



Annual Report

2023

Sustainable value creation



Gassco ensuring energy security



FRODE LEVERSUND
President and CEO

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High levels of activity in Norwegian gas transport

Norwegian natural gas is a sought-after and important source of energy for Europe. More than 30 per cent of natural gas imports to Europe came via the pipeline network on the Norwegian Continental Shelf (NCS) in 2023. Last year was one of high levels of operational activity, an expanding project portfolio, new studies on low-carbon energy and a growing organisation. We have also conducted extensive maintenance work and increased the capacity in the gas infrastructure.

The year 2023 marks one in which access to Norwegian natural gas became crucial to European energy security. Following the acts of sabotage against the Nord Stream pipelines in September 2022, around 40 per cent of natural gas deliveries to Europe were lost overnight and Norway became the most important energy supplier in Europe in an equally short time. This is a responsibility we take extremely seriously, and our most important task is to secure Europe's energy supply.

In 2023, we supplied 109.1 BCM of natural gas via the integrated gas transport network from the NCS to Europe. This corresponds to 1 207 TWh in energy terms. Overall, this delivery figure corresponds to the average of what we have supplied via the gas pipeline network over the last decade. There are several reasons behind the consistently high delivery figures, but the most

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important is the unique collaboration culture that can be found in Norwegian gas transport. The collaboration comprises more than 65 field licences, land facilities and delivery points and, over several decades, it has fostered a culture of transparency and trust that spans across national borders and different enterprises. This is the hub of Norwegian gas transport.

Even though the 2023 annual delivery figure set no records, the year still ended with a peak listing. In December, a delivery record was set with no less than 11.1 BCM (121.7 TWh) delivered in a single month. This is the largest volume of natural gas ever transported in a single month from the NCS to Europe. One important driver behind the delivery record is that an important and successful project was completed at the Kollsnes processing plant in the autumn to increase robustness and capacity. The capacity increase alone translates to an additional potential of 46 TWh per year or an increase of 8 per cent. Excellent work has been undertaken by Gassco, managing the project, and the TSP at Kollsnes, Equinor, responsible for execution of the project. This work helps strengthen Norway's position as a reliable gas supplier to Europe and is therefore a key contribution to security of energy supply on the continent.

Extensive maintenance work was also carried out in 2023. Field licences, land facilities and delivery points all undergo regular, scheduled maintenance. Gassco's role is to coordinate such maintenance, while also meeting the need for maximum gas availability at all times. The maintenance programme runs to an annual cycle and 2023 entailed extensive activities. Certain maintenance activities exceeded the allotted time period and, going forward, we will look at how we can avoid this happening again. Nevertheless, the extensive maintenance programme undertaken in 2023 means that we have been able to enter 2024 with a transport system capable of managing the anticipated demand with regard to both safety, security and production.

Over the course of the year, we registered a negative trend in the number of HSE incidents and we are continuously working to reverse this trend. Proper risk management and understanding is key to avoiding accidents, and both of these are crucial keywords for our HSE efforts in the coming year. Continuous learning through updated management systems is also important in our industry.

Gassco assumes the role of architect for the gas infrastructure. This entails a responsibility to coordinate, plan and further develop the gas pipelines, processing plants and receiving terminals of the future. In general, we experienced a year of very high levels of activity within the company's project portfolio. We also conducted feasibility studies to explore the transport opportunities for hydrogen and carbon and the

possibility of reusing existing infrastructure for new purposes. We have drawn up a report on the German-Norwegian energy cooperation on hydrogen. In the report, Gassco states that a hydrogen value chain that includes transporting vast volumes of hydrogen from Norway to Germany would be technically feasible under the assumptions set out in the report. We are also working on feasibility studies relating to carbon transport and storage systems on the NCS.

Sustainability is an integral part of our business strategy and a consistent element in everything that we do. We have linked our work closely to the UN Sustainable Development Goals (SDGs) and you can find which areas of our operations are linked to which goals in the directors' report. For sustainability, our priority areas span from greenhouse gas emissions and environmental initiatives to people and social responsibility. Last year, we managed to reduce our total emissions by four per cent through energy efficiency measures and other emission-reducing measures in the value chain. We are also working on larger individual projects to achieve our emissions targets, including electrification, removal of CO₂ from natural gas, and carbon capture and storage.

We have also completed an extensive culture programme for all employees with the aim of investing in corporate culture, the working environment and the individual. We firmly believe that employees who are happy at work perform better and an important focus in this work has been the interaction between colleagues and how we relate to one another, everyday work life and how work and leisure time is balanced. On the back of this, we were excited to see the Norwegian Ocean Industry Authority launch its theme for 2024: "Don't forget the working environment!".

The year 2023 was also characterised by rapid changes relating to technology and digitalisation and throughout the year Gassco invested significant resources in identifying digital business needs and in implementing digital initiatives. The company has also evaluated artificial intelligence (AI) and looked at how AI can be safely phased in at Gassco.

Generally high levels of activity within the company represent key opportunities for continued access to natural gas in the coming years. In order for Norway to maintain its position as a reliable supplier of natural gas in the future, Gassco, as the architect of the gas infrastructure, needs to further develop the continental shelf from north to south and continuously identify good solutions for the community. Gassco is committed to its core task, which is to ensure safe, reliable and predictable gas deliveries to Europe. In an increasingly troubled world, this task may be even more important than ever before.



Directors' **Report**

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

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

Companies owned by the Norwegian state are categorised in accordance with the government's goals as owner. Gassco is a category 2 company, meaning a company through which the government is seeking the sustainable and most efficient possible achievement of sectoral policy goals. The rationale for the state's ownership of Gassco is a desire to ensure a neutral and independent operator for the integrated gas transport system, while simultaneously facilitating efficient resource utilisation on the NCS. The objectives are efficient operation and integrated development of the gas transport system on the NCS and equal access to transport capacity for users.

Special and normal operatorship

Operating parameters for Gassco are determined by the Norwegian government and its primary roles are the exercise of "special" and "normal" operator responsibilities.

Special operatorship refers to performing duties allocated to Gassco pursuant to the Norwegian Petroleum Act and associated regulations. This includes system operation, capacity management and infrastructure development.

Normal operatorship refers to the technical operation of processing plants, pipelines, platforms and terminals pursuant to the Norwegian Petroleum Act's provisions on operator responsibility. These duties are regulated by agreements with the Gassled, Zeepipe terminal, Dunkerque terminal DA, Utsira High Gas Pipe, Haltenpipe, Nyhamna, Polarled and Vestprosess DA joint ventures. Gassco has entered into agreements with Technical Service Providers (TSP), which are Equinor,



Norske Shell and North Sea Midstream Partners (NSMP), on the purchase of technical operating services for pipelines, receiving terminals and processing plants. Corporate governance is dealt with by Gassco's management system, which ensures efficient operation in accordance with applicable legislation, statutory regulations and specified goals.

Sustainability is an integral part of the company's corporate governance, organisational culture and ethical conduct in relation to society and the environment. Read more about Gassco's work on sustainability under Sustainability on page 22.

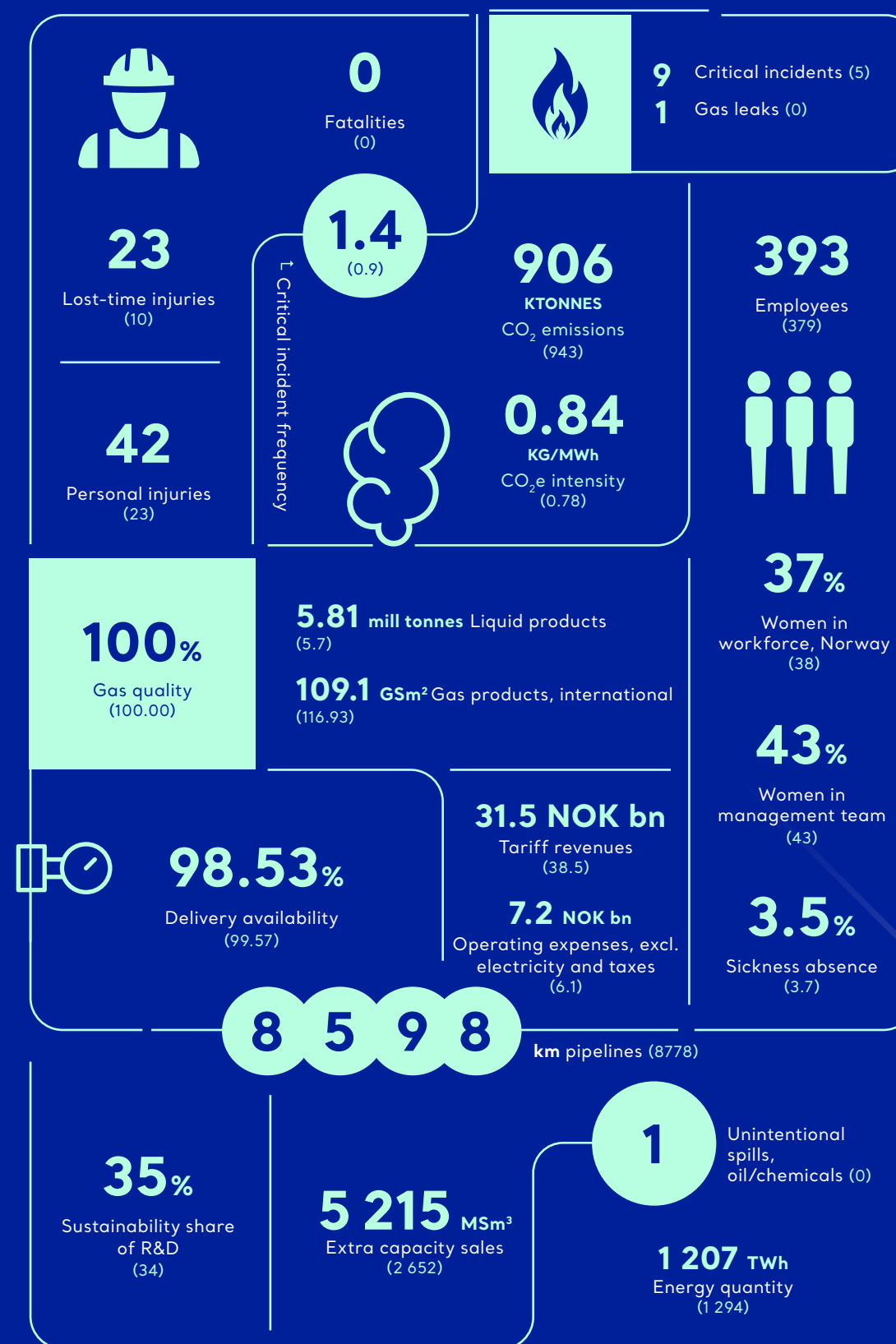
Risk assessments are conducted, with the most hazardous activities at any time identified, to ensure safe and reliable operations. Further information about Gassco's work on risk management can be found on page 85, under Risk management and internal control in the chapter on Corporate governance and on page 17 under Risk management in the Directors' report.

Gassco is not meant to make either a profit or a loss from its activities. Costs are covered by the joint ventures, users and third parties. This means that Gassco's economic and financial risks are very limited.

Key performance indicators

Key performance indicators 2023

(figures for 2022 in brackets)



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The company's vision, strategic goals and values

Vision

Gassco's vision is securing energy supply.

Strategy

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



safe, reliable
and effective



create
infrastructure
for the future



reduce
climate impact

A precondition for achieving these goals is human competence and a well-functioning organisation.

Values

In its operations and conduct, both internally and externally, Gassco is committed to ethical, sustainable and socially responsible practices, placing the company's values at the forefront:

T – Transparent
R – Respectful
A – Accountable
C – Challenging
K – Knowledgeable

Strategy and results

Gassco has developed a strategy with clear goals for the company and this strategy is updated every year. The strategic analysis conducted in 2023 showed that the related goals are appropriate, and it was decided that these will be continued. See the separate review of the strategic goals on page 30.

Risk management

Risk management is an integral component of strategy work. The risk management process has been described in further detail on page 85 under Risk management and internal control in the chapter Corporate governance. The company's "radar image" shown in the figure below reflects elements that characterised 2023 and which provide the basis for the company's future direction. This image is therefore reflected in the company's strategic action plan for 2024.

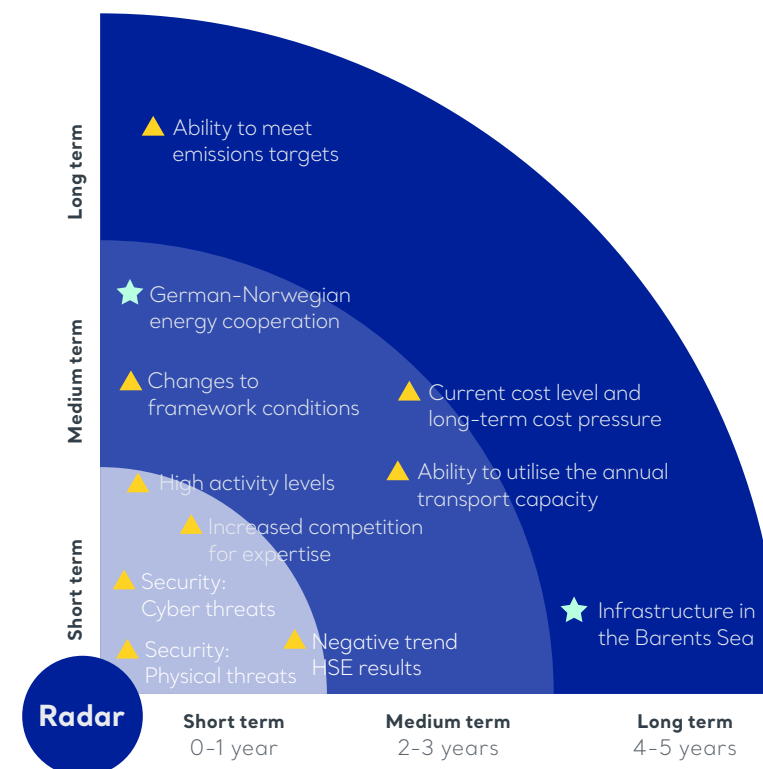


Figure 1 The radar image

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, but nevertheless so important that they require attention from senior management.

EXPLANATION OF THE ELEMENTS IN THE RADAR IMAGE

[Short term \(0-1 year\)](#)

▲ **Security - cyber threats:** The security risk relating to cyber threat has been high for a long time and the Russian invasion of Ukraine has contributed to an elevated risk. A number of steps have been taken throughout the year and operations have taken place with a higher level of security than before. Gassco works closely with the authorities in relation to this type of risk management.

▲ **Security - physical threats:** As a consequence of the war in Ukraine, Norway became the largest supplier of natural gas to Europe. Incidents such as the explosions in Nord Stream 1 and Nord Stream 2 in 2022 and the Baltic Connector incident in 2023 are not linked to Norwegian gas infrastructure, but nevertheless resulted in a need for increased vigilance on the NCS, and further measures have therefore been implemented to protect Norwegian infrastructure. Gassco has worked closely with relevant authorities to manage this situation.

▲ **Increased competition for expertise:** Over the years, Gassco has built a good reputation locally as an attractive employer with a good working environment, a focus on employees and competitive conditions. Recent times have been characterised by low unemployment and a limited candidate market and experiences from recruitment rounds in recent years show that it has become harder to attract the right workforce for the company. In addition to competition from the oil and gas industry, there is increased competition from other industries. Activity levels are high, and this situation is expected to persist over the next few years. There is therefore a risk that Gassco will be unable to recruit or retain the right expertise.

▲ **High activity levels:** The industry is in a period of very high levels of activity. Gassco must be prepared for this to continue for several years going forward. This presents several challenges, such as challenges linked to access to equipment and human resources, cost pressures, multiple parallel activities and an increased risk of undesirable incidents.

▲ **Negative trend in HSE results:** Gassco has a zero philosophy when it comes to HSE and a target of zero accidents and zero injuries to people and zero damage to the environment and material assets. The number of critical incidents and personal injuries was too high in 2023. Most of the critical incidents classified as critical were classified as such because the incident could potentially have led to injuries in the event of minor changes to the course of events. Only one critical

incident resulted in an actual consequence (extended downtime in connection with a maintenance shutdown at a processing plant). All personal injuries in 2023 had a low potential for harm, with the exception of one finger injury.

[Medium term \(2-3 years\)](#)

▲ **Changes to framework conditions:** The geopolitical security situation has changed since Russia invaded Ukraine. The war is affecting the energy situation globally, in Europe, in Norway and for Gassco. The transport of gas to Europe using pipelines has been defined as a fundamental national function and Gassco is therefore fully subject to the Norwegian Safety and Security Act. In April 2023, the Ministry of Energy (MoE) indicated that the state aims to utilise the right of reversal upon the expiration of the licence period and that there is a desire for wholly state-owned ownership of central aspects of the Norwegian gas transport system. The time and scope of any such state takeover is not known, but such a change could lead to changes to regulations as well as to Gassco's mandate and work processes. Future gas activities could also be affected by regulatory changes, such as the EU Taxonomy, emissions requirements, allowances and costs, and an adjusted mandate. Read more about how Gassco works on risks relating to framework conditions and transitional risk under Climate risk on page 60.

▲ **Current cost level and long-term cost pressure:** There has been a sharp increase in activities on the NCS and high levels of activity are expected to continue in the coming years. This is putting pressure on the entire value chain. Inflation also remains high, and this is causing concern regarding cost levels.

▲ **Ability to utilise the annual transport capacity:** Following many years of production availability above the key performance indicator for goal attainment, there has been reduced availability, particularly at Nyhamna, where several unplanned incidents have taken place. The main explanation for the reduced availability is maintenance shutdowns that have continued for longer than planned, both at Gassco-operated plants and in fields on the NCS, as well as the fact that there is an increased need for corrective maintenance. Overall, these challenges have led to reduced export of gas from the NCS to end users.

Together with the TSPs Equinor, Shell and NSMP, Gassco has established key performance indicators for goal attainment (KPIs) linked to production availability and processes to follow up on such KPIs. Gassco has expanded its analyses of unplanned

production incidents across plants in order to identify areas for improvement. Lessons learned from 2023 will also be included in the integrated maintenance plan for the Norwegian continental shelf for 2024.

★ **German-Norwegian energy cooperation:** The purpose of the joint German-Norwegian feasibility study is to verify the feasibility of a hydrogen value chain from Norway to Germany, as well as a carbon value chain from Germany for storage on the NCS.

Long term (4-5 years)

▲ **Ability to meet emissions targets:**

Gassco's business is affected by climate change and climate policies. International and national targets to cut emissions are leading society to adopt more renewable resources, while coal, oil and gas are being phased out. Gassco must carefully monitor these developments and understand and manage the climate risks that may affect its business, such as transitional risk, physical risk and liability risk. As part of the industry, Gassco plays a part in Konkraft's goal of reducing carbon emissions by 2030 and 2050. Gassco has also established a climate roadmap towards 2030 as a strategic tool and strategic activities are based on this roadmap. Read more about how Gassco works on climate risk on page 60.

★ **Infrastructure in the Barents Sea:**

Based on the Norwegian Offshore Directorate's mapping of potential resources, the development of the Barents Sea will be important for Norway's future as a supplier of natural gas. The timing of phasing-in new gas volumes from the area could also affect future use and development of existing gas infrastructure. The Barents Sea may become important in ensuring future energy supplies to Europe and it is therefore crucial to prioritise both the maturation of the volume potential and flexible gas infrastructure solutions. Gassco is studying this from an architectural perspective in close dialogue with relevant companies.

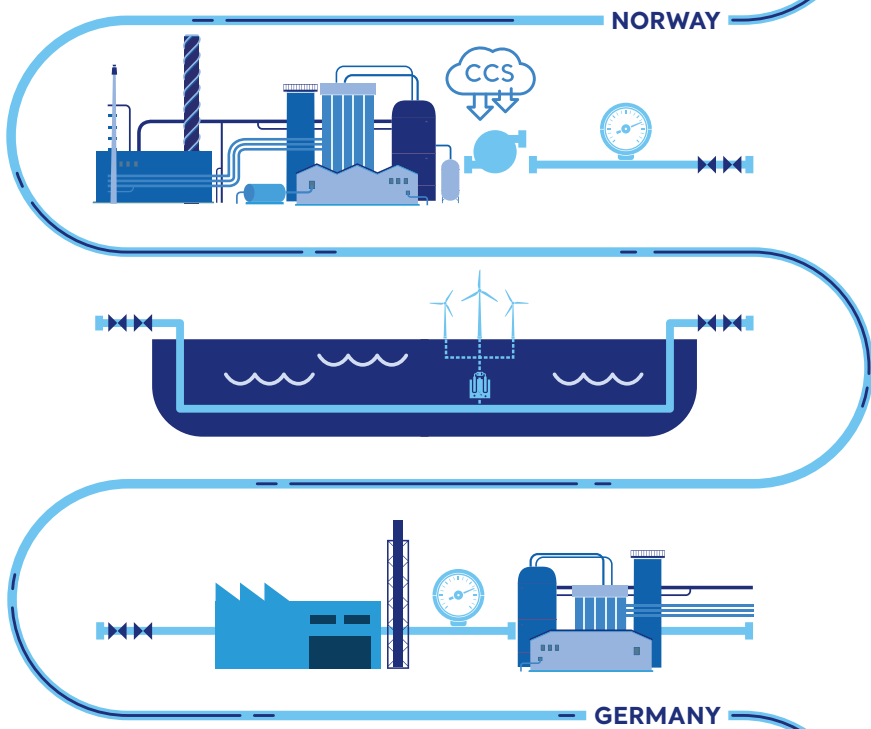
Changes to the risk situation since 2022:

"Organisational robustness" has been removed from this year's radar image. This risk is considered to have been reduced through recruitment and strengthening of several areas of the organisation. However, a more specific risk relating to competition in certain areas of expertise has been added instead.

"Ageing facilities" has been removed from Gassco's overall radar, as this uncertainty has been reduced through several projects and studies, but the risk will be closely monitored at the facility level.

"Further develop the safety culture" has been removed from this year's radar image. Based on the negative trend in HSE results in 2023, this risk has been replaced by a more targeted risk so that the necessary measures are implemented in the short term.

"Positive momentum for development of the NCS" has been replaced by **"Infrastructure in the Barents Sea"**.



Sustainability

[Sustainability is a common thread running through Gassco's strategy work and its dialogue with stakeholders.](#)

Gassco's work on sustainability and corporate social responsibility (CSR) is tied to the UN's SDGs and the principles set out in the UN Global Compact. This highlights the importance of ensuring environmental, social and financial sustainability alike.

State-owned companies are required to have an overarching plan for sustainable value creation. This plan forms an integral part of overall strategy work at Gassco and the company develops and reports on specific goals. Gassco contributes to nine of the 17 SDGs. An overview of concrete measures and results related to these nine goals is provided on page 33.

Gassco is the operator of on- and offshore gas facilities as well as a transporter of natural gas. Its activities present an inherent risk of harm and major accidents. The oil and gas industry, to which the company belongs, contributes to the climate challenges. At the same time, natural gas will have a key role in Europe reaching its own goals 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. Due diligence assessments cover projects, activities and suppliers and is conducted with external assistance. In line with the forthcoming sustainability directive, Gassco conducted a dual materiality analysis in 2023 in consultation with representatives of Gassco's main stakeholders.

The impact on social, financial and/or environmental conditions and any stakeholders must be part of the decision-making basis in any decisions made by Gassco's executives.

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

The Norwegian Transparency Act is intended to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and delivery of services. The Act is also intended to provide the

general public with information about how an enterprise manages negative consequences related to fundamental human rights and decent working conditions.

In the following, Gassco will report on the work that is carried out in due diligence assessments in accordance with the requirements set out in section 5 of the Norwegian Transparency Act.

Gassco's CEO has the overall responsibility for managing actual and potential negative consequences on fundamental human rights and decent working conditions. Responsibility for sustainability management has been delegated to the senior vice president of Safety, security and sustainability (SSU), who is responsible for ensuring that due diligence assessments are carried out and providing assistance with the management of actual and potential negative consequences arising from the company's business.

Social responsibility has been an integral part of Gassco's corporate governance for several years. This is described in the company's framework document "Management of Corporate Social Responsibility", which was drawn up in accordance with the international standard for corporate social responsibility, ISO 26000. The company takes a risk-based approach to this work.

Processes have been established as part of Gassco's management system to underpin its work with due diligence assessments in accordance with section 4 of the Norwegian Transparency Act. At Gassco, the responsibility for ensuring that the business is run in an ethical, sustainable and socially responsible manner has been embedded through dedicated guidelines, which are available (in Norwegian only) on the company's website: "Gasscos retningslinjer for grunnleggende menneskerettigheter og anstendige arbeidsforhold" ("Gassco's guidelines for fundamental human rights and decent working conditions").

Gassco's business partners and suppliers deliver a broad range of goods and services linked to the company's area of responsibility: from one-off products and services for administrative support functions to advanced technological equipment and services linked to infrastructure and services related to research and development.

Gassco's head office is located in Norway and the company has employees at receiving terminals in Germany, Belgium, France and the UK. The first link in the company's supply chain includes suppliers in Belgium, France, the Netherlands, Norway, the UK, Switzerland and Germany.

Day-to-day operation of large parts of the transport system is managed by TSPs. Equinor Energy AS is the TSP for the majority of the pipeline system, the riser platforms at Draupner and the processing plants at Kårstø, Kollsnes and Vestprosess. A/S Norske Shell is the TSP for the Nyhamna processing plant. Gassco operates the receiving terminals in Europe, except for the St. Fergus terminal in the UK, which is run by NSMP through its subcontractor px Limited. Gassco follows up the TSPs' activities at the facilities. Collaboration with Norwegian TSPs to ensure supplier management and compliance with the requirements set out in the Norwegian Transparency Act has been established in accordance with Offshore Norge's Guideline No. 148 relating to the Norwegian Transparency Act, which states that the operator's role shall apply correspondingly to TSPs. Similar collaboration has been initiated with NSMP/px for activities and procurements linked to the St. Fergus terminal.

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

As an operator, Gassco is subject to an overriding duty to follow up on everyone that conducts work on behalf of the company, which in practice applies in particular to TSPs. This duty includes ensuring that TSPs comply with applicable regulations.

Gassco imposes requirements on suppliers as part of its procurement process, through its supplier code of conduct and requirements linked to health, safety and the environment (HSE):

- The suppliers' procedures for safeguarding HSE, decent working conditions and human rights are mapped as part of the prequalification. Investigations are conducted to determine whether there have been any incidents involving corruption, child labour, human rights violations, violations of workers' trade union rights, etc. This information will be obtained directly from suppliers and through internet searches and the use of external resources. The scope of this research depends on a risk-based approach. The supplier's eligibility to participate in the tender process may be affected by any factors that are identified.
- Gassco sets requirements for suppliers through its supplier code of conduct, which covers decent working conditions and human rights for employees. The code of conduct also includes provisions related to monitoring and sanctions.

- Gassco's aim is to ensure that the company's activities do not harm people, the environment or material assets. Gassco requires its business partners to strive for the same goals and extensive HSE requirements are imposed on suppliers to achieve this.

By conducting due diligence assessments in accordance with the OECD guidance, Gassco has mapped and assessed its actual and potential negative consequences on fundamental human rights, decent working conditions and the environment. Factors linked to corruption were also addressed in the assessments.

As part of this work, Gassco has mapped the first link in its supply chain with the help of an external provider. The provider has, among other things, performed searches in various databases (Orbis, RDC and DowJones Riskcenter Financial Crime) and examined whether any of the suppliers actually or potentially violate human rights and requirements relating to decent working conditions, violate sanction rules, engage in corruption, have poor HSE conditions, are involved in criminal cases, etc. Ongoing mapping of Gassco's project portfolio and operational duties is also carried out, including an assessment of risk based on the complexity and scope of the work in question.

The results of the mapping have not identified any actual negative consequences from Gassco's activities, and the risk of negative consequences linked to its operations and supply chain is considered to be low.

Some prioritised areas for improvement were defined in 2022. The company worked on these in 2023, and the majority of these will also continue in 2024. The areas for improvement are:

1. Establishing and implementing a new procurement procedure that clarifies roles and responsibilities at Gassco, including procurements for terminals, while also establishing clearer qualification requirements for suppliers with regard to human rights and decent working conditions.

Work processes relating to the above were established in 2023. These will be improved and further developed in 2024. A company-wide Procurement collaboration arena was also established in 2023. This arena, which comprises procurement personnel at Bygnes and at all terminals, will work on the standardisation of work processes and continuous improvements in 2024. Gassco also became a member of "HURI" Offshore Qualific, which is a global auditing service linked to human rights.

The risk of actual negative consequences linked to Gassco's operations and supply chain is considered to be low.

2. Supplier management in projects without TSPs, such as the clarification of roles and responsibilities at Gassco and developing supplier checklists relating to human rights and decent working conditions.

The work to establish updated templates for contracts and framework agreements commenced in 2023. A requirement for suppliers to register in Magnet JQS and undergo verification prior to signing has also been implemented. Magnet JQS is a pre-qualification tool provided by Offshore Qualific on behalf of the operating companies on the NCS. A dedicated company representative has been appointed and is responsible for following up on framework agreements. The company representative follows up to ensure that suppliers safeguard human rights and decent working conditions.

3. Reviewing and updating contracts for existing suppliers.

A work process was established in 2023 to follow up and update agreements and contracts. A review of the existing contract portfolio was also carried out. This resulted in new agreements being entered into in accordance with the supply regulations. The work to replace existing agreements will continue in 2024.

4. Improving Gassco's expertise in working environment management, both internally and in connection with projects.

Gassco appointed a dedicated resource to manage working environment in 2023, thereby strengthening its expertise.

5. Documentation requirements relating to climate impact and the emphasis on environmental considerations in project procurements.

Gassco is subject to the supply regulations, and on 1 January 2024, a requirement was introduced stating that Gassco must assign a weighting of at least 30 per cent to climate and environmental considerations in its procurements. This requirement will apply to procurements from and including the effective date.

Dual materiality analysis

The sustainability directive, CSRD, and the ESRS reporting standards require enterprises to conduct a dual materiality analysis as the basis for their strategy and reporting.

A dual materiality analysis looks at how sustainability issues affect the business through risks or opportunities (financial materiality) and how the business affects people and the environment (impact).

In 2023, Gassco conducted a dual materiality analysis in line with the steps set out in the sustainability standard (ESRS 2) and in dialogue with key stakeholders, see figure 2. The threshold values used in the analysis correspond with Gassco's threshold values for risk management. Materiality sustainability factors factors were mapped as part of this analysis.



Figure 2 Stakeholder dialogue in connection with dual materiality analysis.

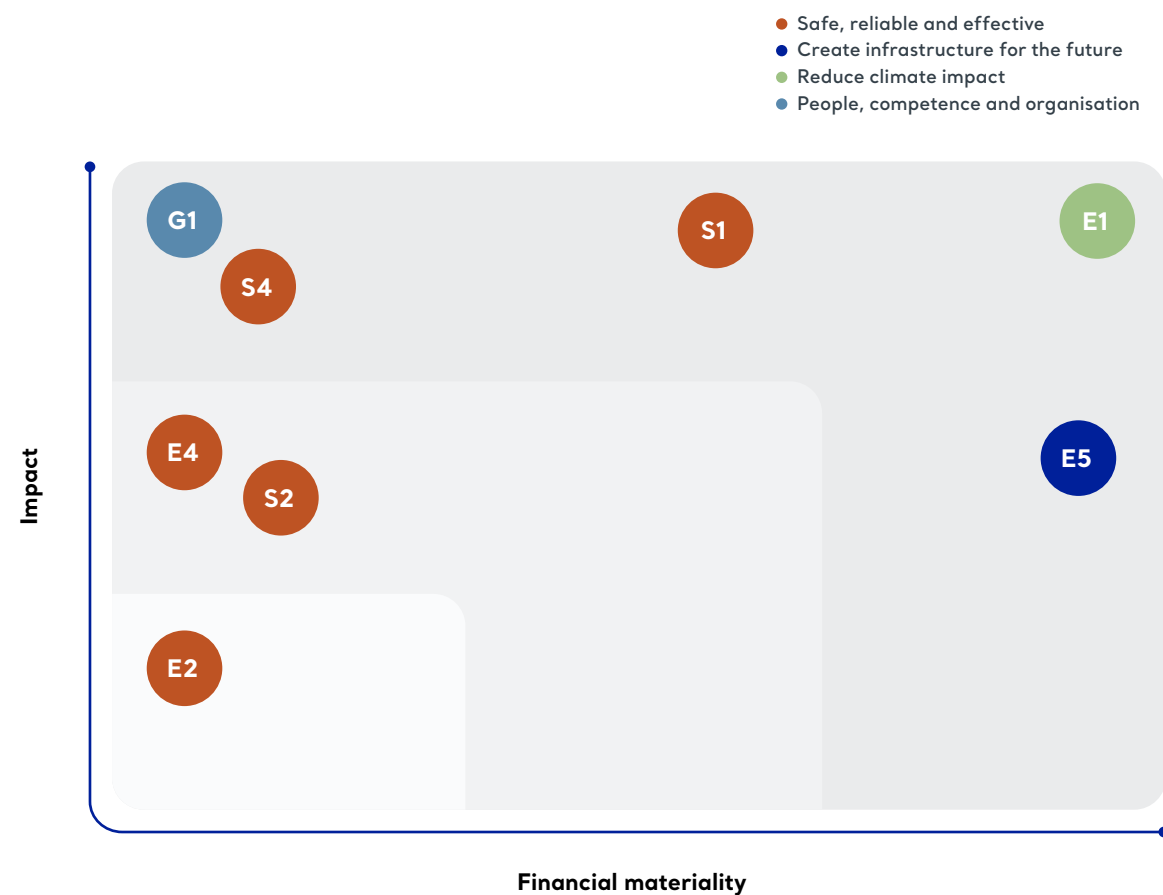


Figure 3 Dual materiality matrix.

Materiality sustainability factors mapped using dual materiality analysis.

The factors refer to the ESRS sustainability standards.

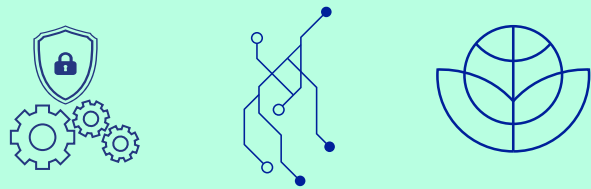
E1: Climate change **E2:** Pollution **E4:** Biodiversity and ecosystems **E5:** Resource use and circular economy

G1: Governance, risk management and internal control **S1:** Own workforce **S2:** Workers in the value chain

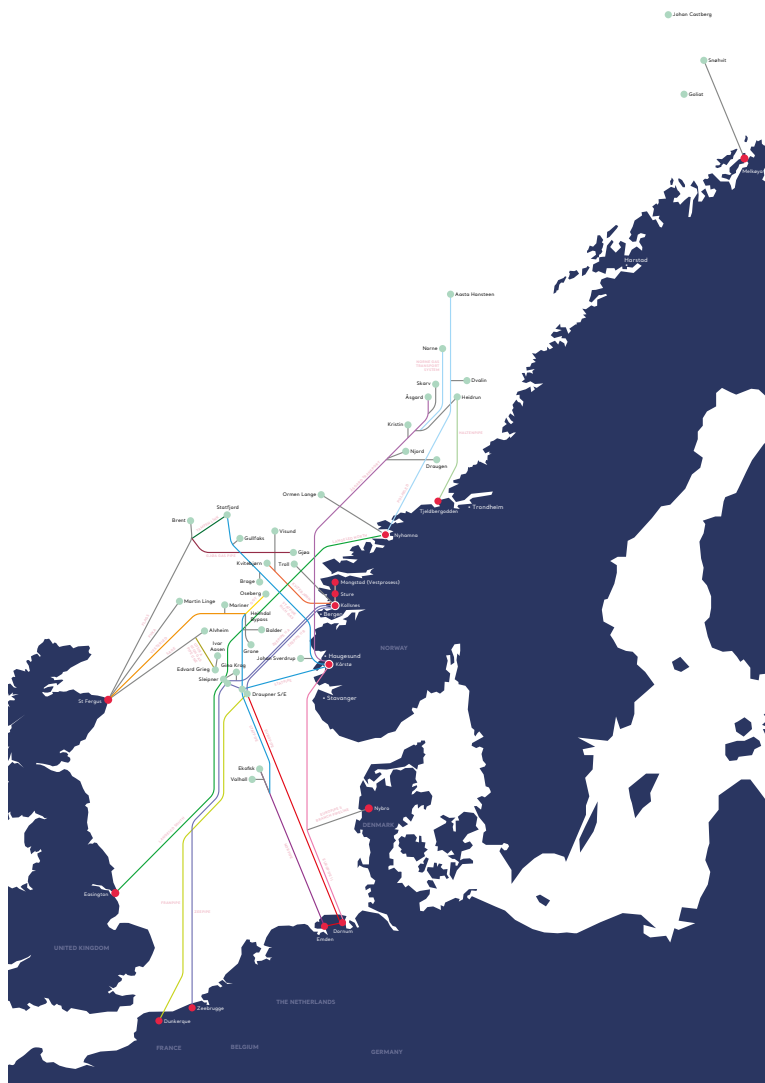
S4: Consumers and end-users

The materiality sustainability factors linked to Gassco's business are included in the basis for the strategic analysis and are thereby linked to the company's strategic goals and focus areas. These are linked to the strategic goals shown in table 1 and the link has been illustrated in colour. Gassco plans to report in accordance with ESRS from and including the 2025 reporting year.

Reliable operations
Sustainable
development
Secure Norwegian
gas exports
Effective
organisation



Gassco's three strategic goals



Gassco will secure energy supply through sustainable operation and development.

In this work, the company has defined three strategic goals: "safe, reliable and effective", "create infrastructure for the future" and "reduce climate impact". This chapter contains a summary of the results for the strategic goals following a brief explanation of what each of these three goals encompasses, what results have been achieved and what prospects Gassco associates with them.

Table 1 Summary of results for the strategic goals

Strategic goal	Indicator	Result	Goal
Safe, reliable and effective	Fatalities	0	0
	Personal injury frequency	6.4	0
	Lost-time injuries	23	0
	Fires	2	0
	Gas leaks	1	0
	Critical incidents (frequency)	1.4	0
	Unintentional spills, oil/chemicals (number)	1	0
	NO _x emissions (tonnes)	690	*
	IT security, user awareness and system robustness in line with plans	0	0
	Gassco's ability to deliver at the end point (%)	98.53	99.34
	Product quality, dry gas (%)	100.00	99.96
	Capacity administration, number of invalid decisions	0	0
Create infrastructure for the future	Extra capacity sales (MSm³)	5215	3094
	Total operating expenses, excluding electricity and taxes (NOK millions)	7223	7234
	German-Norwegian energy cooperation (%)	100	100
Reduce climate impact	Mature efficient and integrated transport solutions for Barents Sea South (%)	100	100
	CO ₂ e (kg/MWh)	0.84	0.88
	Scope 1 emissions (direct CO ₂ and methane emissions) ktonnes	939	**
	Scope 2 emissions (emissions from purchased electricity) ktonnes	79	**
	Quality of decision basis for Kårstø electrification project (%)	100	100
	R&D costs in relation to the goal of "reduce climate impact" (%)	35	30
People, competence and organisation	Sickness absence (%)	3.5	3.0
	Proportion of women in management team (%)	43	43
	Employee and development appraisals, staffing strategy and pulse surveys (health and safety) (%)	93	100
	Apprentices (number)	2	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 (Scope 1 and Scope 2). These are followed up through emission intensity.

The strategic goal — **Safe, reliable and effective**



The following topics were pursued under this strategic goal in 2023:

- **safety culture**
- **asset integrity**
- **security**
- **competitive facilities**
- **optimised operation of the gas transport system**

Gassco has been tasked with running and further developing gas infrastructure in a safe, reliable and efficient manner. Outstanding results for health, safety and the environment (HSE), a strong ability to deliver and a high level of efficiency are crucial for ensuring the competitiveness of Norwegian gas and for maximising value on the NCS.

This strategic goal is in line with the **UN SDG 8, decent work and economic growth** and the **UN 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. It also embraces a requirement to prevent all emissions and to protect nature. That accords with the **UN SDG 14, life below water**, and the **UN SDG 15, life on land**.

Safety culture

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

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

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

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

Asset integrity

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

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

Ageing increases integrity risk and Gassco therefore works systematically on a long-term basis to minimise this and to strengthen understanding of how ageing affects its facilities.

Security

Competent and correct management of security issues and threats is crucial for safeguarding people, assets and the energy supply. The security culture is about how Gassco works and behaves to ensure a high level of security in day-to-day activities. Cyber security, physical security and organisational security are all part of the integrity and barrier security in Gassco's activities.

During the autumn of 2022, the MoE decided that transporting gas to Europe via pipelines is a fundamental national function and in March 2023 the MoE decided that Gassco would be completely subject to the requirements set out in the Norwegian Safety and Security Act. With the global geopolitical unrest associated with the ongoing war in Ukraine, Norway and the EU have a particular focus on securing the energy and gas supply to Europe. Gassco has initiated work to comply with the requirements set out in the act.

The threat situation is continuously monitored, and mitigating measures are implemented accordingly. The measures impact all aspects of Gassco's operations.

Competitive facilities

Competitive facilities are achieved through safe and reliable operations, sound planning and communication, low costs, innovative solutions and the ability to facilitate new business opportunities and services.

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

Optimised operation of the gas transport system

Gassco works continuously to maximise value creation on the NCS and there are always margins that can be explored. For example, new digital tools can be developed, and existing tools can be further developed and adapted to different operating patterns. Such development work can lead to improved insight, better planning and optimised operation of the network. Good, close communication and appropriate information-sharing with internal and external stakeholders is also essential.



Results for the goal

"safe, reliable and effective"

Energy is high politics and, as a result of the war in Ukraine, the European energy situation has been pushed further up the international political agenda. The situation underlines the importance of Gassco's strategic goal of "safe, reliable and effective". Several measures have been initiated as a result of an increased need for security and critical security and operational activities have been prioritised.

Gassco's management system includes reporting, investigating and following up on incidents and non-conformities. This work is important for achieving continuous improvement. The company has established key performance indicators for goal attainment (KPIs) that show the trend in HSE results over time. This contributes to measurable and efficient improvement measures.

Gassco works purposefully to identify, follow up on and initiate measures following incidents. There were 1.4 critical incidents (incidents resulting in actual injury or potential of injury) per million hours worked in 2023 compared to 0.9 in 2022. There were nine critical incidents in 2023 compared to five in 2022 and there were in the range of 0.8 million more hours worked in 2023 (total of 6.6 million hours worked) compared to the year before. Two of the nine critical incidents were linked to conditions detected in safety systems/barriers. Eight of the nine critical incidents did not lead to actual injury but were still critical in the sense that they had the potential to have serious consequences. One incident, an extended maintenance shutdown at Nyhamna that resulted in more than ten days of downtime, was classified as a critical incident with an actual consequence/injury as the maintenance shutdown lasted for longer than planned. All nine critical incidents were thoroughly reviewed and analysed, and risk-mitigating measures have been implemented. The lessons learned are shared internally within Gassco's operatorship.

The personal injury rate for the company's area of operations increased from 4.2 in 2022 to 6.4 in 2023. All personal injuries in 2023 were injuries with low potential, except for one finger injury.

Gassco registered two minor outbreaks of fire (defined as visible flame) in 2023, one at the Kollsnes processing plant and one at the Nyhamna processing plant. Gassco also registered one gas leak of more than 0.1 kg/s at the Nyhamna processing plant.

A systematic approach to HSE and improvement is important. Gassco takes critical incidents and personal injuries seriously and prioritises systematic improvement work within HSE to achieve the objective of no critical incidents or serious personal injuries. A working group and a methodology have been established to ensure sustainable learning from incidents.

A pilot project relating to resilient test methodologies for selected safety-critical equipment was also established. In 2024, the project will focus on methods to prevent gas leaks in connection with maintenance tasks.

The company has also started introducing HOP principles (Human and Organisational Performance). In 2024, Gassco will establish a HOP methodology that can be used as an alternative in the investigation process, both after incidents and as a proactive learning tool after near-incidents and other situations the company wishes to learn from.

The strengthening that took place in 2023 relating to coordination and uniformity in HSE work in projects and the unified HSE focus and measures will continue into 2024.

As a responsible operator, Gassco seeks to collaborate closely with TSPs to fulfil its supervisory role and further improve safety and security at facilities.

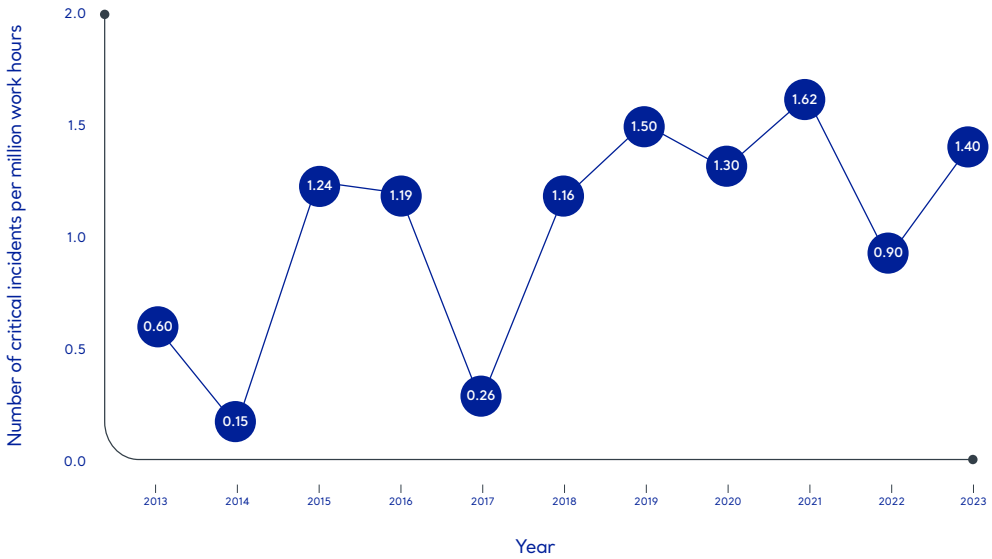


Figure 4 Critical incidents



When it comes to asset management, Gassco continues working to strengthen the control of technical, operational and organisational barriers. Physical security and IT security have also been central initiatives in Gassco's integrity management in 2023.

Monitoring asset integrity and effective barrier controls are crucial in preventing critical incidents. Gassco works systematically to ensure good control of asset integrity through appropriate indicators and measures implemented based on risk.

Gassco has several ongoing projects linked to increased technical integrity at facilities, with a primary focus on ageing and solutions that are not in accordance with current standards. Gassco also has other major projects in development and execution.

Statpipe New Landfall Kalstø

To extend the service life of the Statpipe pipelines, the current landfall at Kalstø will be replaced with a tunnel solution. This project was adopted in spring 2022. The tunnel has now been completed and preparations are under way to connect new pipelines in 2024.

Projects at Kårstø

In 2023, there were several ongoing projects at Kårstø connected to integrity and technical security. These are linked to upgrades to instrumented control and security systems and the construction of a new control room. The projects will conclude in 2024. There are also ongoing projects to receive gas from new fields. Studies have also been initiated to reduce the emissions of greenhouse gases.

Barrier Integrity Review

The barrier integrity review, which is based on a completed gap analysis, is intended to improve the technical safety at the receiving terminals on the continent and in the UK. The project will be implemented in Dunkerque and Zeebrugge. The decision basis for Germany and the UK will be completed in 2024.

Draupner Robustness Campaign

Among other things, the upgrade project on Draupner will ensure gas transport beyond 2028. In 2023, activities were linked to quality assurance tasks in the lead-up to a decision being made and this is expected to take place during the first half of 2024.

Nyhamna Filter Project

Integrity project intended to prevent trace elements from entering the facility at Nyhamna. The project was completed in 2023.

Projects at Kollsnes

In 2023, there were several ongoing expansion and integrity projects at Kollsnes. The upgrade of the export compressors, which started in 2022, continued, and five of the compressors have now been upgraded. Five aftercoolers associated with the compressors have also been upgraded/replaced. This has contributed both to robustness and increased capacity at Kollsnes. The monoethylene glycol (MEG) system at Kollsnes has been upgraded and now has increased processing capacity to receive increased volumes of water.

Heimdal Bypass

In 2023, Gassco undertook extensive activities in the Heimdal area of the North Sea. The last part of the Heimdal Bypass, which circumvents the Heimdal platforms, has now been completed. This entails connecting Oseberg Gas Transport, Statpipe to Draupner, Vesterled and Grane gas pipeline to a joint underwater transport system called Heimskringla. Preparations are under way to remove decommissioned platforms and pipeline systems.

Valemon rich gas pipeline

The Valemon rich gas pipeline has been cleaned and decommissioned.

Throughout the year, Gassco has continued its efforts to improve procedures, systems, data and tools, especially those linked to safety-critical equipment.

Managing TSPs and digitalisation were two crucial initiatives in 2023. Gassco has reviewed internal interaction linked to the management of TSPs and the collaboration procedures for TSPs have also been updated. Automatic transfer of selected HSE data from Shell to Gassco with associated dashboards has also been established.

Avoiding harm to the environment is one of the company's stated goals. Gassco complies with ISO 14001 for environmental management and works to further develop its processes for compliance with ISO 50001 for energy management. The most significant environmental focus for the company is the emission of CO₂, CH₄ and NO_x, as well as the use of electrical energy, but all emissions to air and water are monitored.

Environmental risk analyses and impact assessments are carried out for projects. There are also internal requirements for documentation of environmental impact and assessments linked to the best available technology.

All Gassco processing plants, receiving terminals and platforms operate within annual emissions limits. There were three accidental emission incidents in 2023. The company's NO_x emissions were 690 tonnes. Gassco pays NO_x tax on emissions from Norwegian sources. Every year, the company reports all 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 the use of energy have been addressed on page 55.

Avoiding harm to the environment is one of the company's stated goals.

Gassco monitors emissions to air and water through established environmental monitoring programmes, such as vegetation and seabed sampling. Prior to new activities, such as expansions or modifications to operations at plants, thorough environmental analyses are conducted in order to limit the risk of negative impacts on nature, environment and diversity.

Supervision in the form of audits, verifications and management inspections is an important element of Gassco's business management. The company is also audited by the authorities and facility owners. The authorities conducted fewer supervisory activities in 2023 than in 2022. Supervisory activities conducted in 2023 resulted in 18 non-conformities and 18 areas for improvement. The board monitors safety work and the measures that have been implemented.

The emergency response team constitutes an important part of Gassco. In 2023, the emergency response team conducted and participated in 14 emergency exercises at Bygnes. The exercises demonstrated that Gassco's emergency response is robust and well-functioning. Gassco's emergency response team was mobilised six times in 2023.

In 2020, Gassco initiated its work to establish a process-based management system. In 2023, the company continued to develop the management system. Most work processes have now been mapped and implemented and work continues to map the final processes.

In 2023, Gassco delivered 109.1 BCM (1207 TWh) of natural gas via the pipeline transport network from the NCS to Europe. The total volume delivered was lower than in 2022, primarily due to a more extensive maintenance programme. In December, a delivery record was set with no less than 11.1 BCM (121.7 TWh) delivered in a single month. This is the largest volume of natural gas ever transported in a single month from the NCS to Europe.

In line with the transport system becoming increasingly complex, being utilised more and having more field connections, as well as fields with challenging gas qualities, it has also become more challenging to deliver high availability in the market. In 2023, delivery availability was 98.53 per cent, compared to 99.57 in the previous year. The decline was primarily due to challenges associated with one of the processing plants, which arose during the maintenance shutdown. Excluding June and July, delivery availability averaged 99.90 per cent.

The shipping of natural gas liquids (NGL) and light crude oil (Gudrun Blend) from Kårstø and condensate from Nyhamna must be properly coordinated to avoid affecting the export of dry gas. There were a total of 389 ship calls at Kårstø throughout the year and four at Nyhamna. The number of ship calls was somewhat lower than in previous years, primarily due to reduced separation of liquid gases at Kårstø.

Gassco has continued to maintain a good, close dialogue with users of the transport system. Capacity increase, both on a weekly and a daily basis, has been a high priority where possible. The value of dry gas has been greater than the value of liquid gas and adjustments to the system were therefore made to maximise the value of gas transport. The separation of liquefied gas has been reduced at Kårstø in order to increase the energy in dry gas exports from the plant, as the price of the latter has increased more than the price of liquid gas (including propane).

Planned maintenance activities at field installations, riser platforms, processing plants and receiving terminals were more challenging than normal in 2023 due to strikes and extended shutdown durations.

The integrated gas transport system is flexible and makes it possible to compensate for disruptions in the field, at processing plants and at riser platforms. Gassco can also enter into operational agreements with transport operators in adjacent transport systems. This allows for greater flexibility in gas deliveries from the NCS, which can be utilised via controls from Gassco's transport control centre.



Total operating costs, excluding electricity and duties, amounted to MNOK 7 223 in 2023, while the operating cost target for the year was MNOK 7 234. Operating costs in the transport system were high in 2023 compared to recent years. This increase was primarily due to increased hourly rates and increased maintenance costs, especially at the processing plants. Benchmarking was conducted in relation to similar facilities to Gassco's terminals, processing plants, platforms and pipelines in 2022. Benchmarking shows that the transport system is run in a safe, reliable and effective manner.

Within research and development, one of the goals for the year was to carry out some selected activities with a short path from start to value creation using new methodology. Gassco's focus on innovation and efficient methods is helping strengthen the company's ability to meet the challenges of the future. By continuously improving research and development processes, Gassco is laying the foundations for sustainable operations and value creation. In collaboration with the facilities, the company has identified one or two innovation activities for each facility, and these have now been implemented using this new approach. The selected innovation activities include:

- **the development of a new inspection method for firewater tanks using underwater drones**
This innovative approach makes it possible to inspect the tanks without taking them out of service. This saves both time and resources, while also ensuring that the necessary inspections are carried out.
- **the development of a simplified camera system for internal visual inspection of short pipelines with challenging access conditions**
This system enables examination of the pipelines even in situations in which there is limited space or challenging working conditions.



Future prospects for the goal "safe, reliable and effective"

Gassco did not achieve the desired HSE results in 2023. 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 devoted to all conditions with a major accident potential, with special emphasis on process and personnel safety, especially during periods of high levels of activity. Topics related to "major accident risk in connection with shutdowns and periods of high levels of activity" will be included in Gassco's working meeting on major accidents with the infrastructure owners in 2024. The working meeting will involve broad participation from both Gassco and its TSPs, as well as safety representatives. Selected shippers will also be invited to participate in the working meeting.

Based on analyses of and investigations into the critical incidents in 2023, measures have been implemented and the work with these will continue in 2024, primarily to ensure learning and transfer of experience.

The benchmarking conducted in relation to similar facilities in 2022 showed good results. Nevertheless, areas for improvement were identified and Gassco will continue working on these going forward.

Work on the integrity projects described on page 40 will continue in 2024.

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

Overall, topics and initiatives from 2023 will continue in 2024.

The strategic goal ————— Create infrastructure for the future



The following topics were pursued under this strategic goal in 2023:

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

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

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

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 technological concepts with greater efficiency and a smaller climate impact. Norway was by far the largest supplier of natural gas to Europe in 2023. Increased availability of resources from the NCS has ensured many years with 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. Gassco aims to contribute to a well-functioning and competitive model for the NCS and to 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 being continuously adapted to meet market demand and the future delivery picture depends in part on the number and size of new finds.

Long-term forecasts indicate consistently high production until the end of the 2020s. To maintain the competitiveness of Norwegian gas infrastructure from a long-term perspective, Gassco must ensure that decisions taken in relation to continued operation and development are timely and sustainable.

A competitive model for the NCS

Well-functioning work and decision-making processes make a significant contribution to a competitive model for the NCS and to exercising the company's role as a special operator. Several revisions have been made to these processes over time, in part to ensure that the users, who bear the costs associated with the operation and further development of the gas transport system, are involved to a greater extent.

New value chains

The transition to renewable energy will generate a need for integration between the energy sectors and new value chains, such as hydrogen, ammonia, carbon capture and storage (CCS) and electric power. An integrated approach to the development of infrastructure is crucial in maintaining competitiveness and maximising the value of resources on the NCS. Norway can play a key role in the transition to renewable energy by producing low-carbon hydrogen from natural gas with carbon capture and storage (CCS). This product can supplement the energy mix and pave way for the further development and scaling of renewable hydrogen capacity.

For a number of years, Gassco has acquired knowledge about new value chains through activities within the R&D portfolio. This has provided technical knowledge of these value chains as well as the possibilities of reusing existing infrastructure. It has also provided insight into how the large-scale production of hydrogen could take place in Norway and what export solutions for such production could look like. Going forward, it is important to ensure that the R&D portfolio for new value chains focuses on two areas: skills development and technology qualifications. Developing integrated infrastructure requires both the expertise and the new technology to enable timely decisions to be made.



Results for the goal "create infrastructure for the future"

High levels of activity were once again maintained in 2023, with many field development projects in progress. In connection with concept selections by licensees during the year, Gassco assessed transport solutions for many finds, including Brasse, Irpa and Goliat.

The licensees have decided to develop several small fields that are now in development, with commissioning scheduled for the latter half of the 2020s. These are important decisions that will contribute to maintaining high utilisation of the gas transport system going forward.

In 2023, Gassco and its users and system owners conducted studies and projects with the aim of increasing capacity for land facilities at Kollsnes, Kårstø and Nyhamna. Examples of such studies include facilitating increased utilisation of the Kvitebjørn gas pipeline to Kollsnes, increased capacity at the Kollsnes facility and facilitating the transport of larger volumes from Kollsnes to the European market via the dry gas network.

On behalf of the Norwegian authorities, Gassco managed the feasibility studies linked to the Norwegian part of the German-Norwegian energy cooperation on hydrogen and carbon transport. As part of this work, a joint German-Norwegian feasibility study on a hydrogen value chain was published, which showed that, given a number of assumptions, it is technically possible to establish a value chain for transporting hydrogen from Norway to Germany. Together with the industry, Gassco has also initiated a feasibility study on carbon transport from locations in Europe to Norway for storage on the NCS.

Every year, Gassco draws up a transport plan based on updated resource submissions. As part of the work on the transport plan, Gassco identifies the expected utilisation of the gas transport system going forward for the purpose of maintaining efficient utilisation of the infrastructure, identifying bottlenecks and recommending any required changes. The plan forms the basis for the selection of transport solutions and allows comprehensive and sustainable decisions to be made for each area. This year, the work also included analyses of potential future greenhouse gas emissions.

The results of this year's transport planning process show that utilisation of the gas transport system is expected to remain high in coming years. In order to maintain high-capacity utilisation from a long-term perspective, further resource growth will be required.

In 2023, Gassco updated its assessment of alternative gas transport from Barents Sea South. Of the different alternatives that were considered, the establishment of a gas pipeline from the Barents Sea would seem to be the best area solution and the most profitable for society. The report helped form the basis for continued dialogue with relevant companies concerning the future process and the development of the Barents Sea.

As the system architect, Gassco is continuously focused on contributing to well-functioning and efficient work and decision-making processes. Attention in the year was devoted to improving these processes so that they are better tailored to conversions and a possible downscaling or adaption of capacity to meet future needs.



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

There is excellent potential on the NCS to supply natural gas to Europe in 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. Declining production will challenge future transport costs and the efficient resource management of today. 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, around half of the resources on the NCS remain, with large proportions of these located in the Barents Sea. Maturing the Barents Sea as a petroleum province is important in realising this potential and will require further effort. Efforts to ensure robust and integrated development of the Barents Sea will also be maintained.

Gassco will take a closer look at the possibilities of adapting the capacity and flexibility of the transport system, both in order to meet European energy demand and to achieve the emissions reduction target. This work will also take into account more challenging gas compositions, decreasing volumes and alternative use in the long term.

As part of the German-Norwegian energy cooperation, Gassco and the industry will continue working on a possible hydrogen value chain from Norway to Germany. Gassco and the industry will also continue to study large-scale transport solutions in the CO₂ value chains with industrial capture in Europe and storage on the NCS. Parallel to this, the R&D portfolio for H₂ and CO₂ value chains will focus on technology qualifications and skills development.

To ensure optimal solutions for the alternative use of the gas transport system, it is important to consider factors such as energy consumption, the need to balance varying power production, energy storage and access to necessary infrastructure.

As part of the R&D programme "Effective Infrastructure", Gassco, Equinor and OneSubsea have qualified a technological solution for subsea fiscal measurements. This is a part of the work that is being undertaken to develop technology to enable subsea solutions for riser platforms. The purpose is to reduce the costs and to increase the flexibility by connecting parts of different systems on the seabed.

In close collaboration with the government, users, owners and other industry players, 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 2023:

- **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 ambition is to reduce greenhouse gas emissions by 55 per cent by 2030 and by 100 per cent by 2050.

Gassco will contribute to the Konkraft goal of reducing the industry's GHG emissions. These targets are formulated as a 50 per cent reduction by 2030 in relation to the base year of 2005 and a reduction to near zero in 2050. This is in line with the **UN SDG 17, partnerships for the goals**.

Gassco's job is to secure energy supply while at the same time working to reduce the climate impact. This is in line with the **UN SDG 7, affordable and clean energy** and the **UN 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. This provides a strategic tool for the work of defining which areas and assignments Gassco will pursue to achieve the strategic goal. In 2023, Gassco started revising the roadmap in order to meet future challenges, and the new roadmap will be completed in 2024.

Reduce emissions

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

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

Gassco maps emission data at source power level for all facilities within the company's operatorship, as well as opportunities for emission-reducing measures. This mapping is a topic at meetings with Gassco's stakeholders, at which emissions cuts are considered. Throughout the year, Gassco undertook several activities to improve models and analyses and to thereby increase quality when estimating emissions related to future gas composition and operation of facilities.

Studies to reduce greenhouse gas emissions from Kårstø are key to Gassco's work on reducing its climate impact. The "Kårstø Reduced Emission" (KREm) project, which entails further electrification of the processing plant and a carbon capture facility including transport and disposal, was a key strategic activity in 2023.

Gassco pursues several R&D activities, both in collaboration with other players in the industry and with the supplier industry. This includes the use of hydrogen at its own facilities to reduce carbon emissions, tools to optimise operations and qualification of technology to measure methane emissions.

Energy management

Gassco's work on energy management includes the identification of opportunities for energy optimisation at each facility and a focus on energy-efficient system operation. Through integrated energy management, Gassco seeks to identify the solutions which offer the best total outcome for the whole value chain, and which provide optimal resource utilisation. Energy management is incorporated in Gassco's governing documents for implementing modifications and infrastructure development.

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



**Results for the goal
"reduce climate impact"**

Gassco has a dedicated climate KPI at corporate level, specified as CO₂e kg/MWh of exported product. This incorporates CO₂ and methane, as well as electricity consumption, expressed as CO₂ equivalents (Scope 1 and Scope 2 emissions according to the Greenhouse Gas protocol (GHG)). In 2023, the CO₂e intensity was 0.84 kg/MWh, while it was 0.78 kg/MWh in 2022. Despite reduced GHG emissions, total production was somewhat lower in 2023 than in 2022, which has resulted in an increase in kg CO₂e/MWh. The decline in production compared to 2022 is primarily the result of extensive scheduled maintenance in the operating chains as well as several maintenance activities being extended.

CO₂ emissions can primarily be attributed to the use of fuel gas and diesel oil for process operation, as well as safety flaring.

Total CO₂ emissions were 905 819 tonnes in 2023, four per cent lower than in 2022.

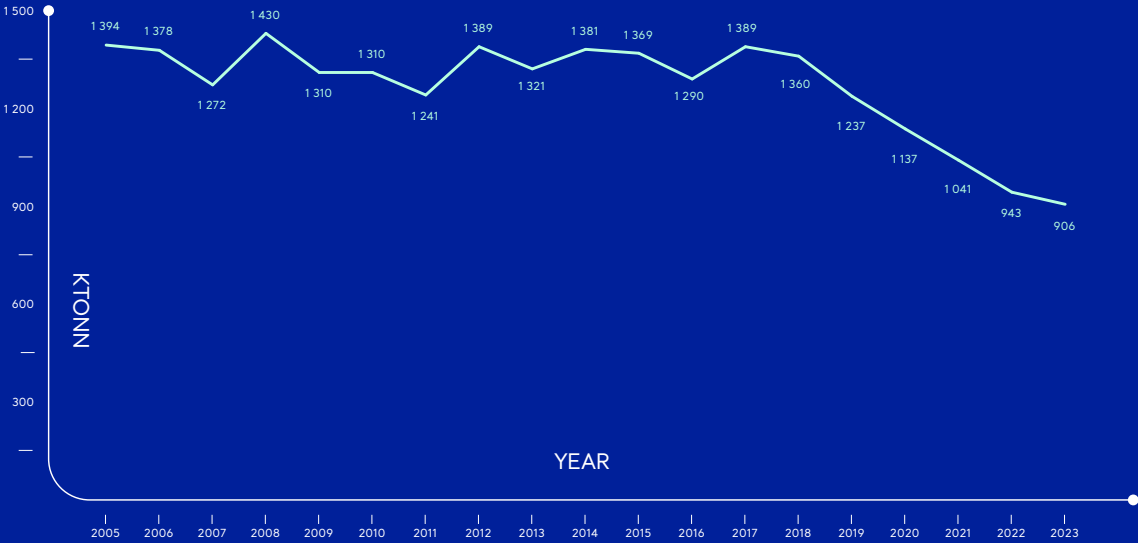


Figure 5 Annual CO₂ emissions from Gassco-operated facilities

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

Gassco estimates that it will be allocated 190 488 free EUAs for 2023. The authorities have changed the time of allocating free allowances for the coming year until after verified data for the previous year has been reported and considered. This ensures that the allocation of free allowances reflects the actual activity levels of the enterprises to the best possible extent. In 2023, Gassco purchased 575 000 EUA allowances and 16 600 UKA allowances at an average price of EUR 84 and GBP 55.5 per tonne respectively. Unused allowances will be carried over to 2024.

CO₂ emissions from Draupner are also subject to CO₂ tax, and a special tax is also payable for the use of fuel gas at land facilities.

Gassco's climate report utilises the GHG protocol as the framework for reporting emissions.

Scope 1 emissions include CO₂ released by direct combustion, plus methane emitted from the company's own facilities. When calculating CO₂ equivalents, a factor of 28 is applied for determining the climate effect of methane. Scope 2 emissions also include the CO₂ equivalent of purchased power. This is reported in accordance with the location-based method in the revised GHG Protocol Scope 2 Guidance. For the Norwegian facilities, this factor was 19 g/kWh in 2023.

Carbon factors are taken from the emission factors database at the International Energy Agency (IEA). As far as the Norwegian plants are concerned, use is made of the carbon factor from the Norwegian Water Resource and Energy Directorate (NVE) for climate declarations of physically delivered electricity.

Scope 3 emissions are, according to the GHG protocol, emissions that an enterprise does not produce itself but that occur upstream or downstream in the value chain. A financial transaction must have taken place for a Scope 3 emission 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. Gassco has therefore chosen to include indirect emissions from the combustion of natural gas (sold gas) in its reporting as related indirect Scope 3 emissions, category 11 "use-phase emissions of sold products".

Table 2 Gassco's greenhouse gas emissions

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]
2023	958 562	78 968	19	1 017 530	226.70
2022	967 647	52 524	11	1 020 171	234.59
2021	1 066 063	39 089	8	1 105 152	233.99

* Emissions from natural gas combustion (sold gas) related to Gassco's deliveries (1 207 TWh in 2022, of which 93 per cent is assumed to have been incinerated), carbon factor 56.1 g/MJ.

e = equivalents

Gassco, together with users and system owners, initiated studies in 2023 to reduce CO₂ emissions at Kårstø. These studies looked at different operational measures, different solutions for further electrification of the plant (KREm) and possibilities for a CO₂ capture facility based on membrane technology, including transport and disposal. The KREm electrification study has provided decision-making support in accordance with the plan and KPIs.

Norway's gas infrastructure is already largely driven by power from the grid. If more use of electricity or other emission-reducing measures becomes a reality at Kårstø, the power grid to the Haugaland district will need reinforcement. In partnership with Haugaland Business Park and Vår Energi, Gassco has met Statnett's costs for the licence application for a new transmission line from the Blåfalli substation in Kvinnherad municipality to the new Gismarvik transformer station in Tysvær municipality. The Ministry of Energy has granted the licence for a new 420 kilovolt (kV) transmission cable.

In 2023, an R&D reference test programme was conducted at the Kollsnes processing plant, using various methods and technologies to measure methane. This programme was part

of the R&D cooperation between Gassco and Equinor with the aim of identifying new technology to reduce costs and increase the frequency of fugitive methane emission readings. The aim is to recommend a method and a technology that can be used at all Gassco locations and that will satisfy any upcoming EU regulations.

R&D studies have also been conducted to examine the possibility of using hydrogen as fuel gas at the terminal in Easington and at Kårstø in order to reduce carbon emissions.

In 2023, Gassco continued working to optimise operations with a view to saving energy and reducing carbon emissions. A pilot model for optimisation has been developed and the results have been examined in further detail. The likelihood is that Gassco will take a closer look at the possibilities of developing this model. Gassco has also intensified its efforts to operate the transport system with an optimal gas inventory running through the pipelines. An optimal gas inventory allows for the sale of additional capacity, while also maintaining the lowest possible counter-pressure at the different sources. System operation works continuously to identify the point at which the inventory is sufficiently high for maximum delivery while being low enough to avoid unfavourable energy consumption.

Gassco collaborates with a number of players in several parts of the value chain to achieve the ambition of reducing climate impact and increasing value creation. Field operators, TSPs and downstream operators are involved in this collaboration.



Future prospects for the goal "reduce climate impact"

Gassco will continue to identify and mature emission-reducing measures. Estimating CO₂ emissions in Scope 1 and 2 has become a more important part of the decision-making basis for the infrastructure of the future and improving the quality of analyses and prognoses will remain a priority area in 2024.

Gassco will also contribute to reducing indirect emissions in the value chain (Scope 3) through integrated energy management and through changed infrastructure use, for example by establishing a hydrogen value chain. This has been addressed in the outlook for the goal "create infrastructure for the future".

Work to reduce emissions from the Kårstø processing plant, Kårstø Reduced Emissions (KREm), will continue in 2024. The goal for 2024 is to establish a good overview of the most effective measures and the data required for implementation. The project has a milestone of delivering data for concept selection in 2025.

Gassco's R&D portfolio embraces several low-emission technology projects, which will be pursued over several years. This work has led to some tasks being incorporated in the business under the strategic goal of creating infrastructure for the future as part of new value chains.

Energy management in the value chain is another priority area for the company in coming years. Gassco is continuing its work on improving inventory management in pipelines and the associated processes. The company will also continue working on the optimisation model.

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

Climate risk

The government wants state-owned enterprises to identify risks, opportunities and any need for transition in their activities based on the goals set out in 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 forms a natural part of Gassco's other processes related to risk management. Risks and possibilities are assessed in the short, medium and long terms. These 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 reports on climate risk in accordance with the framework from the G20 countries' Task Force on Climate Related Financial Disclosures (TCFD). The framework defines three types of risk for which climate issues are of particular relevance: physical risk, transitional risk and liability risk.

Gassco's risk radar shows that its main climate risk is the "ability to meet emissions targets" and this is mainly related to transitional risk. The table on the next page provides a comprehensive overview of relevant factors for each of the three risk areas, including associated impact (financial impact) and measures.



Table 3 Climate risk

Climate risk	Time horizon	Factors	Impact	Measures
Transition risk				
Political and regulatory risk	Short and medium term	<ul style="list-style-type: none">International climate obligationsRegulationsEU TaxonomyEU ETS costCarbon cost	High	<ul style="list-style-type: none">Identify and study emission reductionsMature projects with climate drivers (e.g. KREm)Ensure framework conditions (access to electricity)Integrated solutions for the value chainAlternative use of the gas transport systemKnowledge sharing
Technology risk	Short and medium term	<ul style="list-style-type: none">Speed of developing and applying low emission technology solutions	Opportunity - high	<ul style="list-style-type: none">Expertise build-upR&DForward-looking gas infrastructure development (FGI)German-Norwegian cooperation
Market risk	Short term	<ul style="list-style-type: none">Demand for natural gas in the short, medium and long termChanged utilisation of facilities (gas/liquid) due to market pricesOPEX/CAPEX	Low	<ul style="list-style-type: none">Field reporting (GMDC)Stakeholder engagementForward-looking gas infrastructure development (FGI)Kollsnes NGL train reconstructionAdaptive operations
Reputational risk	Short term	<ul style="list-style-type: none">Responsible operatorAn understanding that natural gas is part of the solutionSecurity of supply	Low	<ul style="list-style-type: none">Compliance with ethical guidelines and code of conductPerformance of operator roleSafe and efficient operationCommunication strategyIncreased security and emergency response levelsSecuring competence
Physical risk				
Damage (that results in CAPEX, - incidents that cause major destruction)	Long term after 2050	<ul style="list-style-type: none">WindFloodingImpacts in relation to extreme weather	Low	<ul style="list-style-type: none">Vulnerability assessments of facilities, installationsPhysical design, barriersRisk 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	Low	<ul style="list-style-type: none">Vulnerability assessments of facilities, installationsPhysical design, barriersUpdating of existing winterisation and summerisation programmeReview of assumptions in earlier analyses
Liability risk				
Liability risk	Long term	<ul style="list-style-type: none">Risk of being reportedInsurance cases	Low	<ul style="list-style-type: none">Reliable operatorStakeholder engagementRisk managementTransparency

Impact – financial materiality: High: more than NOK 1 bn
Medium: NOK 100 mill – NOK 1 bn Low: less than NOK 100 mill

Gassco creates emissions forecasts based on future resource reports from the fields and planned utilisation of Gassco-operated facilities. The forecasts for each of the Norwegian processing plants and for Draupner are reported annually in connection with the revised national budget (RNB).

Emissions data is based on resources up to and including resource category 5. This includes resources that have been scheduled for extraction and certain resources that have been discovered but not yet scheduled for extraction.

Of the different measures studied in 2023, KREm was found to have the greatest impact and was therefore reported in connection with the revised national budget (RNB). These were the figures used in the official RNB report (October 2023). The emissions forecasts reported to RNB are associated with great uncertainty. Figure 6 includes a dotted curve showing how high emissions are expected to be if the KREm project is implemented.

The curve also includes a horizontal line showing how high emissions can be from 2030 for Gassco to be said to have achieved the industry target of reducing overall emissions by 50 per cent from the 2005 level. This industry target is in line with the emissions targets set out in the Paris Agreement and by the EU for sectors covered by EUAs. The curves extend to 2040, which is the period reported for in the RNB 2023. It must be noted that Gassco's goal as a system operator is to reduce climate impact and contribute to achieving the industry targets where they have the greatest impact in the value chain. Future forecasts are uncertain due to uncertainties surrounding future volumes and gas quality from the field and the figure below must therefore be used as an illustration only.

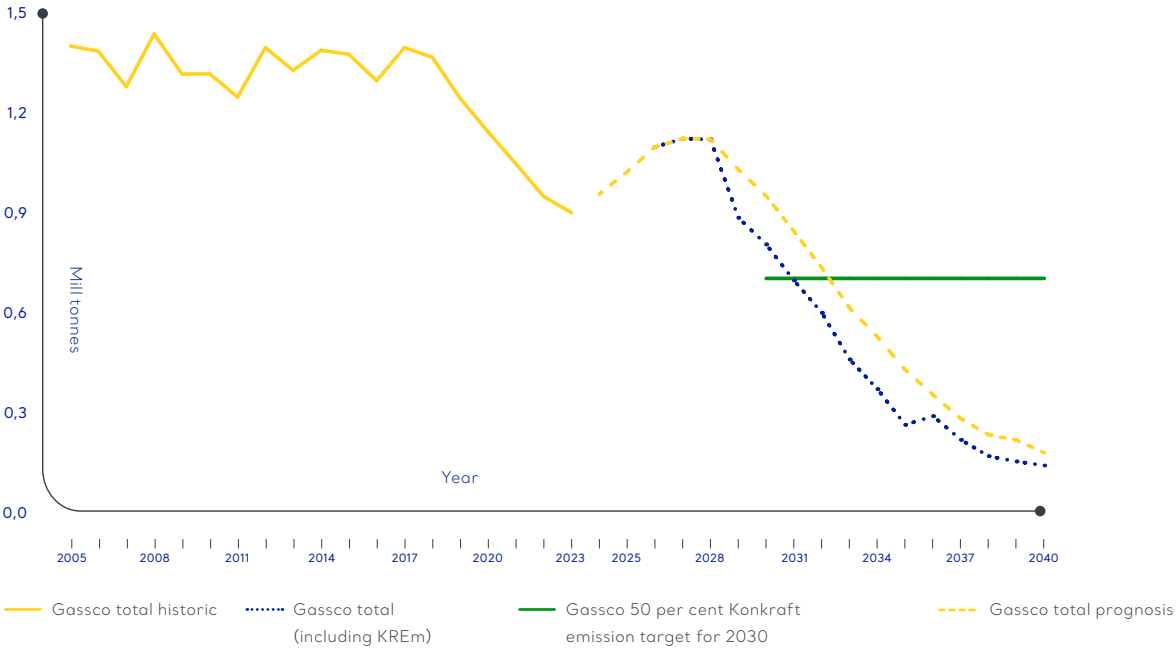


Figure 6 CO₂-prognosis

Decisions on measures that require investment will follow established decision-making processes. Further details about the KREm project can be found under results for the goal "reduce climate impact" on page 57.

People, competence and organisation

People are society's most important resource. As an employer, Gassco has a major influence on the professional and personal development of its personnel, as well as on equality and diversity. The company had 393 permanent employees at the end of 2023, including 167 at the receiving terminals in Europe and the UK.

In line with the **UN SDG 8, decent work and economic growth**, and the **UN SDG 4, quality education**, Gassco contributes to society in various ways through employment, sustainable value creation, development of technology and expertise and sponsorship.

Gassco is an expertise company in which employees overcome complex and varied challenges and receive good and close follow up. Motivated employees and socially important duties are cornerstones for the development and attractiveness of the company. The company has a fundamental belief that the commitment of its employees creates a good working environment in which knowledge and collaboration are key to delivering reliable energy solutions and contribute to secure and efficient value creation.

Ethics, security and misconduct

The company's procedure for ethics and confidentiality applies to all its employees and contracted personnel. It includes anti-corruption provisions, as well as provisions on impartiality, confidentiality and matters relating to gifts and services. The purpose of the procedure is to clarify the principles that govern the company's business operations and the behaviour of its employees.

Whistleblowing procedures are in place. The board and executives encourage employees (permanent, temporary and consultants alike) to raise ethical issues and to report what they perceive to be breaches of the rules. An external whistleblowing channel has also been established on the company's website. The whistleblowing channel is managed by a third party on behalf of Gassco and any reports will be received by this third party.

Gassco also has a code of conduct for suppliers. The company expects its partners and suppliers to apply the same ethical standards as it sets for its own commercial operations. Ethical guidelines and the supplier code of conduct are available from the company's website. Gassco's follow-up on these requirements has been described under the report related to the Norwegian Transparency Act on page 22.

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Gassco has identified all work processes in which personal data is processed and has taken steps to ensure that the requirements set out in the EU's GDPR, and the Norwegian Data Protection Act are met. To better safeguard personal data, Gassco has implemented a new IT system for HR (SAP SuccessFactors) for the whole company. A dedicated team comprising representatives from IT, HR and Legal comes together when data protection issues arise and require discussion across the company.

Gassco has established information and IT security requirements for its business and compliance is monitored, in part through an indicator that measures how vigilant employees are (with regard to phishing and password theft) and the extent to which system vulnerabilities are closed within the given deadlines.

The board and executives are covered under the company's directors' and officers' liability insurance, which is provided by insurance companies with a solid rating.

Equality, inclusion and diversity

The company has guidelines for equality, inclusion and diversity and these guidelines apply to all employees. According to the guidelines, all employees must contribute to an inclusive workplace community. Employees share a responsibility to ensure a positive, healthy and safe working environment. The guidelines are available on the company's website.

Diversity will contribute to Gassco achieving its strategic goals. At Gassco, diversity is about how each and every one of us is unique. The company has defined areas for its diversity work such as expertise, age and gender. Targets and measures have been created for different areas and these are managed as part of Gassco's HR strategy.

Gassco must reflect the diversity in society and aims to be an attractive workplace at which all employees and qualified candidates are given equal opportunities, regardless of their functional ability. The company's job advertisements highlight the quest for diversity in the workforce and systematic recruitment takes place by announcing vacancies in classified ads and through relevant media.

Gassco has always been committed to being an attractive workplace for both women and men and has therefore contributed to recruiting young talents to the oil and gas industry. At Gassco, pay and working conditions are designed to apply to everyone and not to exclude any groups of employees.



37 per cent of Gassco's workforce in Norway are women. Gassco works to achieve a good gender balance and the company prioritises recruiting more women with higher education. The company has 17 employees who work part-time in accordance with their own wishes. Women account for 43 per cent of Gassco's executive management group.

The company does not discriminate on the basis of gender, religion, national or ethnic affiliation, social groups 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 on demographic data in the organisation.

Working environment and development

Creating and further developing a positive working environment is a priority activity in Gassco's HR policy. In 2023, Gassco initiated work to emphasise the significance and importance of a healthy and positive corporate culture. This work was carried out systematically in all departments in Norway. A healthy corporate culture requires awareness on the part of employees and an understanding of how important such a culture is when it comes to productive collaboration within the organisation. This work will continue in 2024 and the various terminals will address the same topics that were addressed at the head office in Norway. The working environment is also a priority area for the Norwegian Ocean Industry Authority. "Don't forget the working environment!" is their main theme for 2024. As part of its culture efforts, Gassco has conducted regular pulse surveys in which

**Gassco prioritises
gender equality in
terms of opportunities
for both professional
and personal
development, pay
and advancement.**

T – Transparent
R – Respectful
A – Accountable
C – Challenging
K – Knowledgeable

indicators of significance to the company's performance, results and working environment were measured. Generally speaking, Gassco scores very highly. Gassco's TRACK values represent a set of goals against which behaviour and work processes in the company are assessed. TRACK therefore forms an integrated element in employee performance assessments, as well as in departmental and management meetings.

The board's follow-up on ongoing expertise and management development in the company has been handled through involvement in and reviews by the compensation committee, which reports the status and any 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 Paper on state ownership in force at any given time. Management and personnel development processes are pursued continuously. 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 in light of the company's goals.

The human resources policy is known in the organisation and, in cooperation with the works council, elected trade union representatives and the chief safety delegate, the HR department ensures that it is followed up on and the requirements are met. The works council, also referred to as the Gassco council, comprises one representative from each of the trade unions Tekna, NITO and Industri Energi, as well as three representatives from the business, including the CEO. The health and safety committee comprises the safety delegates and a corresponding number of business representatives, including the CEO. Both of these bodies consider issues pursuant to the Norwegian Working Environment Act, the main agreements and other relevant laws and collective agreements. Each body usually convenes six meetings each year, but additional meetings are held as required. Trade union representatives participate directly in councils, committees and projects as needed and, in 2023, several trade union representatives participated in the shift committee, which had been tasked with evaluating a number of matters related to shift workers.

Table 4 Working environment and diversity in Gassco

	Unit	2023	2022	2021	2020
Employees					
Employees in Norway	Number	226	213	207	204
Employees at receiving terminals	Number	167	166	152	147
Turnover	%	1	1	1	4
Apprentices	Number	2	3	3	1
Age composition					
Employees under 30	%	6	6	5	4
Employees 30-50	%	44	46	52	50
Employees over 50	%	50	48	43	46
Average age of all employees	Year	49	48	48	49
Average age of men	Year	50	50	49	50
Average age of women	Year	46	46	46	46
Gender balance					
Proportion of women in Norway	%	37	38	36	38
Proportion of women at receiving terminals	%	12	12	13	12
Proportion of women in management positions (in Norway with personnel responsibilities)	%	30	32	29	34
Proportion of women in management team	%	43	43	43	58
Proportion of women on the board of directors**	%	40	40	40	40
Proportion of women among new employees*	%	28	37	36	20
Proportion of women with a bachelor's degree*	%	12	9	10	11
Proportion of women with a master's degree*	%	20	19	16	15
Proportion of women with a PhD*	%	0	0	0	0
Sickness absence*					
Short-term, 1-16 days	%	1.3	1.2	1.0	0.8
Long-term, >16 days	%	1.0	0.9	1.4	1.4
Total	%	2.0	2.1	2.5	2.3
Gassco as an employer					
Personnel who have completed annual employee performance assessment	%	93	92	95	94
Quantifications in Norway					
Employees with a bachelor's degree	%	34	28	32	32
Employees with a master's degree	%	56	53	47	51
Employees with a PhD	%	3	3	0.3	0.2
* 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 at 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 at Gassco in terms of the relationship between the Hay grade and annual pay.

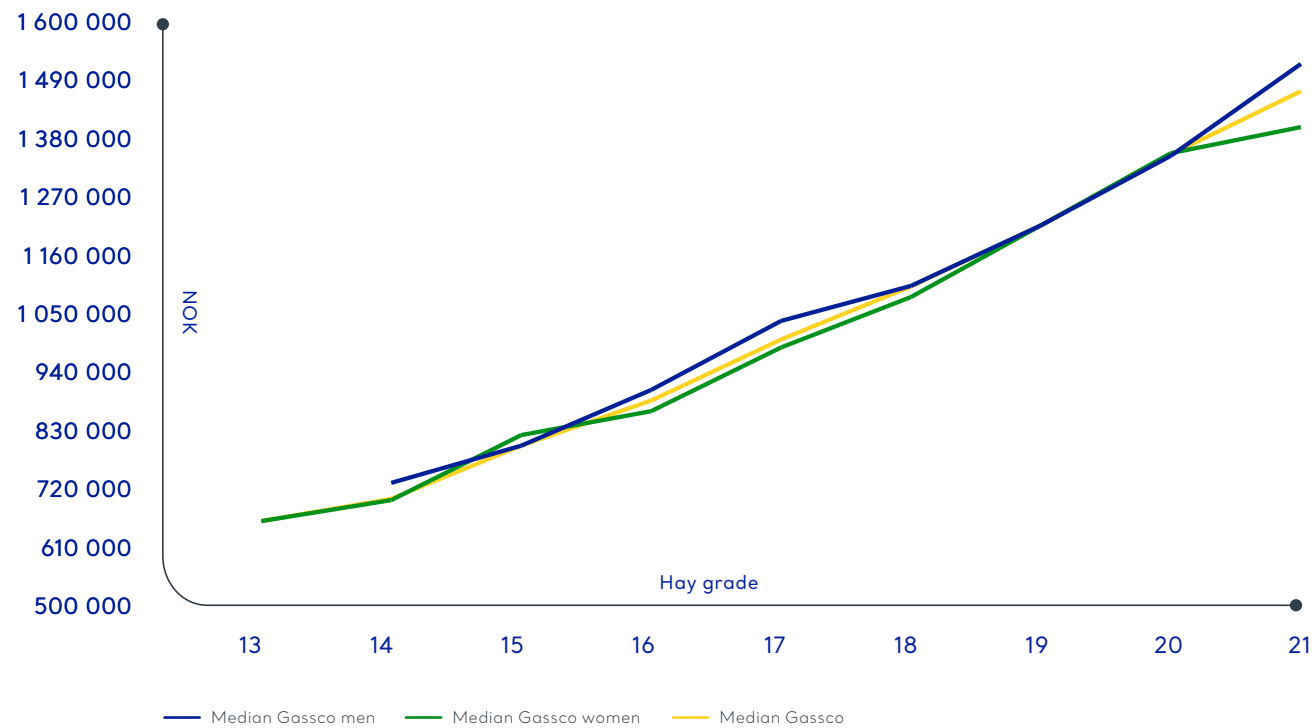


Figure 7 Pay levels women and men in Gassco.

Base salary is the main component of employee remuneration at Gassco. The company also has a bonus system which is the same for all employees. The company has guidelines in place for executive pay and these were adopted by the general meeting in 2023. The guidelines set out the bonus system and the principles for executive pay. An executive pay report has been drawn up for 2023 in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act, which must be certified by the auditor and considered by the general meeting.

Each year, a set of key performance indicators is established relating to goal attainment and the results achieved will form the basis for the year's bonus to employees. The KPIs are linked to Gassco's vision, values and strategy and convert these values into tangible actions and results. KPIs have been established for sustainability, the environment, safety, operational factors, finances, project progress and the company's values.

Gassco's employees come from 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 collaboration 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 working environment at Gassco is good and the company has had a goal of total sickness absence below 3 per cent for a number of years. In 2023, total sickness absence for the business as a whole was 3.5 per cent, compared to 3.7 per cent in 2022. Sickness absence at Gassco AS was 2 per cent in 2023.

2023 was a year in which the organisation participated in social, cultural and sporting activities. Gassco arranged a number of social events for its employees.

Sustainable local communities

Gassco's sponsorship strategy is entrenched in its sustainability work. The company supports cultural and sporting teams, organisations and events, as well as activities aimed at preserving biodiversity. The company believes in a positive interaction between local communities and companies.

In 2023, Gassco was the main sponsor of the cultural events Karmøygeddon, Skude Festival, Vangen Festival and the SILK literature festival. Gassco supports a number of sports teams and, in 2023, the company was the main sponsor of Haugesund Basketball Club and FKH's women's team.

For several years, Gassco has supported the efforts to halt the loss of biodiversity in Karmøy local authority through the Vern Vipa (lapwing) project. Gassco also supports the Havørn (white-tailed eagle) project in Tysvær.

Close collaboration is pursued with educational institutions in order to increase interest in and knowledge of science and technology subjects. Gassco also offers apprenticeships and summer jobs for students. Gassco is a partner in the Young Entrepreneurship programme for Rogaland. Gassco supports the Western Norway University of Applied Science through funding for an IT programme in Haugesund. These skills are important to the company and for the region as a whole. Gassco also cooperates with Haugaland Vekst and participates in reputation-building activities to attract new graduates to the region.

Digitalisation

Digitalisation is a key contributor in achieving Gassco's strategic goal of being safe, reliable and effective.

Gassco has implemented portfolio management as a tool to reconcile the company's digitalisation capacity and the company's needs, as well as to optimise value creation from its digital initiatives. These are managed by dedicated teams responsible for the operation and development of applications to support each business process. The teams apply agile principles to their organisation and working methods.

Gassco has invested significant resources over a number of years to establish its cloud solution. This is now available and will be Gassco's preferred platform for enterprise resource planning systems. Each year, as more and more data becomes available in the cloud solution and unhindered by historical limitations, the company now sees examples of new ways in

which to compile and make existing data available as well as creating value from such data. The number of digital initiatives was high in 2023 and the scope of such initiatives was wide. Also, the portfolio for 2024 shows further growth.

Gassco has evaluated how the company meets its need for IT expertise. This work will form the basis for replacing agreements in the area through planned and communicated procurement processes in 2024.

Gassco has also evaluated the use of artificial intelligence (AI) and how AI could safely be phased in at Gassco, and this project will start in early 2024.

Ongoing digitalisation will require new and additional digital expertise at Gassco. The company will prioritise this over the coming years, through both training initiatives and recruitment.

Share capital

The company's share capital on 31 December 2023 was NOK 10 million, divided between 10 000 shares. All the shares are owned by the Ministry of Energy on behalf of the Norwegian state.

Net profit and its allocation

Net profit was NOK 0. The company's equity on 31 December 2023 was NOK 15 248 350. The total balance sheet was NOK 1 974 million and the company had liquid assets through bank deposits of NOK 482 million.

Gassco is organised so that the company does not make a profit or a loss from its operations and has been exempted from capital and income taxes pursuant to section 2-32(1) of the Norwegian Taxation Act. On that basis, market, liquidity and credit risk are considered to be low. Low credit risk is justified by owners and shippers being solid companies with excellent credit ratings. Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the accounts have been prepared on the assumption that the company is a going concern.

Bygnes, 21 March 2024

Signature
Jan Skogseth
Chair of the board

Signature
Asgeir Tomasgard
Director

Signature
Tor Rasmus Skjærpe
Director

Signature
Anne-Lene Midseim
Director

Signature
Brita Holstad
Director

Signature
Vidar R. Nilsen
Director*

Signature
Toralf Bredahl
Director*

Signature
Lisbet Kallevik
Director*

Signature
Frode Leversund
President and CEO

Employee representative*





Jan Skogseth

Chair of the board (born 1955)

Skogseth has an MSc from the South Dakota School of Mines & Technology and over 35 years of experience in 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 a key role in establishing that company on several continents. Skogseth has held several board appointments and currently sits on the boards of SR Bank ASA and Nammo AS. Skogseth has been a director since 2018 and chair since 2019.



Anne-Lene Midseim

Director (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 of the Ministry of Energy. Midseim has been a director since 2019.



Tor Rasmus Skjærpe

Director (born 1950)

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



Toralf Bredahl

Director, employee representative (born 1962)

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



Brita Holstad

Director (born 1966)

Holstad has an MSc in petroleum geology from the Norwegian Institute of Technology (NTNU). 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 Carin Energy PLC with responsibility for Norway and the UK, as well as CEO of Hess Norge AS. Holstad has been a director since 2020.



Asgeir Tomasgard

Director (born 1970)

Tomasgard is a professor in the Department of Industrial Economics and Technology Management at the Norwegian Institute of Science and Technology (NTNU). He is the director of NTNU Energi 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 director since 2021.



Vidar R. Nilsen

Director, employee representative (born 1976)

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



Lisbet Kallevik

Director, employee representative (born 1973)

Kallevik is an adviser in the Department of Business Development and Projects at Gassco and head of the Norwegian Union of Industry and Energy Workers (IndustriEnergi) branch at Gassco. Kallevik has been a director since 2020.



Corporate governance

The board's presentation of corporate governance

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

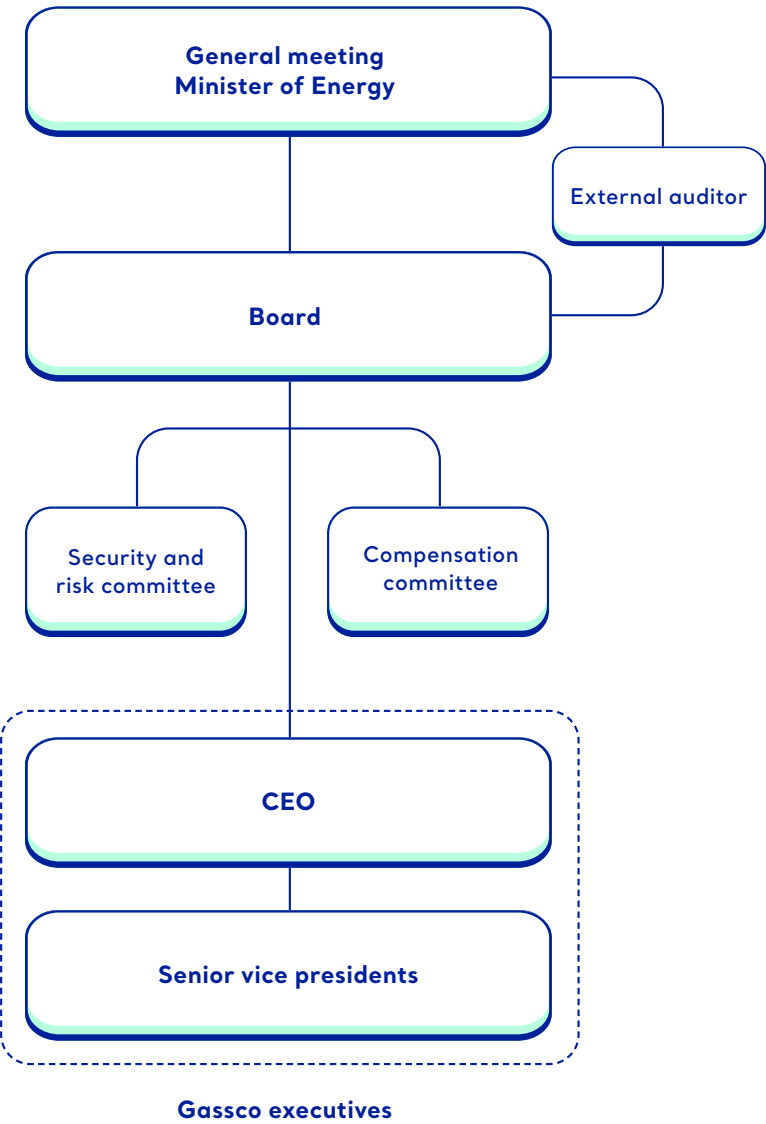


Figure 8 Gassco governing bodies

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

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

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

Gassco's activities

The company's sectoral policy goals are described in the articles of association. These goals include operating transport systems for natural gas on and from the NCS, including pipelines and terminals, either independently or through participation in or partnership with other companies and associated activities. The Norwegian state's ownership report states that the state's goal as owner is to ensure a neutral and independent operator of the integrated gas transport system and to facilitate the efficient utilisation of resources on the continental shelf. Furthermore, the state's goal is also to ensure efficient operation and further development of the integrated gas transport system on the NCS.

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

To ensure that the sectoral policy goals established by the MoE are met, KPIs are monitored throughout the year. By ensuring good HSE results, high reliability of gas deliveries to continental Europe and operating costs below the budget ambition, Gassco contributes to maximising value creation from the NCS.

Sustainability is an integral part of the company's corporate governance, organisational culture and ethical behaviour towards people and the environment.

Equal treatment of shareholders – transactions with related parties

The Norwegian state is a co-owner of Equinor ASA and the sole shareholder in Gassco AS. This means that the two companies are related parties. Gassco AS purchases goods and services from Equinor ASA related to technical plant operation and third-party assignments at cost, pursuant to the Technical Service Provider (TSP) agreement. Please refer to note 8 in the financial statements for further details.

General meeting

The general meeting is the company's highest authority. The Minister of Energy acts as the general meeting and is thereby responsible for administering the state's ownership of the company. The annual general meeting is held in Oslo or on the island of Karmøy before the end of June each year. 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 directors on behalf of the shareholder and ensures that, overall, the board has appropriate and adequate expertise, capacity and diversity. The general meeting elects directors in accordance with the gender balance requirements set out in the Norwegian Act on Limited Liability Companies.

The general meeting is attended by the owner, directors, CEO and the auditor. The oil and gas department of the Norwegian Ministry of Energy is responsible for the day-to-day supervision of Gassco.

Board of directors, composition and independence

Corporate assembly

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

Board of directors

According to the articles of association, the Gassco board of directors shall comprise five to eight directors, of which five plus the chair shall be elected by the general meeting. The board has not elected a deputy chair. Directors elected by the general meeting are independent of the company's day-to-day management and significant business associates.

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

Upon joining the board, new directors must sign declarations of willingness to serve and of confidentiality and confirm that they have read the articles of association, the ethical guidelines, the procedure for ESG, the instructions for the board, the compensation committee, the safety and risk committee and the CEO, as well as the authority matrix for the company.

The CEO is not a director.

The work of the board

Pursuant to the instructions for the board, the board will ensure that the company draws up strategies, budgets and key performance indicators and ensures an acceptable organisation. The board is also responsible for establishing control systems and for ensuring that the business is run in accordance with the company's value base, the ethical guidelines, ESG and the UN SDGs.

The board places emphasis on avoiding conflicts of interest and ensuring that directors and executives possess broad and in-depth expertise relevant to the company's challenges and the business for which it exercises responsibility. The board appoints the CEO and establishes instructions for its own work, the compensation committee and the CEO. In 2023, the board decided to establish a safety and risk committee, which will be in place from 1 January 2024.

The board has an annual plan in place for its work. This plan includes recurring themes such as strategy, risk, sustainability and HSE. The board prioritises safe and efficient operations and regularly evaluates its own work.

A decision matrix has been created for the board, which specifies its role in relation to the various issues. The board determines strategy, key performance indicators, budgets, accounts and other important issues based on proposals from the CEO, who is responsible for the 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 directors with information. The chair can call extraordinary meetings as required. Five meetings and one strategy seminar were held in 2023. Attendance was 100 per cent.

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

Audit committee

Following an assessment, the board has concluded that it does not need to appoint an audit committee. The company is subject to greater 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.

Safety and risk committee

The board has decided to establish a dedicated safety and risk committee, starting from 1 January 2024. The purpose is for the committee to serve as an advisory and preparatory body for the board in matters relating to Gassco's role as a business subject to the Norwegian Safety and Security Act. The committee will also be tasked with evaluating the company's overall risk situation. The committee's primary duty will be to ensure that the board fulfils its responsibility for the management of the company and its supervision of day-to-day management and the business within the scope of the Norwegian Safety and Security Act – particularly in relation to tasks that entail access to classified information. The committee will also review and consider the company's overall risk situation. The committee will comprise three to four directors, of which one will be an employee-elected director with the highest level of clearance for access to information. It will be chaired by the chair of the board or one of the other committee members appointed by the board. Instructions have been prepared for the appointment and work of the safety and risk committee and these have been adopted by the board.

Remuneration committee

The board has established a remuneration committee. Its role is to prepare matters for the board concerning the conditions of employment for the CEO, the frameworks and policies governing such terms for other employees (including bonus schemes) and other conditions relating to remuneration, supplementary benefits, incentive models, pension terms and organisational and skills development in the company. Any changes will be included in the revised guidelines for executive pay. The committee comprises three directors who are appointed by the general meeting. It will be chaired by the chair of the board or one of the other committee members appointed by the board. Instructions have been prepared for the appointment and work of the remuneration committee and these have been adopted by the board.

Owner meetings

In addition to the general meeting, the MoE convenes bi-annual owner meetings with the board. These constitute an informal forum at which the board and MoE discuss strategic issues. The board also reports on risk and key performance indicators at these meetings.

Risk management and internal control

The government specifies requirements for management, follow-up, control and risk management in state-owned enterprises. Gassco's management system describes its corporate governance. 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 ensure efficient and prudent operation in accordance with applicable legislation, statutory regulations and specified goals. The risk management and internal control framework is based on the principles set out in ISO 31000:2018 and the COSO model.

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

Management and control are exercised through various processes which involve one or more of the company's governing bodies.



Figure 9 Risk management

The company's owner, board and management utilise a "radar image" as important information for decision-making processes and when updating strategy. This radar image primarily presents emerging risks and opportunities. It reflects strategic, operational and external risks, as well as opportunities.

The company's risk situation is reviewed and updated before each board meeting. The board also conducts an extended risk review twice each year (spring and autumn). Particular attention is devoted to risks with major accident potential, which form the basis for workshops on major accident risk pursuant to the industry standard. Please also refer to the Director's report from page 17 for a report on the risks that characterised the year 2023.

The established management principles will ensure sound management and control of the business. The company's policies are adjusted continually to 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 builds on established and communicated goals, strategies and values, including ethical rules. Gassco has adopted ethical guidelines that apply to employees and

contractors, as well as a separate code of conduct for suppliers. These codes are addressed in further detail on page 65 of the directors' report under Ethics, security and misconduct.

Gassco's executive management, which comprises a management team of seven members, regularly checks that business is being conducted in accordance with its strategy. Relevant government agencies, as well as users and owners of the gas transport system, also conduct regular audits and supervision of Gassco's operatorship, as well as of associated activities and management systems. The CEO is responsible for ensuring that the executive management reviews the management system twice a year and that an annual plan has been established to ensure that this is done.

Gassco has a process-based management system (Waypoint), which describes the company's corporate governance, executive management and work processes. The company's duties and roles are derived from the overall goals, principles and framework documents governing Gassco's operations.

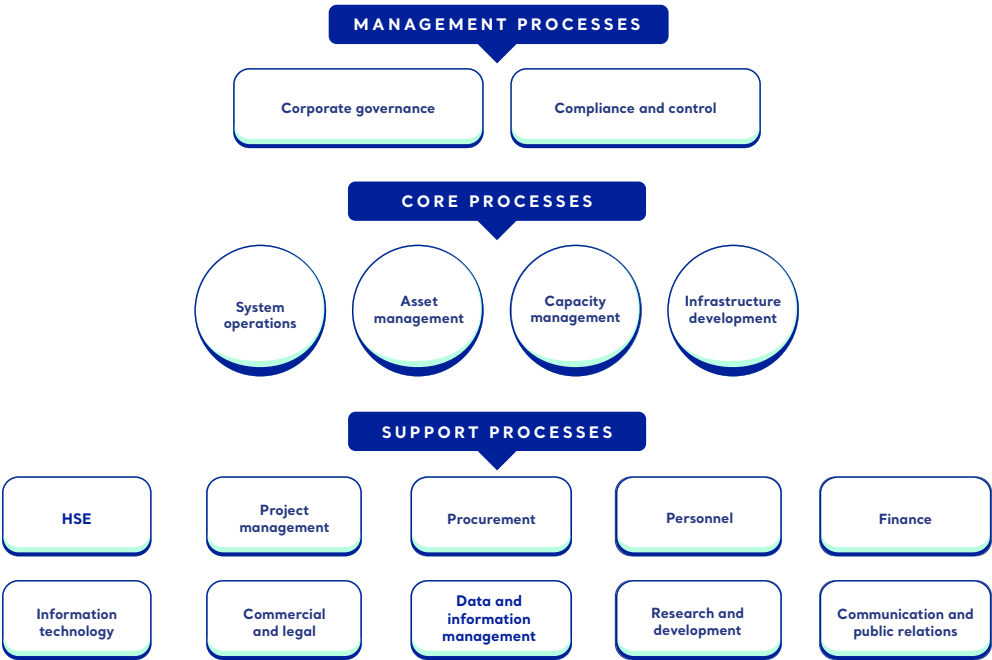


Figure 10 Gassco's management model

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

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

An authority matrix has been established, along with a decision matrix which describes the decision-making processes to be observed for important issues, who is responsible for the final decision and which authorities the decision-makers hold. Terms of reference for the various joint ventures and their committees have been established and approved by the owners. A special verification process 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 function as intended. Although formal decisions are taken either by the owners of the gas infrastructure or by participants in specific infrastructure development projects, the work processes ensure that users exert genuine influence ahead of these decisions.

Primary responsibility for Gassco's monitoring activity rests with the department for Safety, security and sustainability (SSU), which draws up annual monitoring programmes in close collaboration with the business units. This unit conducts internal audits as well as auditing the work of the Technical Service Providers. 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 of compliance and the implementation of improvements to the management system are handled by SSU.

Management tools

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

Remuneration of directors

The general meeting determines directors' remuneration. A detailed overview of remuneration to directors can be found in the executive pay report.

Remuneration of executive personnel

Please refer to the executive pay report concerning remuneration of executive personnel.

Information and communication

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

Press releases and annual reports are posted on the company's website (www.gassco.eu).

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

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

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

Whistleblowing channels administered by third parties can be accessed via the company's website.

Auditor

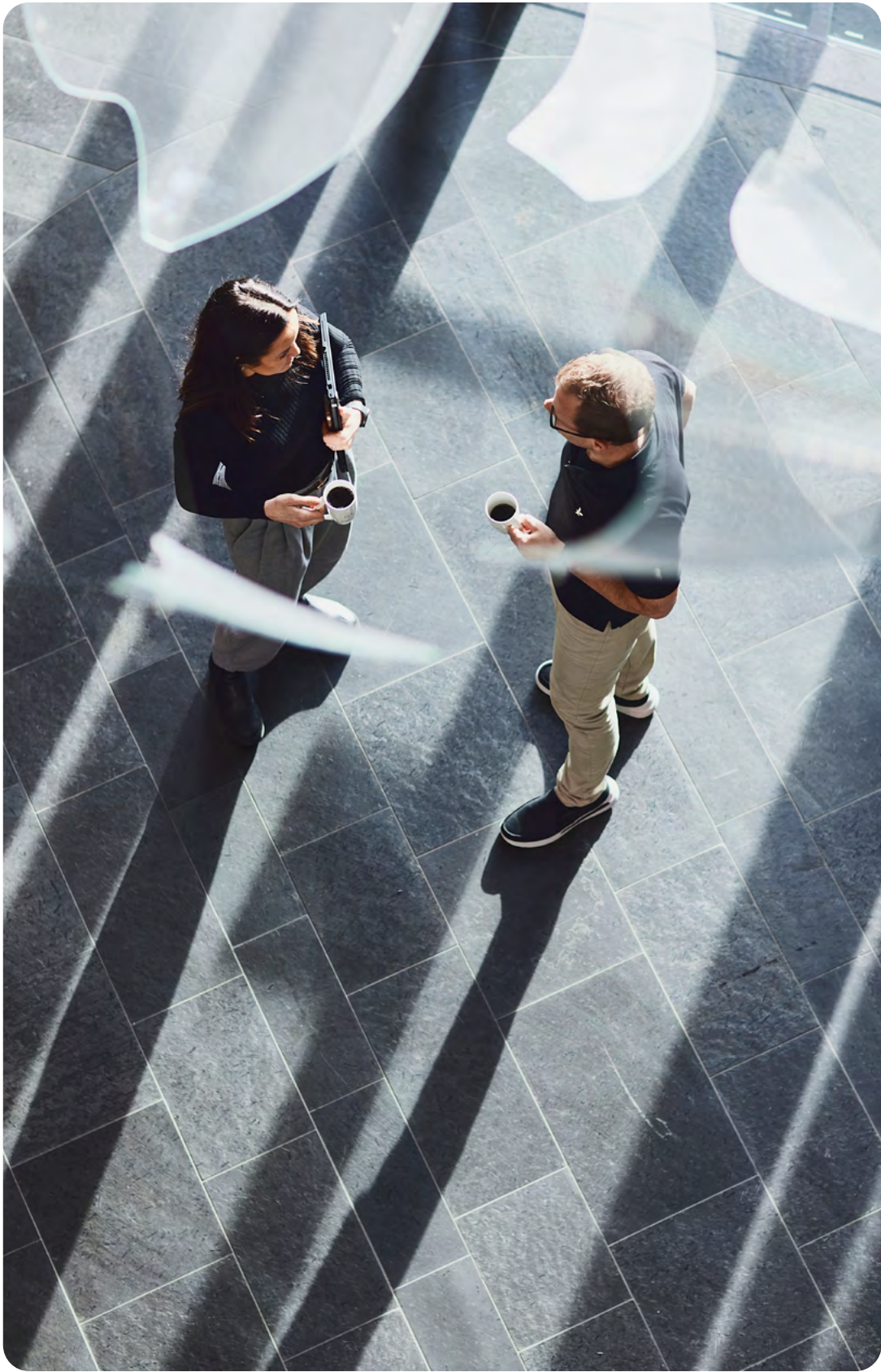
PricewaterhouseCoopers (PwC) is the company's external auditor. The auditor's fee is determined by the general meeting. The auditor attends board meetings at which the accounts are considered. In addition, the board has an annual meeting on its own with the auditor. Subjects addressed in this meeting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



Financial statements

Income statement

Amounts in NOK 1 000	Note	2023	2022
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			
		0	0
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	2023	2022
Assets			
Tangible assets			
Land, buildings and other property	4	29 517	29 527
Operating equipment and fixtures	4	170 160	141 823
Total tangible assets		199 677	171 349
Other long-term receivables			
Other receivables	3,6,7	175 313	214 130
Total other long-term receivables		175 313	214 130
Total fixed assets		374 990	385 479
Current assets			
Receivables			
Accounts receivable	8	135 845	157 817
Other receivables	1,6	981 732	1 880 373
Total current receivables		1 117 577	2 038 190
Bank deposits and cash	9	481 575	1 172 490
Total current assets		1 599 152	3 210 681
Total assets		1 974 142	3 596 160

Balance sheet

Amounts in NOK 1 000	Note	2023	2022
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	374 913	415 966
Total provisions		374 913	415 966
Long-term liabilities			
Other long-term liabilities	6,12	80 012	69 148
Total long-term liabilities		80 012	69 148
Current liabilities			
Accounts payable	1,8	1 226 009	2 888 134
Unpaid government charges and special taxes	1,9	79 760	46 846
Other current liabilities	6	198 199	160 817
Total current liabilities		1 503 968	3 095 797
Total liabilities		1 958 894	3 580 912
Total equity and liabilities		1 974 142	3 596 160

Bygnes, 21 March 2024

Signature
Jan Skogseth
Chair of the board

Signature
Asgeir Tomasgard
Director

Signature
Tor Rasmus Skjærpe
Director

Signature
Anne-Lene Midseim
Director

Signature
Brita Holstad
Director

Signature
Vidar R. Nilsen
Director*

Signature
Toralf Bredahl
Director*

Signature
Lisbet Kallevik
Director*

Signature
Frode Leversund
President and CEO

Employee representative*

Cash flow statement

Amounts in NOK 1 000	Note	2023	2022
Cash from operational activities			
Profit on ordinary activities before tax		0	0
Depreciation	4	51 162	47 949
Change in accounts receivable	8	21 972	1 402
Changes in other current receivables	6	898 641	(871 838)
Changes in long-term receivables	6	38 817	200 889
Changes in accounts payable	8	(1 662 125)	1 705 933
Changes in long-term commitments	7	(41 053)	(190 583)
Changes in other current liabilities	6	70 296	(15 438)
Changes in other long-term liabilities	6	10 864	541
Net cash from operational activities		(611 426)	878 855
Cash applied to investment activities			
Net disbursement for acquisition of fixed assets	4	(79 489)	(53 987)
Net cash applied to investment activities		(79 489)	(53 987)
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		(690 916)	824 868
Cash and cash equivalents at 1 January		1 172 490	347 622
Cash and cash equivalents at 31 December		481 575	1 172 490





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. Gassco's financial statement includes all branches.

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 operatorship.

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	2023	2022
Operating income and expenses		
Normal operatorship	16 099 159	16 395 537
Special operatorship	443 670	379 106
Other assignments	838 602	1 267 384
Total operating income	17 381 431	18 042 027
Payroll expenses	766 492	675 041
Depreciation of fixed assets, Gassco	51 162	47 949
Other expenses	16 563 778	17 319 037
Total operating expenses	17 381 431	18 042 027
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		
Tariff revenues	2023	2022
Total tariff revenues	31 882 737	38 532 743

Note 3.

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

Amounts in NOK 1 000		
	2023	2022
Payroll expenses		
Pay ¹⁾	521 689	443 410
Payroll tax	102 977	82 083
Pension costs ²⁾	115 131	117 546
Other benefits	30 082	32 001
Total payroll expenses	769 879	675 041
Work-years performed	387	379

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	88 109	0

Remuneration of executive management team

Name	Year	Base salary	Fixed salary addition	Pay	Other benefits	Bonus***)	Pension*)	Total remuneration
Frode Leversund, president and CEO	2023	3 964	-	3 964	51	277	601	4 894
	2022	3 750	-	3 750	53	338	349	4 490
Øystein Rossebø, senior vice president business, development and projects	2023	2 200	300	2 500	50	154	213	2 917
	2022	2 000	270	2 270	53	180	202	2 705
Kristin Kinn Kaste, senior vice president asset management	2023	2 100	300	2 400	53	147	226	2 826
	2022	1 930	270	2 200	55	174	211	2 640
Alfred Skår Hansen, senior vice president system operations	2023	1 950	300	2 250	58	137	216	2 661
	2022	1 800	270	2 070	56	162	204	2 492
Randi Viksund, senior vice president staff and support services	2023	1 850	300	2 150	61	130	235	2 576
	2022	1 700	270	1 970	51	153	220	2 394
Alvin Hansen, senior vice president safety, security and sustainability	2023	1 945	300	2 245	50	136	1 540	3 972
	2022	1 840	270	2 110	54	166	1 446	3 776
Trine Lund**), manager corporate governance	2023	1 735	300	2 035	52	121	1 628	3 836
	2022	1 600	270	1 870	52	144	2 786	4 852

*) For employees with a defined benefit pension scheme, the amount represents the change in DBO, and for those with a defined contribution pension scheme, the amount represents the 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.

**) One employee retains rights from a former early pension scheme.

***) Gassco's system for bonuses/variable pay (hereinafter bonus) is the same for all employees, including leading personnel. Each year, the board of directors of Gassco determines a set of key performance indicators (KPIs) and the results achieved for these will form the basis for the year's bonus payments to employees. The KPIs are linked to Gassco's vision, values and strategy, thereby converting the strategy to tangible targets and results.

Remuneration of the board of directors

Name	Year	Board remuneration	Remuneration committee	Total remuneration
Jan S Skogseth, chair of the board	2023	455	10	465
	2022	445	10	455
Asgeir Tomasgard, director	2023	232	-	232
	2022	227	-	227
Brita Holstad, director	2023	232	-	232
	2022	227	-	227
Anne-Lene Midseim, director	2023	232	10	242
	2022	227	10	237
Tor R Skjærpe, director	2023	232	10	242
	2022	227	10	237
Lisbet Kallevik, director (employee representative)	2023	232	-	232
	2022	227	-	227
Vidar R Nilsen, director (employee representative)	2023	232	-	232
	2022	227	-	227
Toralf Bredahl, director (employee representative)	2023	232	-	232
	2022	227	-	227

The rates are approved by the General meeting.

Auditor's fees

NOK 2 080 000 was paid in 2023 (2022: NOK 1 298 865) as fees to PricewaterhouseCoopers AS for auditing the company and the licenses operated by Gassco AS. Furthermore, PricewaterhouseCoopers AS was paid fees of NOK 120 000 for other attestation services, NOK 50 000 for tax advisory services (including technical preparation of tax returns), and NOK 1 183 950 for other services not related to auditing (2022: NOK 539 702). No fees were paid to Advokatfirmaet PricewaterhouseCoopers AS for legal assistance in 2023 nor in 2022.

Note 4.
Tangible fixed assets

Amounts in NOK 1 000	Buildings and other real property	Operating equipment, fixtures, tools, etc	Total
2023			
Acquisition cost 1 Jan 2023	46 149	480 391	526 541
Additions	-	79 591	79 591
Disposals/scrapping	-	(7 542)	(7 542)
Acquisition cost 31 Dec 2023	46 149	552 839	598 988
Accumulated depreciation 1 Jan 2023	16 623	338 569	355 191
Disposal accumulated depreciation	-	(7 440)	(7 440)
Depreciation for the year	10	51 152	51 162
Accumulated depreciation 31 Dec 2023	16 633	382 678	399 311
Book value 31 Dec 2023	29 517	170 160	199 677
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	2023	2022
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	2023	2022
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 2012-2015 were repaid in 2016. The company has reviewed the factual position concerning its activities in 2023 and concluded that the conditions for tax exemption were also fulfilled in that year. No tax payable has therefore been calculated for 2023 nor any temporary differences/deferred tax for either 2023 or 2022.

Note 6.
Other receivables and liabilities

Other long-term receivables		
Amounts in NOK 1 000	2023	2022
Loans to employees	88 109	77 044
Pension-related receivables	87 204	137 086
	175 313	214 130
Other current receivables		
Amounts in NOK 1 000	2023	2022
Receivable from licences	900 158	1 820 127
Receivable from shippers	66 774	39 080
Other current receivables	14 799	21 167
	981 732	1 880 373
Other long-term liabilities		
Amounts in NOK 1 000	2023	2022
Liabilities to shippers	80 012	69 148
Other current liabilities		
Amounts in NOK 1 000	2023	2022
Liabilities to credit institutions	90 196	78 490
Payroll-related liabilities	92 348	82 327
Other current liabilities	15 654	0
	198 199	160 817

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 2023 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	2023	2022
Present value of pension earning for the year	10 182	11 220
Interest cost of the pension commitment	11 411	7 447
Curtailment/settlement	0	0
Administration costs	103	112
Recorded implementation effect/ curtailment/settlement	0	0
Recorded estimate loss/(gain)	27 903	25 246
Net pension expenses/(gain)	49 598	44 024
Defined contribution plans	27 701	22 802

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. The total cost expensed to the AFP scheme is NOK 3.4 million.

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				
2023	Funded (collective)	Unfunded (AFP)	Other unfunded	Total
Earned pension commitments	485 010	0	303 627	788 637
Pension funds (at fair value)	(410 000)	0	0	(410 000)
Unrecorded effect of estimate variations	0	0	0	0
Net pension commitments	75 010	0	303 627	378 637

Amounts in NOK 1 000				
2022	Funded (collective)	Unfunded (AFP)	Other unfunded	Total
Earned pension commitments	464 322	0	307 966	772 288
Pension funds (at fair value)	(386 409)	0	0	(386 409)
Unrecorded effect of estimate variations	0	0	0	0
Net pension commitments	77 913	0	307 966	385 879

Economic assumptions	2023	2022
Discount rate on corporate bonds	3.10%	3.00%
Expected return on pension funds	3.10%	3.00%
Expected pay growth	3.50%	3.50%
Expected adjustment to current pensions	2.25% / 3.25%	2.00% / 3.25%
Expected change to National Insurance base rate (G)	3.25%	3.25%

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

These arrangements apply to all the company's employees in Norway. The company's pension schemes satisfy the requirements set out in the Norwegian Mandatory Occupational Pension Act.

Pension arrangements for employees in Belgium

Employees in Belgium have either defined benefit or defined contribution plans. Funds in these plans at 31 December 2023 satisfied local requirements.

Amounts in NOK 1 000, converted at an average exchange rate of 11.468 per EUR

For employees in Belgium	2023	2022
Present value of pension earning for the year	3 817	5 029
Interest cost of pension commitment	3 134	469
Return on pension funds	(2 543)	(330)
Recorded estimate loss/(gain)	(12 669)	(7 806)
Net pension expenses/(gain)	(8 262)	(2 639)

Amounts in NOK 1 000, converted at the closing exchange rate of 11.2405 per EUR

Funded	2023	2022
Earned pension commitments	89 997	98 302
Pension funds (at fair value)	(80 641)	(76 206)
Net pension commitments	9 355	22 096

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

Economic assumptions	2023	2022
Discount rate	3.61% / 3.71%	3.06% / 3.13%
Inflation	2.10%	2.10%
Expected pay growth	2.00%	2.00%
Expected adjustment to current pensions	2.10%	2.10%

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

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 11.468 per EUR

For employees in Germany	2023	2022
Present value of pension earning for the year	10 280	19 537
Interest cost of pension commitment	12 942	5 774
Recorded estimate loss/(gain)	(23 279)	(185 277)
Net pension expenses/(gain)	(57)	(159 966)

Amounts in NOK 1 000 converted at the closing exchange rate 11.2405 per EUR

Funded	2023	2022
Earned pension commitments	305 760	293 583
Pension funds (at fair value)	(318 839)	(285 593)
Net pension commitments	(13 079)	7 990

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

Economic assumptions	2023	2022
Discount rate	4.20%	3.60%
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.

Note 8.
Related parties

Equinor ASA and Gassco AS share a common owner in the Ministry of Energy, and are thereby related parties. Gassco AS purchased goods/services worth NOK 10 494 million, including VAT, in 2023 (2022: NOK 13 683 million), related to various TSP and third-party assignments. NOK 17 094 million (2022: NOK 21 516 million) was invoiced net as services sold (including tariffs) to Equinor ASA/Equinor Energy AS. The net balance with Equinor was NOK 820 million as of 31 December 2023 (2022: NOK -661 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 deductions, fixed bank deposits and withdrawal rights

Bank deposits, cash and equivalents include NOK 18 401 594 in tied tax withholdings. Gassco AS holds a withdrawal right of up to NOK 200 000 000. This right has not been utilised as of 31 December 2023.

Note 10.
Share capital and shareholder information

The share capital of the company at 31 December 2023 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 Energy	10 000

Note 11.
Equity

Amounts in NOK 1 000	Share capital	Other equity	Total equity
Equity at 1 Jan 2023	10 000	5 248	15 248
Year's change in equity:			
Profit for the year		-	-
Equity at 31 December 2023	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 Langeled, and a statutory bank guarantee in the amount of EUR 230 000 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 2023, 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 2023, 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 and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial

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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>

Gunnar Slettebø, 21 March 2024
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.

