

Our strategy

Strategy

Enabling a safe, reliable, affordable and sustainable energy supply is central to our strategy. Through the connecting role of our infrastructure, we anticipate the energy needs of customers and consumers. In order to be able to continue to do so, we work in an innovative and pioneering way in the field of energy – and of gas and natural gas in particular.

Developments in our environment

Our strategy takes into account the opportunities and challenges of the rapidly changing energy market. Our point of departure here is the role of gas infrastructure in the sustainable provision of energy. We aim to expand our leading European position and, in doing so, we are always looking for possible collaborations with partners, both nationally and internationally.

Transition towards a more sustainable energy supply

The developments of internationalisation and decentralisation go hand in hand with the increase of energy from renewable sources. On the one hand, the energy market is becoming increasingly international; on the other hand, the opportunities for decentralised energy generation are also expanding. In 2013, in the Netherlands, the government, employers and trade unions, environmental organisations and other social groups signed the Dutch Energy Agreement for Sustainable Growth. This agreement focuses on renewable energy sources, such as wind and solar power. We are anticipating this by actively looking for collaboration with international and distribution network operators (both gas and electricity), to guarantee a cost-efficient and reliable transition towards a renewable society.

In 2013, the Dutch network operators, united in Netbeheer Nederland, drew up the Dutch Renewable Energy Action Plan 2030. This plan outlines the developments and challenges of renewable energy and sets out the actions required to ensure a sustainable supply of energy. By scaling up existing pilot projects, the network operators and other parties aim to stimulate energy saving and help make the supply of energy (particularly the local supply) sustainable. We are an active participant in this.

The transition towards a sustainable energy supply can only succeed if we take advantage of the strengths of the different sources of energy and their infrastructures, and combine these into a total energy system. Gas and gas infrastructure play an important role in this.

Earthquakes and shale gas

In 2013, two other subjects were also high on the social and political agenda. The earthquakes resulting from the gas production in the province of Groningen and the discussion about the production of shale gas have dented the reputation of gas and diminished support for it. Gas makes the development of renewable energy, such as wind and solar power, reliable and affordable. By deploying gas as a flexible partner for generating electricity, optimum use can be made of the existing infrastructure. What is more, gas is an energy carrier that

is also developing into a renewable type of energy through the production of green gas and hydrogen. We therefore think it is important for gas to continue to play a major part in the provision of energy in the future. The gas industry, including Gasunie, must continue to emphasise that gas is still one of the Netherlands' major assets.

Gasunie's shareholder structure

In October 2013, the Dutch government published its Policy on Government Participations. This document explains that the State aims, at least for the next few years, to continue to exert an influence on state companies, such as Gasunie. The main reason for this is that we manage infrastructure that is crucial for the functioning and further development of the Dutch economy. This means that the State will not be looking for private financial parties to make risk-bearing investments in Gasunie.

The policy document has not greatly affected our strategy and corporate governance. We have been serving the public interest for years, and work continuously on optimising our value – which also benefits Dutch society. Of course, our strategy will continue to meet the policy document's requirements that apply to state shareholdings.

On 21 February 2014, the Minister of Finance, on behalf of himself and the Minister of Economic Affairs, sent a letter to the House of Representatives opening up the possibility of entering into strategic partnerships through cross-shareholding participations with foreign network operators that are certified in accordance with European legislation.

Strategic themes

For the long term, we focus on three strategic themes that contribute to enabling a reliable, affordable and sustainable energy supply:

- ▶ Optimising the value of our existing assets
- ▶ Strengthening our leading position as a cross-border gas infrastructure company in Europe
- ▶ Enabling the transition towards more sustainable use of energy

One of the cornerstones of European energy policy is creating a well-functioning internal gas market. Cross-border gas infrastructure companies such as Gasunie are at the centre of realising this policy.

Klaus-Dieter Borchardt, Director Internal Energy Market, Directorate-General for Energy, European Commission

Optimising the value of our existing assets

Our gas infrastructure activities are central to our strategy – and will continue to be so. In this, our primary focus lies on carrying out our legal tasks regarding gas transport and gas transport services by network operators GTS and Gasunie Deutschland, in order to facilitate a well-functioning gas market. Through our network operators, we ensure the management, proper functioning and development of the gas transport network by means of transport services and related services, quality conversion and guaranteed security of supply. Our guiding principle here is operational excellence: safety, reliability and efficiency.

Strengthening our leading position as a cross-border gas infrastructure company in Europe

In an increasingly consolidating market, we take up the challenge to maintain, and where possible strengthen, our leading position as a cross-border gas infrastructure player. In this, we aim to make sure that our infrastructure is the preferred route for market players for their gas transport. This will benefit the commercial and physical deployment of our assets. In addition, it also strengthens our position as the ideal negotiating partner for regulatory authorities. In turn, this enables us to exert a positive influence on appropriate legislation. Our positioning as an innovative service provider also contributes to this.

Enabling the transition towards more sustainable use of energy

The issues in the field of energy and sustainability are more challenging than ever. On the way towards a cleaner energy future that is affordable, reliable and, above all, feasible, we want to take advantage of any opportunities that arise. We therefore believe in a sustainable future in which gas will play an ongoing role.

As the share of sustainably produced energy in the energy mix increases, the need for flexibility and back-up will also increase. Gas and gas infrastructure can provide the flexibility that energy from renewable sources, such as wind and solar power, inherently lacks. Gas-fired power stations can quickly increase or decrease production, enabling them to deal flexibly with fluctuations in supply and demand ('gas-to-power').

By means of smart energy conversions, gas infrastructure can also be used to temporarily store any surpluses of sustainably produced electricity as gas ('power-to-gas'). We are therefore investing in research into technology that enables the conversion of electricity into gas, such as hydrogen and methanised gas. This will help us to give the energy supply an innovation boost and make it cleaner and more efficient.

Corporate social responsibility

Corporate Social Responsibility (CSR) and social commitment are very important to Gasunie. We have a public role, and through our activities we make a significant contribution to the economy. Providing safe and uninterrupted gas supply is our primary task, which we perform with due respect to our environment.

Core themes

In 2013, we examined whether our existing CSR policy still reflects our current situation. Based on the outcome of that research, we defined core themes to which we will devote extra attention in the future. We have visualised the key aspects of our CSR policy in what we refer to as a 'CSR house'. Its foundation is formed by good performance in the fields of safety, security of supply, and care for our employees. Our satisfactory performance in these fields determines our licence to operate – only then can we start building the rest of the house. Building on this foundation, there are three themes with which we want to further distinguish ourselves in the future: energy transition, environs management, and footprint reduction/sustainable procurement. We have selected these themes because we think that, in the coming years, they will be very important to us in carrying out our strategy properly. We will elaborate on this in the section *Results in the field of safety, environment and supply chain responsibility*.

Energy transition

There are many ways in which gas can contribute to a sustainable energy supply. The first steps towards achieving this are often the hardest, but we are trying to take them anyhow, preferably in collaboration with other parties. When it comes to the subject of energy transition, we focus on the following areas:

- ▶ Power-to-gas
- ▶ Green gas
- ▶ Break-bulk LNG
- ▶ Decentralised energy

Together with the European gas infrastructure companies Fluxys (Belgium) and Energinet.dk (Denmark), we set up the initiative to make the provision of gas CO₂-neutral by 2050. On 24 April 2013, during the Gas Week in the European Parliament in Brussels, the gas infrastructure companies GRTgaz (France) and Swedegas (Sweden) joined this initiative.

Before we can achieve our common goal, many steps still need to be taken – for instance, in the field of technological development and innovation. Power-to-gas (i.e., storing sustainably produced electricity as hydrogen or methanised gas) is an option that can contribute to a sustainable energy supply, as is large-scale production of green gas. Break-bulk LNG provides the shipping and road haulage sector with an opportunity to emit less CO₂ and other harmful substances.

Initially, we are focusing our efforts on making gas transport CO₂-neutral. Broader measures that contribute to CO₂-neutral gas provision will need to be worked out in more detail in the coming years, in cooperation with supply chain partners.

It is inspiring to see how Gasunie is proactively tackling the sustainability issue and the challenges the energy sector will face in the long term.

Jeroen Dijsselbloem, Minister of Finance

Environ management

The environment in which we operate is becoming increasingly complex. It consists of a growing number of stakeholders from various parts of society, such as political parties (both local and national), local residents and environmental groups and associations, each with their own interests. It is not uncommon for objections to be raised against our project plans, sometimes from unexpected corners. Communities around us are becoming more assertive, better organised, more highly educated and perfectly capable of accurately processing the available information (e.g., through social media). This sometimes results in delays in planning, higher costs and more efforts than planned before a project can run smoothly.

Our company therefore needs a strategic approach with regard to the communities in which we operate in order to ensure that, for instance, our projects are completed on schedule. Innovative and proactive environ management will enable us to organise contacts with our surroundings in such a way that we can either avoid conflicts or, together with the relevant parties, solve them at an early stage. In this way, we also hope to prevent budget overruns, complete projects on schedule, and even save costs.

Footprint reduction

Footprint reduction touches the core of our operations. It means that we want to limit as much as possible the impact of our activities on the environment (our footprint). We have therefore set up an extensive footprint reduction programme. This is mainly aimed at reducing the emission of greenhouse gases by restricting and preventing methane emissions, making maximum use of available energy, and ensuring effective combustion. We can achieve this, for instance, by developing metering and regulating stations that no longer emit methane; by researching alternatives for venting gas, by reusing vented gas and residual heat from compressors, and by saving energy.

From the CO₂-neutral 2050 objectives, we have derived the following footprint objectives:

- ▶ In 2014, we will set up a transparent and auditable reporting system for all emission sources that have been identified. We have also set a 'cumulative' objective for 2014 for the reduction of CO₂-equivalent emissions. More details on this are given in the section *Results in the field of safety, environment and supply chain responsibility*.
- ▶ By 2020, we aim to have achieved a 20% reduction in direct CO₂ emissions (or 124 kilotonnes CO₂ equivalent) compared to 1990 ('20/20 ambition'). This concerns exclusively scope 1 of the GHG protocol.

By 2030, we will have reduced our CO₂ emissions by 40% compared to the emissions in 1990, measured over the full scope (1, 2 and 3) of the GHG protocol (for more details, see p 50). In addition, we are examining how our activities in the field of sustainable procurement can help us achieve our footprint reduction objectives (e.g., by applying the CO₂ performance ladder).

Embedding CSR policy and accountability

The Executive Board is responsible for formulating our CSR policy and objectives, and for CSR performance in practice. The policy is drawn up in consultation with the Supervisory Board. Each department is responsible for providing input with regard to CSR policy in their own area of expertise, as well as for its execution and adjustment.

In determining objectives with regard to CSR, the relevant departments are also consulted on whether the necessary preconditions are present and sufficiently embedded within our organisation.