

# Employees

## Developments in the labour market

Over the past few years, our organisation has changed from a Dutch into a European infrastructure company. We operate in a dynamic and competitive environment, in which the transition towards a more sustainable energy supply plays a key role. This development requires new skills and knowledge (e.g., in the field of mergers and acquisitions, underground gas storage activities and sustainability). The labour market is also subject to change. Globally, we can distinguish three trends that are particularly significant for us:

- ▶ Despite the high level of unemployment in the Netherlands, we are still seeing a shortage in the labour market of technically trained people.
- ▶ In addition, the retirement age is gradually moving, over a number of years, from 60 to 67. This means that our employees and the structure of our organisation will need to meet new requirements.
- ▶ As an organisation, we want to be able to respond alertly and quickly to current developments in the energy sector and to interesting business opportunities.

These developments require an HR policy that focuses on the sustainable employability of employees. We will explain this in more detail in the section on *Organisational development*.

### Profile of our employees

Compared to 2012, the size of our workforce rose from 1,701 to 1,731 employees in 2013; 274 work at Gasunie Deutschland and 1,457 at Gasunie Nederland. The male/female ratio in the Netherlands is 85% men and 15% women. At Gasunie Deutschland, the ratio is 81% men and 19% women. The average age in our company fell slightly to 46.5 (2012: 47.1).

#### Age structure: Gasunie in the Netherlands

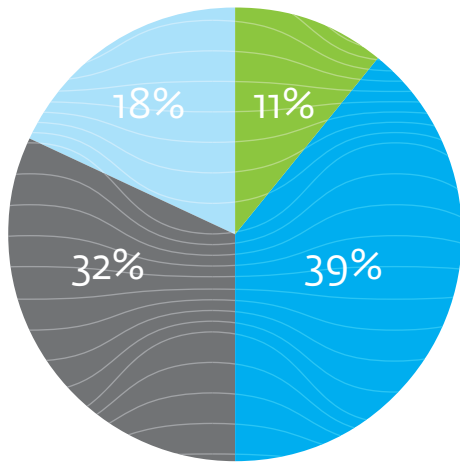
Age category		Number of EMP*	% EMP
From	To		
15	25	5	0%
25	35	154	11%
35	45	428	29%
45	55	554	38%
55	65	316	22%
65	99	0	0%

\* EMP = employees

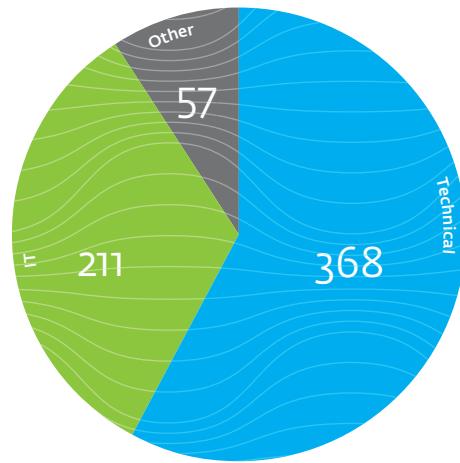
#### Age structure: Gasunie in Germany

Age category		Number of EMP*	% EMP
From	To		
15	25	4	0%
25	35	41	17%
35	45	76	32%
45	55	69	29%
55	65	50	22%
65	99	0	0%

Highest level of education at GUN\*



Secondees at GUN Number of FTEs (at year-end 2013)



\* GUN: Gasunie in the Netherlands

- Lower secondary vocational education
- Upper secondary vocational education
- Higher secondary vocational education
- Graduate/university education

## Resourcing

In 2013, Gasunie Nederland took on 48 employees. We aim for an even spread across the age groups in our workforce. Since we have a relatively large number of older employees, our current preference is to fill external vacancies with younger employees.

From the point of view of recruitment and selection, employees in the fields of IT, Finance, Technology and Legal Affairs are particularly important for us. In our labour market communication policy, we therefore focus on graduates in these target groups, in particular those with a technical degree. Besides using our own company website and job sites, we do this in various ways. For instance, we make our building available to student associations, use social media and are present at graduate recruitment fairs. Because in some fields there is a real shortage of technicians with upper secondary vocational education, we developed a Facebook page for this target group in 2013. In addition, we give guest lectures at regional training centres. We also offer potential employees an opportunity to get to know our company as interns or trainees. In 2013, we had 58 trainee posts and student traineeships (in 2013, 5 trainees took part in our formal trainee programme).

As part of our commitment to make the organisation even more efficient, we looked at the ratio between permanent staff and secondees in 2013. From now on, departments who used to employ secondees on a long-term basis will be required to employ permanent staff instead. We checked whether these positions were crucial and whether the required knowledge and expertise are difficult to find in the labour market. This has led to an increase in the number of permanent employees in our IT department, for instance.

## Organisational development

### Sustainable employability

Our employees will have to carry on working until at least the age of 65. This means that sustainable employability has become even more important. By sustainable employability we mean the extent to which our employees are willing and able to continue to work in a productive, motivated and healthy way, either within or outside our organisation. We therefore stimulate internal and external mobility, partly because employees who change jobs regularly will find it easier to adapt to changing circumstances at a later age. It is also important to us as employers that employees, together with their managers, continuously look for ways in which Gasunie can make the most of their talents. Other key aspects of our sustainable employability policy that we will continue to work on in the coming years include the following:

#### ▶ Training and development

We believe in the concept of 'life-long learning'. We think it is important for our employees to be able to develop and pursue personal growth during their careers, as this helps to improve sustainable employability. We offer our employees the opportunity to follow specific courses and training programmes. Given the fact that the educational level of our employees is very diverse, we offer additional training programmes for various target groups. We also offer many individual, tailor-made programmes. In 2013, we spent € 2,343,000 on courses and training programmes (per employee/year: € 1,653).

#### ▶ Competence management

In our HR policy, we focus on the knowledge and skills that our organisation needs in order to achieve its objectives. We apply this competence management in the assessment of our managers and in the process of assessment and recruitment. In this, we increasingly use the '360° Feedback' method. This means that we collect input from various people from the employee's work environment. Furthermore, when we appoint managers, we focus more strongly on competences such as developing other people's qualities and coaching leadership. In the past, as a mainly technical company, we traditionally placed most emphasis on technical knowledge.

#### ▶ Management development

Over the past few years, we have invested a great deal in management development, partly through the internal training programmes 'GU 2012' and the Gasunie Leadership Programme (GLP). We are convinced that the development of an organisation starts with the development of its management. After completing the GLP, participants indicated that they felt Gasunie can be managed more professionally and dynamically, but that this requires good organisation and constant attention. We are now working on a follow-up programme to address this point.

## Performance and career development

We believe that our employees are responsible for their own career. It is the task of the management to ensure that the development of employees is not only relevant to their current position, but to their entire career. This will enhance their sustainable employability. We have an annual performance cycle during which we monitor and assess the performance and development of our employees. The cycle starts by drawing up working objectives. Halfway through the cycle, a performance review takes place in which employee and manager evaluate the extent to which the objectives have been achieved. During this performance review meeting, the aspirations and required development of the employee will also be discussed. In the annual personnel review, these are then considered in relation to the growth opportunities that the manager sees for the employee. The annual appraisal – when the employee's performance is assessed with regard to focus on results, knowledge and skills – forms the end of the cycle.

## Terms of employment

Some of our employees are covered by a collective labour agreement drawn up on the basis consultations with the trade unions. Others are not covered by the collective labour agreement (see also: *Opting out of the collective labour agreement*). Both groups, however, are eligible for an annual individual pay rise of between 0 and 5%, up to the maximum pay level. In addition, a collective pay rise may be agreed on following a collective bargaining agreement.

As of 1 July 2013, we granted a structural collective pay rise for all employees in the Netherlands, regardless of whether they are covered by the collective agreement or not. We decided that this should take the form of an equal amount (€ 1,000) for everyone. This is because the relative pay levels in the company had become somewhat skewed over the years. In cooperation with the trade unions and the Works Council, we have initiated a joint inquiry into the possibility of setting up a new, more balanced reward structure, in which transparency, flexibility and alignment with the market are key.

Gasunie Deutschland applies the collective labour agreement agreed on by WEG (the German Association of German Oil & Gas Producers) and IGBCE (the trade union that makes salary agreements for the gas transport sector). This agreement covers 165 employees. The 84 employees in higher positions are covered by an agreement reached by Gasunie in the Netherlands and Gasunie Deutschland. The management team participates in the Gasunie's company-wide target system.

### Pension

In 2013, we reached agreement with our employees on a new pension scheme. One of the main considerations was that it should be in line with the market. As of 1 July 2013, the final-salary scheme was replaced by an average-salary scheme (collective defined contribution scheme). The company pays a 'defined contribution' (i.e., a premium agreed in advance), based on a conditional average salary. The scheme aims to achieve an annual accrual of 2% of the pension base.

Gasunie Deutschland has also introduced a new and competitive collective defined contribution pension scheme for everyone who joined the company in or after 2012.

### Flexible terms of employment

As one of Gasunie's terms of employment, employees receive an annual 'flexibility budget'. Employees can use this budget in a number of different ways, at their own discretion. For instance, they can use it to buy spare time, or receive it as a cash payment.

### Equal pay for men and women

Men and women doing the same job receive the same pay. But the average salary of women in our company is 8.7 % lower than the average salary of men: on average, women working full-time earn € 52,641 (men: € 57,678). This difference is due to the fact that relatively more men have reached their maximum salary, because they have been employed for longer. The maximum salaries within the various function groups are, of course, the same for both men and women.

### Opting out of the Collective Labour Agreement

Of the total workforce in the Netherlands, 1,102 (76%) are covered by a collective labour agreement. Since 2008, we have offered those of our employees with at least higher secondary vocational education an opportunity to opt out of this agreement. This allows them to make flexible agreements on working hours. They are also eligible for a bonus if they reach agreed targets. In this way, we seek to encourage 'managing on results' rather than 'managing on presence'.

### Performance-based pay

Our employees' pay depends partly on whether collective and/or individual targets are met. We set targets for those activities that are crucial in helping us implement our strategy, such as safety, finance, security of supply and corporate social responsibility. For those employees who are not covered by the collective labour agreement, the collective targets are converted into individual targets. If all targets are achieved in full, a bonus of € 500 (gross) is paid. If some but not all targets have been reached, the bonus is paid pro rata.

In 2013, not all collective targets were met. Based on the performance achieved, employees covered by the collective agreement and those in a 'young development' pay scale were paid a bonus of € 167. The bonus was paid to part-time employees pro rata.

### Collective targets

	Target 2013	Achieved 2013
<b>Safety</b>		
Number of reportables	< 4.0	3.6
Pipeline incidents	< 6	6
Non-delivery	< 6	3
<b>Finance</b>		
Operating costs	<€ 326	303
Operating result	>€ 954	963
<b>Corporate Social Responsibility</b>		
No. of km (incl. lease)	3% reduction compared to 2012	5%

New collective targets have been set for 2014. The operational target (a combination of safety and pipeline incidents) is being adjusted. For operating result, EBITDA will be replaced by ROIC (Return On Invested Capital). The CSR target will focus on reducing CO<sub>2</sub> emissions.

### Diversity and equal opportunities

We aim for diversity throughout our organisation, seeking to create a culture in which everyone is occupied in ways that make the most of their talents and strengths – regardless of, say, their gender or ethnic origin. Talents can flourish better if we create more diversity in our organisation. That is why, for a number of years, we have been working with ‘inflow targets’ to attract more women and employees who are ‘distanced’ from the labour market. The targets relating to the number of women vary, depending on the current numbers of male and female students graduating from degree programmes that are relevant to our business. In addition, we have joined various external initiatives for raising awareness in the field of diversity. Together with others, we try to combat prejudice in special programmes (e.g., Talent to the Top and Professional Board Forum), during internal workshops, through coaching, and in our labour market communications. We also look at each vacancy to see if there are opportunities for employing disabled young people.

### Health and well-being

We aim for the lowest possible level of absence due to sickness. In 2013, absence due to sickness at Gasunie in the Netherlands was 3.1% (2012: 3.3%). In Germany, the rate was 3.5%.

Absence at GUN	2009	2010	2011	2012	2013
Short-term absence	0.9	0.8	0.8	0.8	0.9
Medium-term absence	0.7	0.6	0.7	0.6	0.7
Long-term absence	1.7	1.4	1.8	1.8	1.5

Absence at GUD	2013
Short-term absence	1.2
Medium-term absence	1.1
Long-term absence	1.2

In 2013, our zero absence rate was 43% (i.e., 43% of our employees did not report sick during 2013). In 2012, that rate was 44.4%. The Dutch national average is 30%.

#### Work-related sickness absence

When our employees report sick, they can state whether their absence is related to their work. In 2013, employees indicated nine times that their sickness was related to work (in 2012: 14). In 2013, as in 2012, one report was made to the Netherlands Centre for Occupational Disease (NCB).

#### Employee Survey

Once every two years, we conduct an Employee Survey. One of the topics into which we seek to gain more insight through the survey is how our employees cope with pressure of work. The outcomes of the survey are discussed with each department, and if there is reason to do so, the employees and manager of each department jointly look for opportunities to improve the situation.

#### Code of Conduct

We have drawn up a Code of Conduct, which describes what we expect of our employees with respect to acting with integrity. The Code includes rules for treating colleagues with respect, ethical issues, bribery and corruption, using alcohol and drugs, dealing with commercially sensitive information, the use of social media, and making calls while driving. If the Code of Conduct is violated, we take appropriate steps. In 2013, we found no incidents of bribery or corruption. Other types of violation of the Code in 2013 were addressed and appropriate measures were taken by the management.

#### Employee participation

Elections to the Works Council took place at the beginning of the year, and the new Council officially started on 1 April 2013. The Works Council reports as follows about the year under review:

‘The Works Council is committed to putting modern employee participation into practice. That is why we ensure that we are involved as a partner in any changes at an early stage. In addition, we urge management and relevant employees to plan such changes jointly, in mutual consultation. This will stimulate employee participation, with responsibilities placed low in the organisation and managed on the basis of "coaching leadership".

In a number of cases, the involvement of the Works Council has led to proposals being changed. In the case of parts of two Requests for Advice, the Council recommended that they not be implemented. As a result, the relevant decision was postponed, which meant there was time not only for further research, but also for dialogue between management and employees. We expect this to result in better proposals that enjoy broader support.

With regard to the appointment of the new CEO, the Council discussed the profile with the Chairman of the Supervisory Board. It did not prove feasible on this occasion to involve the Works Council in the selection of candidates. However, the Works Council had an opportunity to speak with the preferred candidate before making its recommendation. In the coming year, the Council, the management and the trade unions will discuss together how and to what extent management's wish to establish a new pay structure or system can be met.’