curves go to 2040, which is the period reported for in the RNB 2023. It should be emphasised that Gassco's goal as a system operator is to reduce its climate impact and help achieve industry targets where they have the greatest impact in the value chain – and consequently the figure below should only be regarded as an illustration.



Decisions on measures that require investment will follow established decision-making processes. In December 2022, a decision was made not to continue the Kårstø electrification project, "KELP", although, as discussed under future prospects for the goal "reduce climate impact", work on cutting emissions at the Kårstø facility will be continued via another project.



PEOPLE AND ORGANISATION

People are society's most important resource. As an employer, Gassco has a big impact on the professional and personal development of its personnel, as well as on equality and diversity. The company had 379 permanent employees as at 31.12.2022. Of these, 166 worked at the gas terminals in Europe and the UK.

In line with the **UN's SDG 8, Decent Work and Economic Growth**, Gassco contributes to society in various ways through jobs, sustainable value creation, developing technology and expertise, and sponsorships.

Gassco is a knowledge company in which employees solve complex and varied challenges and receive good and close follow-up. Motivated employees and socially important work are important cornerstones for the company's development and attractiveness.

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

The company's ethics and confidentiality procedures apply to all of its employees and contract personnel. These include anti-corruption rules. The code of conduct is available on the company's website. Gassco also has a code of conduct for suppliers. Gassco expects its partners and suppliers to hold themselves to the same ethical standards as those it sets for its own business conduct.

Gassco employees undertake to comply with its code of conduct. This is designed to clarify the guiding principles for the company's business conduct and the conduct of its employees. Employees are required to review the code of conduct regularly. According to the code of conduct, each individual must contribute to an inclusive workplace community. All of them share a responsibility for creating a good working environment in which health and safety are safeguarded.

The code of conduct also addresses factors such as the duty of confidentiality, potential conflicts of interest and questions related to accepting gifts and services. Gassco has established security requirements for information and IT in its activities. The board and executive persons are covered by the company's current directors' and officers' liability insurance, which is provided by insurance companies with a solid rating.

Whistleblowing procedures are in place. The board encourages employees (permanent, temporary and consultants) to speak up about ethical issues and report any breaches of the rules they discover.

The company has equality, inclusion and diversity policies that apply to all employees. These policies are published on the company's website. Gassco is a knowledge company whose value lies in the expertise of its employees. Diversity should contribute to the achievement of the company's strategic goals. In Gassco, diversity is about how each and every one of us is different from the rest. The company has defined areas for its diversity work such as expertise, age and gender. Targets and measures have been established for the various areas and are addressed via the company's HR strategy. Gassco wants to reflect the diversity of society.

Gassco wants to be an attractive place to work in which all employees and qualified candidates are treated equally irrespective of age, gender and functional ability. These policies apply to all employees and consultants at Gassco. The company has 20 employees who work part-time in accordance with their wishes.

Creating and further developing a good working environment is a priority for Gassco's HR policy. Gassco conducts regular employee surveys to measure indicators of significance for the company's performance, results and working environment. Generally speaking, Gassco scores very highly. The latest employee survey was conducted in January and all of the departments worked on the results during the year.

Gassco's core values, TRACK, represent a set of goals for conduct, and work processes in the company are assessed against these. TRACK is, therefore, an integral element in employee performance assessments, departmental meetings and management meetings.

The board's monitoring of ongoing skills and management development in the company has been managed through involvement in, and reviews by, the remuneration 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 that apply at any given time.

Management and personnel development are continuous processes. Expertise and skills must be viewed as perishable goods and must be kept fresh throughout a person's career. A career development path is established through close follow-up of employee performance assessments and based on the company's strategic goals.

Gassco wants to be an attractive place to work in which all employees and qualified candidates are treated equally.

In meetings involving all managers with responsibility for personnel, Gassco has focused on their role in the company. Several gatherings of management personnel were held in 2022. Such development efforts must be viewed in relation to the work being done on a daily basis to develop personnel and expertise.

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

The HR policy is known within 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. Achieving full and productive employment and decent work for all women and men, and equal pay for equal work, are consistent with the **UN's SDG 8, Decent Work and Economic Growth**.

Gassco's HR 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 conducted 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.

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

Women account for 43 per cent of Gassco's management group. The company's HR policy focuses on equality 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.

Working environment and diversity in Gassco

	Unit	2022	2021	2020	2019
Employees					
Employees as per 31.12	Number	213	207	204	202
Employees at receiving terminals	Number	166	152	147	142
Turnover	%	1	1	4	2
Apprentices as per 31.12	Number	3	3	1	2
Age composition					
Employees under 30	%	6	5	4	4
Employees 30-50	%	46	52	50	51
Employees over 50	%	48	43	46	45
Average age of all employees	Year	48	48	49	48
Average age of men	Year	50	49	50	50
Average age of women	Year	46	46	46	45
Gender balance					
Proportion of women in Norway	%	38	36	38	37
Proportion of women at receiving terminals	%	12	13	12	12
Proportion of women in management positions (in Norway with personnel responsibilities)	%	32	29	34	38
Proportion of women in management team	%	43	43	58	58
Proportion of women on the board of directors**	%	40	40	40	40
Proportion of women among new employees*	%	37	36	20	43
Proportion of women with a bachelor's degree*	%	9	10	11	N/A
Proportion of women with a master's degree*	%	19	16	15	N/A
Proportion of women with a PhD*	%	0	0	0	N/A
Sickness absence*					
Short-term, 1-16 days	%	1.2	1	0.8	1.3
Long-term, >16 days	%	0.9	1.4	1.4	2.2
Total	%	2.1	2.5	2.3	3.5
Gassco as an employer					
Personnel who have completed annual employee performance assessment	%	92	95	94	95
Qualifications in Norway					
Employees with a bachelor's degree	%	28	32	32	N/A
Employees with a master's degree	%	53	47	51	N/A
Employees with a PhD	%	3	0.25	0.2	N/A
* of the total in Norway.					
** elected by general meeting					

The graph below shows the relationship between the Hay grade and the annual pay of all employees in Gassco as a whole and for women and men, respectively. The Hay grade is a measure of the weight of a position based on three different criteria: qualifications, 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 women and men in Gassco

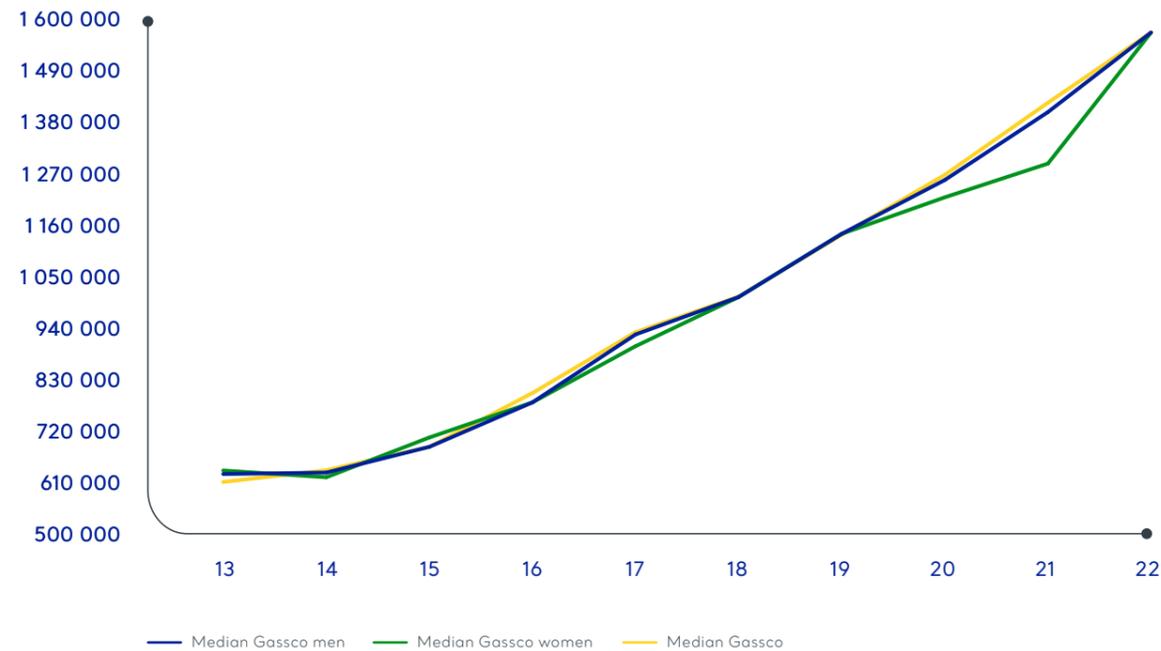


Figure 8 Pay levels women and men in Gassco.

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. The company has guidelines for the pay of executive persons, which were approved by the general meeting in 2022. An executive persons pay report for 2022 will be produced and considered by the general meeting in 2023. This describes the bonus system and assessments of executive persons' pay.

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

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

Workstations are individually customised for employees with actual or incipient repetitive strain injuries. The collaborations with the occupational health service and safety delegate service are open and solution oriented.

Gassco's goal is to maintain a good mental and physical working environment for all its employees. The company's working environment is good, and the company has for years had a target of under 3 per cent for total sickness absence. Overall sickness absence for the entire organisation was 3.7 per cent in 2022, compared with 3.4 per cent in 2021. Sickness absence for Gassco AS was 1.6 per cent in 2022.

2022 was a year in which the organisation could once again plan and organise social, cultural and sporting activities. The company arranged a series of social events and an anniversary party for employees.

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Sustainable local communities

Gassco's sponsorship strategy is anchored in its sustainability work. Gassco supports teams, organisations and events within sports and culture, as well as activities that protect biodiversity. The company believes in positive interaction between local communities and companies. The company made a substantial donation to the work of the Red Cross in Ukraine in 2022. Gassco donated funds to the Western Norway University of Applied Sciences (HVL) for the establishment of an IT programme in Haugesund. These are skills that are important for the company and the rest of the region.

The company works closely with educational institutions in order to stimulate interest and knowledge within science and technology subjects. Gassco is a partner of Young Entrepreneurship in Rogaland. Gassco also collaborates with Haugaland Vekst and participates in PR work to encourage new graduates to move to the region.

The company had three office trainees in 2022.

Digitalisation

Digital transformation is part of Gassco's business strategy, and an important means of achieving its strategic goals.

Digital transformation requires new skills, new roles and new responsibilities. New agility based forms of interaction have been introduced into the company, where the business units play a clear role in prioritising resources within digital operations and development.

During the year, Gassco gained useful experience from the digital transformation process it is currently undergoing. Digitalisation forms part of Gassco's business strategy, and digitalisation initiatives have been defined as part of the company's strategic action plan.

In 2022, the company focused on digitalising existing processes, making new data sets available and developing new digital products based on the company's reported needs. Several digital solutions that reduce manual labour have been implemented in-house.

In the coming year, the company will boost its digital capacity by enhancing its access to – and ability to use – cloud technology. The company wants to adapt existing processes to enable the efficient and rapid implementation of digital initiatives.

SHARE CAPITAL

The company's share capital as at 31.12.2022 was NOK 10 million, divided between 10 000 shares. All of 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 Desember 2022 was NOK 15 248 350. The total balance sheet was NOK 3 596 million, and the company had liquid assets through bank deposits of NOK 1 172 million.

Gassco is organised such that the company does not make a profit or a loss from its activities, and it is exempt from capital and income tax pursuant to section 2-32, paragraph one of the Norwegian Taxation Act. Given this, its market, liquidity and credit risks are considered low. Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the financial statements have been prepared based on an assumption that the company is a going concern.



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Bygnes, 27 March 2023

Signature
Jan Skogseth
Chair

Signature
Asgeir Tomasgard
Board member

Signature
Tor Rasmus Skjærpe
Board member

Signature
Anne-Lene Midseim
Board member

Signature
Brita Holstad
Board member

Signature
Vidar R. Nilsen
Board member*

Signature
Toralf Bredahl
Board member*

Signature
Lisbet Kallevik
Board member*

Signature
Frode Leversund
President and CEO

Employee representative*





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. He was the CEO of Aibel from 2008 to 2017 and played an important role in establishing that company on several continents. Skogseth has held several board appointments and currently sits on the boards of SpareBank 1 SR-Bank ASA, Scatec ASA and Nammo AS. Skogseth has been a board member since 2018 and chair since 2019.



Anne-Lene Midseim

Board member (born 1968)

Board member (born 1968). Midseim has a law degree from the University of Oslo. She has worked for Hydro since 1998, where she is currently Executive Vice President For Compliance, IP and Legal. Midseim has held various management positions in Hydro in Norway and Brazil. Among other things, she has served as a local adviser in East Timor for the Norwegian Oil for Development Programme. Prior to joining Hydro, Midseim worked as an associate lawyer in the law firm Vogt & Co and as a civil servant in the Ministry of Petroleum and Energy. Midseim has been a board member since 2019.



Tor Rasmus Skjærpe

Board member (born 1950).

Skjærpe graduated as a petroleum engineer from the Norwegian University of Science and Technology (NTNU). We worked for the consulting firm Proactima from 2014-2016, where he delivered services related to management and risk and management systems. He has previously held various management position in both Petoro and Norsk Hydro within operations, technology, licence management and strategy. Skjærpe has been a board member since 2016.



Toralf Bredahl

Board member, employee representative (born 1962).

He works in the IT Department at Gassco AS and is head of the Norwegian Society of Engineers and Technologists (NITO) branch in Gassco. Bredahl has been a board member since 2020



Brita Holstad

Board member (born 1966)

Holstad has an MSc in petroleum geology from the Norwegian Institute of Technology in Trondheim. She is the Chief Operating Officer of Transitus Energy Ltd. Holstad has previously served as the CEO of Capricorn Norge AS and regional director of Cairn Energy PLC with responsibility for Norway and the UK, as well as the CEO of Hess Norge AS. Holstad has been a board member since 2020.



Asgeir Tomasgard

Board member (born 1970)

Tomasgard is a professor in the Department of Industrial Economics and Technology Management at the Norwegian Institute of Science and Technology (NTNU). He is the director of NTRANS – Norwegian Centre for Energy Transition Strategies and of the NTNU Energy Transition Initiative. Tomasgard has been a guest researcher/professor at a number of international universities and is a member of several national and international panels and expert committees. Tomasgard has been a board member since 2021.



Vidar R. Nilsen

Board member, employee representative (born 1976)

Nilsen is an adviser in the Asset Technology Department and head of the TEKNA trade union branch in Gassco. Nilsen has been a board member since 2022.



Lisbet Kallevik

Board member, employee representative (born 1973)

She is an adviser in the Department of Business Development and Projects in Gassco and head of the Norwegian Union of Industry and Energy Workers (Industri Energi) branch in Gassco. Kallevik has been a board member since 2020.



Corporate **governance**

The board's presentation of corporate governance

The governing bodies in Gassco are the general meeting, the board of directors, the President and CEO, and the management group. The roles and responsibilities of the various bodies are defined at the highest level by laws, regulations, agreements and Gassco's articles of association.

Gassco's corporate governance complies with relevant points of the Norwegian Code of Practice for Corporate Governance. Since Gassco is not a listed company, but a wholly state-owned enterprise that does not exist to generate profits or income for shareholders, matters relating to equity and dividends, equal treatment of shareholders, shares and negotiability, general meetings, nomination committees and take-overs are not relevant and are therefore not discussed below.

In Gassco, corporate governance is defined as the overall management and control systems designed to safeguard the interests of the owner, employees, users and owners of the gas transport system. The corporate governance must also ensure that the company operates its activities safely, efficiently, sustainably, ethically and responsibly, from a social perspective.

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

Gassco's activities

The company's activities, vision and strategy are described in the Directors' Report. The company's strategic goals are evaluated annually. Strategic action plans and key performance indicators (KPIs), with targets and traffic light limits, are established that must be approved by the board.

KPIs measure the extent to which the company has achieved the sectoral policy goals set by the Ministry of Petroleum and Energy (MPE). By ensuring good HSE results, high regularity for gas deliveries to continental Europe and the UK, and operating expenses below the budget targets, Gassco contributes to maximising value creation from the NCS.

The company's risk is reviewed at each board meeting and in owner meetings with the MPE. KPI status is reported monthly to the board and biannually to the MPE.

Sustainability is an integral part of the company's corporate culture, strategy, operational activities and ethical conduct in relation to society.

Equal treatment of shareholders – transactions with close associates.

The Norwegian state's ownership of Equinor ASA and Gassco AS means that the two companies are close associates. Gassco purchases goods and services from Equinor ASA for technical facility operation and third-party assignments at cost in line with the Technical Service Provider (TSP) Agreement.

General meeting

The general meeting is the company's supreme authority. The Minister of Petroleum and Energy constitutes the general meeting and is thus responsible for administering the state's ownership of the company. The annual general meeting is held before the end of June each year in either Oslo or on the island of Karmøy. The general meeting approves the profit and loss account and balance sheet, determines how the annual surplus/deficit will be applied, elects the company's auditor and sets the auditor's fees.

The general meeting also elects the chair and board members on behalf of the shareholder and ensures that, overall, the board has appropriate and adequate expertise, capacity and diversity. 40 per cent of board members elected by the general meeting must be women.

The owner, board, President and CEO and auditor participate in the general meeting. The MPE's Petroleum and Gas Department has day-to-day responsibility for the owner's supervision of Gassco.

Board of directors

– composition and independence

Corporate assembly

Pursuant to the Norwegian Limited Liability Companies Act, companies with more than 200 employees should have a corporate assembly. However, agreement has been reached with the employees of Gassco that no corporate assembly needs to be established. The employees have elected an extra board member instead.

The board of directors

Gassco's board consists of eight board members, including five elected by the general meeting and three elected by, and from among, the employees. The board has not elected a deputy chair. All board members elected by the general meeting are independent of the company's day-to-day management and significant business partners. None of the board members elected by the general meeting perform specific tasks for the company in addition to their board position. No deputies are elected for these board members. Nor do they have bonus agreements, a pension scheme or access to severance agreements. None of the board members own shares in the company.

Board members are elected for up to 2 years at a time. Board continuity is ensured by providing new board members with a detailed briefing on the company's history, status and challenges (onboarding programme).

Upon taking up their position, board members must sign a declaration regarding their willingness to serve and a declaration of confidentiality, as well as confirm that they have read the articles of association, the code of conduct, the procedure for CSR, the instructions for the board, the remuneration committee and the President and CEO, as well as an authority matrix for the company.

The President and CEO is not a member of the board.

The work of the board

The board ensures that the activities are properly organised. The board is responsible for establishing control systems and for ensuring that the activities are performed in line with the company's core values, policies for ethics, CSR and the SDGs.

The board focuses on impartiality and ensuring that board members and the management group have a relevant breadth

and depth of expertise suitable for the company's challenges and the activities for which the company is responsible. The board appoints the President and CEO and establishes instructions for the board, remuneration committee and President and CEO.

The board approves strategies, key performance indicators, budgets, accounts and other important issues based on proposals from the President and CEO, who is responsible for day-to-day management of the company. The board can also put items on its agenda for decisions or information 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 activities by regular reporting between meetings. A special portal has been established to provide board members with information. The chair can convene extraordinary meetings as required. Five board meetings and a board seminar were held in 2022. The board also held information meetings regarding protecting against incidents in the gas infrastructure, and especially cyberattacks, in 2022. Attendance was 100 per cent.

A decision matrix has been created for the board, which specifies the role of the board in relation to various issues. The board has an annual plan for its work. This plan incorporates regular topics such as strategy, risk, sustainability and HSE. The board focuses heavily on safe and efficient operations and conducts an annual self-evaluation of its work.

Power of attorney has been given to the President and CEO and heads of the terminals in Germany, Belgium/France and the UK.

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 scrutiny and system audits by independent parties than is usual for a limited 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.

Remuneration committee

The board has established a remuneration committee. The committee's role is to prepare matters for the board concerning the conditions of employment for the President and CEO, the frameworks and policies governing such terms for other employees (including bonus schemes), and other matters relating to remuneration, supplementary benefits, incentive

models, pension terms, and organisational and skills development in the company. The committee consists of three board members 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 remuneration committee's appointment and work, which have been approved by the board.

Risk management and internal control

The government sets requirements for governance, supervision, control and risk management in state-owned enterprises. Gassco's management system describes its corporate governance. Risk assessments are conducted, and the most important emerging risks identified so that the necessary measures can be taken to ensure safe operation of the activities. Gassco's management system and associated control routines are designed to ensure efficient and prudent operation that complies with applicable legislation, regulations and defined goals.

Management and control are exercised through various processes that involve one or more of the company's governing bodies. The shareholder's management and control of the activities are exercised through meetings with the owner and general meetings.

The board ensures that the company is run in accordance with its strategy and objectives through board meetings and periodic reporting by the company. Gassco's board strives to safeguard the interests of the owner, employees, authorities, users, infrastructure owners, suppliers and other stakeholders.

The established management policies are designed to ensure good management and control of the activities. The company's policies are adjusted on an ongoing basis to ensure that the company's operations comply with the legal framework. The management system is reviewed annually by the board. Gassco is also subject to management and control by the infrastructure owners in joint ventures where the company performs operator functions. Gassco's management structure is based on established and communicated goals, strategies and values, including ethical rules. Gassco's management, which consists of a management group of seven people, regularly checks that the activities are being conducted in accordance with the company's strategy.

Relevant authorities, as well as users and owners of the gas transport systems, also conduct regular audits and supervision of Gassco's operatorship and associated activities and



Figure 9 Gassco's management model

management systems. The President and CEO is responsible for ensuring that the management group 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 underlying 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, policies and framework documents governing Gassco's activities.

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

The management process covers processes both for control of the company by the owner (i.e. 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 quality assurance processes.

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 has been established and approved for projects.

The user forums – 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 users. Gassco continuously evaluates whether the established user forums are functioning as intended. Although formal decisions are taken either by the owners of the gas infrastructure or by participants in infrastructure development projects, the work processes ensure that users exert genuine influence ahead of these decisions. The department for Safety, Security and Sustainability (SSU) has primary responsibility for Gassco's monitoring activities and draws up annual monitoring programmes in close cooperation with the business units. This unit conducts internal audits as well as audits of TSPs. Other types of internal and external monitoring activities are also conducted by Gassco's units and projects. This helps to ensure that activities comply with the law, regulations, internal instructions and suppliers' own internal requirements.

The results of these monitoring activities are used for continuous improvements to, and further development of, Gassco's management system. The overall management and control designed to ensure compliance and the implementation of improvements to the management system is performed by the SSU department.

Comprehensive risk management

Comprehensive risk management plays a key part in Gassco's management processes, and is used throughout the activities, in decision-making processes and in projects. The company's risk management procedure is based on the policies in ISO31000:2018 Risk Management. Particular attention is paid to risks with major accident potential. Workshops are held on major accident risk in accordance with industry standards.

The company's management group and board utilise a "radar image" as important information in decision-making processes and when updating strategies. This radar image primarily presents emerging risks and opportunities. It reflects strategic, operational and external risk, as well as opportunities. Different types of risk are managed differently in the

organisation. Gassco is always striving to improve its risk management process, and sharing lessons learned from the various parts of the activities contributes to positive development.

Management tools

The board and President and CEO utilise activities such as strategic planning, budgeting, periodic financial and operational reporting, and specific processes for the systematic risk management of the activities. Follow-up and control are partly performed through monthly operational and financial reporting on the development and status of the company and all its business areas. Risk management and balanced scorecards are utilised as tools in the business areas.

Remuneration of board members

The general meeting determines the remuneration of board members, and this is independent of the results achieved.

Remuneration of executive persons

The board determines the remuneration of the President and CEO, including any bonus payments, in accordance with guidelines set by the general meeting. The President and CEO determines the remuneration of other members of the company's management group in accordance with guidelines set by the board. Remuneration of board members and the President and CEO is specified in note 3 in the financial statements. The company has drawn up guidelines for the pay of executive persons, which were approved by the general meeting in 2022. An executive persons pay report will be produced and presented to the general meeting in 2023.

Performance-based 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 base salary, depending on the extent to which targets have been met. The board's information on pay and other remuneration for executive persons, see note 3 in the financial statements, details the remuneration of executive persons and the terms of the company's remuneration policy, including the bonus scheme. The information from the board is considered by the general meeting.

Information and communication

The board of Gassco has established a communication strategy that ensures an open dialogue both internally 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 on the company's website (www.gassco.no).

User information is made available to the users in Gassco's booking system, in the Origo IT system and in the user forums.

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

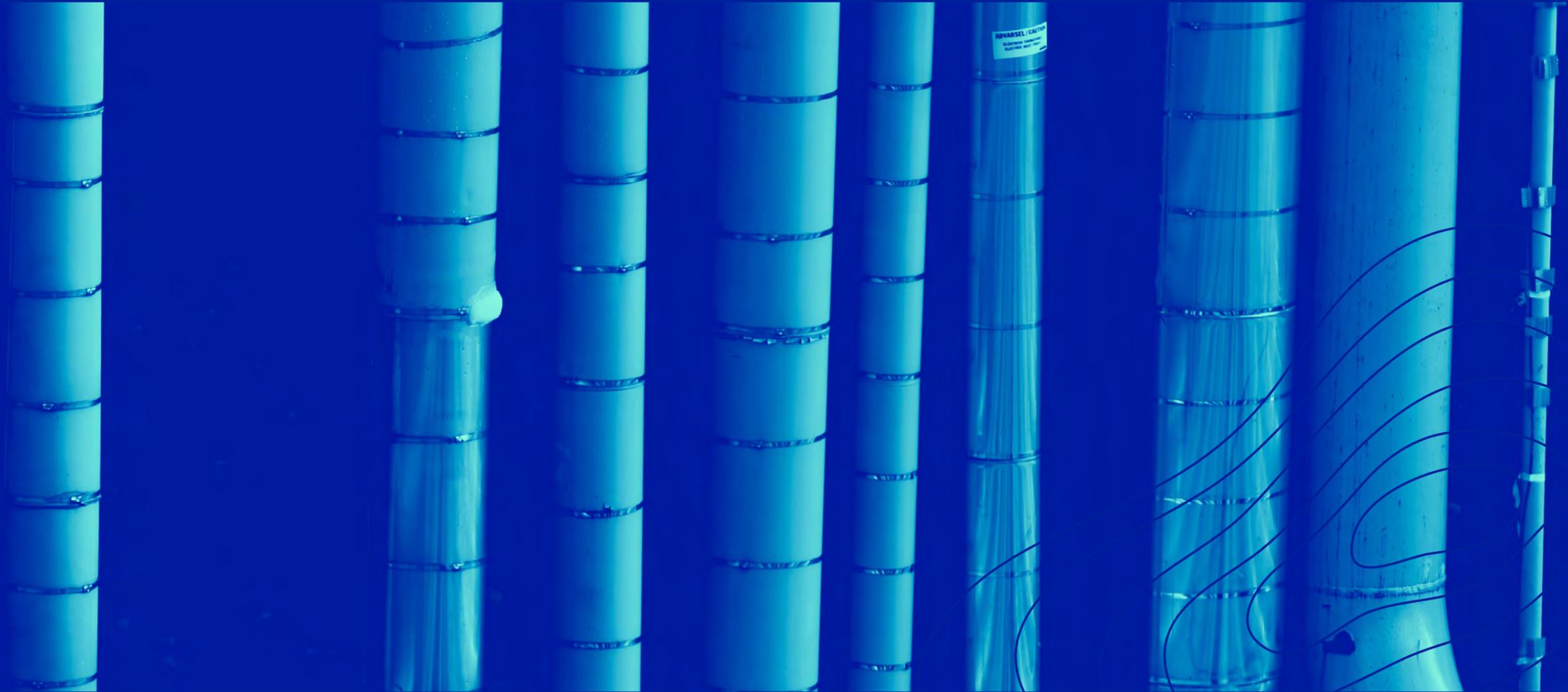
Real-time information and details about planned and unplanned shutdowns are posted on www.umm.gassco.no.

Auditor

PricewaterhouseCoopers (PwC) is the company's external auditor. The auditor's fee is determined by the general meeting. The auditor attends board meetings in which the financial statements are being 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 its independence on an annual basis.



Reliable operations
Sustainable
development
Secure Norwegian
gas exports
Effective
organisation



Financial statements

Income statement

Amounts in NOK 1 000	Note	2022	2021
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	5	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	2022	2021
Assets			
Tangible assets			
Land, buildings and other property	4	29 527	29 537
Operating equipment and fixtures	4	141 823	135 775
Total tangible assets		171 349	165 311
Other long-term receivables			
Other receivables	3,6,7	214 130	415 019
Total other long-term receivables		214 130	415 019
Total fixed assets		385 479	580 331
Current assets			
Receivables			
Accounts receivable	8	157 817	159 219
Other receivables	1,6	1 880 373	1 008 535
Total current receivables		2 038 190	1 167 754
Bank deposits and cash	9	1 172 490	347 622
Total current assets		3 210 681	1 515 377
Total assets		3 596 160	2 095 708

Balance sheet

Amounts in NOK 1 000	Note	2022	2021
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	10	10 000	10 000
Total paid-in capital		10 000	10 000
Retained earnings			
Other equity	11	5 248	5 248
Total retained earnings		5 248	5 248
Total equity		15 248	15 248
Liabilities			
Provisions			
Pension commitments	7	415 966	606 549
Total provisions		415 966	606 549
Long-term liabilities			
Other long-term liabilities	6,12	69 148	68 607
Total long-term liabilities		69 148	68 607
Current liabilities			
Accounts payable	1,8	2 888 134	1 182 201
Unpaid government charges and special taxes	1,9	46 846	23 286
Other current liabilities	6	160 817	199 815
Total current liabilities		3 095 797	1 405 303
Total liabilities		3 580 912	2 080 459
Total equity and liabilities		3 596 160	2 095 708

Bygnes, 27. mars 2023

Sign.
Jan Skogseth
Chair

Sign.
Asgeir Tomasgard
Director

Sign.
Tor Rasmus Skjærpe
Director

Sign.
Anne-Lene Midseim
Director

Sign.
Brita Holstad
Director

Sign.
Vidar R. Nilsen
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	2022	2021
Cash from operational activities			
Profit on ordinary activities before tax		0	0
Depreciation	4	47 949	45 658
Change in accounts receivable	8	1 402	(66 868)
Changes in other current receivables	6	(871 838)	(311 185)
Changes in long-term receivables		200 889	17 425
Changes in accounts payable		1 705 933	508 224
Changes in long-term commitments		(190 583)	(20 891)
Changes in other current liabilities	6	(15 438)	(62 951)
Changes in other long-term liabilities	6	541	(4 643)
Net cash from operational activities		878 855	104 770
Cash applied to investment activities			
Net disbursement for acquisition of fixed assets	4	(53 987)	(45 123)
Net cash applied to investment activities		(53 987)	(45 123)
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		824 868	59 647
Cash and cash equivalents at 1 January		347 622	287 976
Cash and cash equivalents at 31 December		1 172 490	347 622





Gassco Notes

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 operator ship 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	2022	2021
Operating income and expenses		
Normal operatorship	16 395 537	10 901 018
Special operatorship	379 106	326 836
Other assignments	1 267 384	582 352
Total operating income	18 042 027	11 810 206
Payroll expenses	675 041	581 235
Depreciation of fixed assets, Gassco	47 949	45 658
Other expenses	17 319 037	11 183 313
Total operating expenses	18 042 027	11 810 206
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	2022	2021
Tariff revenues		
Total tariff revenues	38 532 743	29 909 805

Note 3.

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

Amounts in NOK 1 000		
Payroll expenses	2022	2021
Pay ¹⁾	443 410	401 132
Payroll tax	82 083	71 084
Pension costs ²⁾	117 546	88 862
Other benefits	32 001	20 157
Total payroll expenses	675 041	581 235
Work-years performed	379	357

¹⁾ Payroll expenses include bonuses in addition to base salary. ²⁾ Pensions – see note 7 for further details

Amounts in NOK 1 000		
Loans and security provided to:	Loans	Security
Employees	77 044	0

Remuneration of management group

The awarding and payment of remuneration to executive persons has complied with Gassco's executive persons pay policy.

Name	Year	Base salary ¹⁾	Fixed salary addition ²⁾	Pay	Other benefits ³⁾	Bonus	Pension ⁴⁾	Total remuneration
Frode Leversund*), president and CEO	2022	3 750	-	3 750	53	287	349	4 439
	2021	3 475	-	3 475	25	270	708	4 478
Øystein Rossebø, senior vice president, business, development and projects	2022	2 000	270	2 270	53	151	202	2 676
	2021	1 830	163	1 993	33	136	191	2 353
Kristin Kinn Kaste, senior vice president, asset management	2022	1 930	270	2 200	55	147	211	2 613
	2021	1 780	163	1 943	31	134	195	2 304
Alfred Skår Hansen, senior vice president, system operation	2022	1 800	270	2 070	56	133	204	2 463
	2021	1 610	163	1 773	32	122	192	2 119
Randi Viksund, senior vice president, staff and support	2022	1 700	270	1 970	51	131	220	2 372
	2021	1 590	163	1 753	37	119	200	2 110
Alvin Hansen*), senior vice president, safety, security and sustainability	2022	1 840	270	2 110	54	146	1 446	3 756
	2021	1 766	163	1 929	26	137	1 924	4 016
Trine Lund*)**), senior vice president compliance	2022	1 600	270	1 870	52	122	2 786	4 830
	2021	1 475	163	1 638	21	113	2 155	3 928

1) Base salary per 31.12.2022. The annual fixed base salary is the main component of executive persons' remuneration in Gassco. Salaries are normally reassessed as per 01.07 every year. **2)** Fixed overtime pay per 31.12.2022. Persons in executive or particularly independent positions and who, therefore, are not entitled to a variable overtime supplement, receive fixed, annual overtime compensation and get one extra week off per year. **3)** Other benefits are benefits in kind and mainly consist of free telecommunications and enrolment in personal insurance. **4)** Pension, Gassco had a traditional defined benefits scheme up until 01.01.2016. The defined benefit scheme was then closed, i.e. only those with 15 years or less until they turned 67 remained in the scheme. Other employees, including executive persons, transferred to the company's new defined contribution scheme. The defined benefit scheme has maximum permitted rates, i.e. 7 per cent contribution for salary up to 7.1G and 25.1 per cent contribution for salary between 7.1 and 12G. No contributions are made for pay in excess of 12G. All employees, including executive persons, have the same pension conditions based on the description in the section above. *) For employees with company pension, the amount represents the change in DBO – for those with a defined contribution pension scheme it represents paid pension premium. Changes in DBO is a calculatory value, reflecting the effect of an extra year's earnings, life expectancy, discount rate and expected growth in future salary and G. **) An employee retains rights from former early pension scheme.

Remuneration of the board of directors

Total board remuneration and the remuneration of the individual board members for 2022 and 2021 are shown in the tables below.

Amounts in NOK 1 000	2022	2021
Fees and other remuneration – ordinary board activities	2 032	1 959

Name	Year	Board remuneration*	Remuneration committee	Total remuneration
Jan S Skogseth, chair	2022	445	10	455
	2021	430	10	440
Asgeir Tomasgard, director	2022	227	-	227
	2021	220	-	220
Brita Holstad, director	2022	227	-	227
	2021	220	-	220
Anne-Lene Midseim, director	2022	227	10	237
	2021	220	-	220
Tor R Skjærpe, director	2022	227	10	237
	2021	220	10	230
Lisbet Kallevik, director (employee representative)	2022	227	-	227
	2021	220	-	220
Vidar R Nilsen, director (employee representative)	2022	227	-	227
	2021	-	-	-
Toralf Bredahl, director (employee representative)	2022	227	-	227
	2021	220	-	220
Brynjar Aardal, director (employee representative)	2022	-	-	-
	2021	220	-	220

*Rates approved by the General meeting

Auditor's fees

NOK 1 298 865 was paid in 2022 (2021: NOK 1 660 435) as fees to PricewaterhouseCoopers AS for auditing the company and the licences operated by Gassco AS. Furthermore, PricewaterhouseCoopers AS was paid fees of NOK 539 702 (2021: NOK 1 038 669) for consultancy work. No fees were paid to Advokatfirmaet PricewaterhouseCoopers AS for legal assistance in 2022 nor in 2021.

Note 4. Tangible fixed assets

Amounts in NOK 1 000 2022	Buildings and other real property	Operating equipment, fixtures, tools, etc	Total
Acquisition cost 1 Jan 2022	46 169	446 901	493 071
Disposals/scrapping	-	54 030	54 030
Conversion difference	(20)	(20 827)	(20 847)
Acquisition cost 31 Dec 2022	46 149	480 391	526 541
Accumulated depreciation 1 Jan 2022	16 633	311 126	327 759
Disposal accumulated depreciation	(20)	(20 785)	(20 805)
Depreciation for the year	10	47 939	47 949
Accumulated depreciation 31 Dec 2022	16 623	338 569	355 191
Book value 31 Dec 2022	29 527	141 823	171 349
Economic lifetime	5, 50 years	3, 5, 7, 8, 10 years	
Depreciation plan	Linear/none	Linear	

Note 5. Income taxes

Amounts in NOK 1 000	2022	2021
Taxes for the year are as follows		
Tax payable	0	0
Changes in deferred tax	0	0
Tax on ordinary profit	0	0
Tax payable	2022	2021
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 2022 and concluded that the conditions for tax exemption were also fulfilled in that year. No tax payable has therefore been calculated for 2022 nor any temporary differences/deferred tax for either 2022 or 2021.

Note 6.

Other receivables and liabilities

Other long-term receivables		
Amounts in NOK 1 000	2022	2021
Loans to employees	77 044	70 651
Pension-related receivables	137 086	344 368
	214 130	415 019

Other current receivables		
Amounts in NOK 1 000	2022	2021
Receivable from licences	1 820 127	970 903
Receivable from shippers	39 080	
Other current receivables	21 167	37 632
	1 880 373	1 008 535

Other long-term liabilities		
Amounts in NOK 1 000	2022	2021
Liabilities to shippers	69 148	68 607

Other current liabilities		
Amounts in NOK 1 000	2022	2021
Liabilities to shippers	-	3 732
Liabilities to credit institutions	78 490	65 332
Payroll-related liabilities	82 327	77 465
Other current liabilities	0	53 287
	160 817	199 815

Note 7.

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 2022 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	2022	2021
Present value of pension earning for the year	11 220	12 478
Interest cost of the pension commitment	7 447	6 374
Curtailed/settlement	0	0
Administration costs	112	112
Recorded implementation effect/ curtailment/settlement	0	0
Recorded estimate loss/(gain)	25 246	39 344
Net pension expenses/(gain)	44 024	58 307
<hr/>		
Defined contribution plans	22 802	19 572

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				
2022	Funded (collective)	Unfunded (AFP)	Other unfunded	Total
Earned pension commitments	464 322		307 966	772 288
Pension funds (at fair value)	(386 409)			(386 409)
Unrecorded effect of estimate variations	0			
Net pension commitments	77 913		307 966	385 879

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		
Economic assumptions	2022	2021
Discount rate on corporate bonds	3.00%	1.90%
Expected return on pension funds	3.00%	1.90%
Expected pay growth	3.50%	2.75%
Expected adjustment to current pensions	2.00% / 3.25%	2.50%
Expected change to National Insurance base rate (G)	3.25%	1.75% / 2.5%

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 2022 satisfied local requirements.

Amounts in NOK 1 000, converted at an average exchange rate of 10.0581

For employees in Belgium	2022	2021
Present value of pension earning for the year	5 029	4 694
Interest cost of pension commitment	469	197
Return on pension funds	(330)	(148)
Administration expenses	0	0
Net pension cost	5 167	4 743

Amounts in NOK 1 000, converted at the closing exchange rate of 10.5138

Funded	2022	2021
Earned pension commitments	98 302	113 243
Pension funds (at fair value)	(6 206)	(86 493)
Net pension commitment	22 096	26 750

Economic assumptions	2022	2021
Discount rate	3.06% / 3.13%	0.32% / 0.97%
Inflation	2.10%	1.80%
Expected pay growth	2.00%	2.00%
Expected adjustment to current pensions	2.10%	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 10.0581

For employees in Germany	2022	2021
Present value of pension earning for the year	19 537	20 314
Interest cost of pension commitment	5 774	5 265
Recorded estimate loss/(gain)	(185 277)	9 692
Net pension cost	(159 966)	35 271

Amounts in NOK 1 000 converted at the closing exchange rate 10.5138

Funded	2022	2021
Earned pension commitments	293 583	443 903
Pension funds (at fair value)	(285 593)	(261 142)
Net pension commitments	7 990	182 761

Economic assumptions	2022	2021
Discount rate	3.60%	1.30%
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 8. 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 13 683 million, including VAT, in 2022 (2021: NOK 6 941 million) related to various technical service provider (TSP) and third-party assignments. NOK 21 516 million (2021: NOK 15 634 million) was invoiced net as services sold (including tariffs) to Equinor ASA/ Equinor Energy AS. The net balance with Equinor was NOK 661 million at 31 December 2022 (2021: NOK 625 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 9. Tax deducted

Bank deposits and cash include NOK 15 547 625 in tied tax withholdings.

Note 10. Share capital and shareholder information

The share capital of the company at 31 December 2022 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 11. Equity

Amounts in NOK 1 000	Share capital	Other equity	Total equity
Equity at 1 Jan 2022	10 000	5 248	15 248
Year's change in equity:			
Profit for the year		-	-
Equity at 31 December 2022	10 000	5 248	15 248

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 Langed, and a statutory bank guarantee in the amount of EUR 330 000 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 2022, 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 2022, 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 relevant laws and regulations in Norway 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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 statutory requirements.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



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, 27 March 2023
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

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

