EBN Annual Report 2020

Connecting today with tomorrow

These professionals are working on system integration. They were talking with each other about the topic ‘connecting today with tomorrow’ and shared their thoughts on sustainability in the industrial clusters, energy storage, the hydrogen value chain and other topics. View the articles and video content, and listen to the podcast via **www.jaarverslag.ebn.nl**

ebn **Energising** the transition

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By looking to tomorrow and experiencing potential future scenarios...

In discussion with Alan Croes, Head of System Outlook, Energy System Planning unit, Tennet, on connecting today with tomorrow.

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We know where we need to start today.

1. Foreword

Connecting today with tomorrow

Annual reports tend to reflect on the years leading up to the year under review. So to begin with: 2020 was an incomparable year. Dutch society was turned upside down. The COVID-19 virus put a different spin on everything. For individual citizens, for families, for businesses, for the government... Naturally we have felt, and are still feeling, the repercussions of the coronavirus crisis. At the same time, the agenda for the climate and the energy transition has not become any less relevant or urgent. We have just nine years until 2030 to reduce CO_2 emissions by 49% - or even 55%, according to the most recent European Directives – in the Netherlands. The Netherlands Environmental Assessment Agency (PBL) currently expects that if government policy is unchanged the reduction in CO_2 emissions will be just 34%. For that reason alone, accelerating the energy transition process is an absolute precondition.

Public interest

As a public organisation that has been rooted in energy provision in the Netherlands for the past sixty years, we feel linked and, indeed, connected with this mission of, on the one hand, reduction, and on the other, acceleration. And we believe we have the right knowledge and skills at our disposal to make a valuable and relevant contribution. We are focusing on increasing sustainability in the gas value chain, in which we integrate each option – natural

gas, geothermal energy, CO_2 storage, green gas and hydrogen – and jointly give these a place. We are doing that in collaboration with a large number of partners, both public and private. We contribute knowledge and financial clout and help bring parties together, which means we are acting as the driving force behind a series of real, sustainable energy projects.

Without parallel

2020 was clearly a year without parallel. It was a tough year for the gas industry and hence also for EBN. In 2020, with turnover of 1.2 billion euros, EBN closed the year with a negative result of 364 million euros, as compared with turnover of 2.2 billion euros in 2019 and a positive result of 256 million euros. The cumulative effect of particularly low gas prices, an all-time low in the willingness to invest, the nitrogen crisis, the uncertainties caused by COVID-19 and the costs for settling claims in Groningen all exercised serious downward pressure on the results for 2020.

Dutch gas

In 2020, gas production from the Groningen field was further reduced towards the zero target set for 2022. At the same time, around forty percent of the energy consumed in the Netherlands is supplied by natural gas and over the coming decades, natural gas will continue to play an important role in our energy system. The obvious preference is for natural gas from our own country, in particular offshore gas supplies. That is better from the perspective of the smaller CO_2 footprint, better for the State treasury and better for employment. The increased deduction for investments to 40%, and the expected rise in gas prices, make expectations for 2021 more positive.

In 2020, the Cabinet and the Groningen region reached agreement on a package of additional measures to reinforce homes, and to pay compensation to the parts of Groningen affected by earthquakes. The Parliamentary Committee of Inquiry into Natural Gas Extraction Groningen has now been established and the committee has also called upon EBN to provide information for their investigation. The inquiry is of course of huge importance to the people of Groningen and general sentiment in the province. EBN is cooperating fully in order to guarantee complete disclosure, and to allow the Inquiry Committee to learn lessons for the future.

Sustainable new initiatives

One thing is clear, namely that the transition to a sustainable energy value chain will have to make real progress in the coming years. With our knowledge of operations of the subsurface, we are closely involved in the development of geothermal energy. We are aiming to deepen our knowledge of the subsurface and the development of geothermal energy and, where possible, to accelerate processes. We are partners in the development of a series of geothermal energy projects in the Netherlands, and are working alongside Invest-NL to develop collective heat systems and sustainable heat networks. Geothermal energy is an excellent alternative to natural gas in providing a sustainable response to the demand for heat. The report WARM (Value of Geothermal Heat and Regional Possibilities) published in 2020 shows that geothermal energy can be sufficient to heat some 2.5 million homes. We are using the SCAN programme to collect data about the Dutch subsurface with a view to better determining the potential for geothermal energy. The seismic survey programme that is part of SCAN continued steadily in 2020, and at the start of December, the 1000-kilometre milestone was passed.
In addition, CO_2 storage in empty gas fields off the coast of the Netherlands further contributes to reaching the ambitions of the Climate Agreement. In this way specifically, we can make a major advance towards achieving the 49% reduction target. We are keen to deploy our knowledge and assets for the large-scale CO_2 storage projects Porthos and Athos. A number of key milestones were passed in 2020. The Minister for example approved EBN's participation in the implementation phase for the construction and commissioning of the Porthos system and the European Commission awarded a grant of 102 million euros for the Porthos project.

In addition, we are cooperating in the investigation of other promising opportunities such as green gas and hydrogen. And the storage of energy is also an important issue in terms of the transition to a sustainable energy system. Supply and demand will grow further apart and become more volatile. That is why we increasingly need to be able to store large quantities of energy over a long period of time. EBN is exploring the options available to make this reality.

Informed dialogue

Public debate on the energy transition is reaching an ever wider audience. It remains essential that these discussions be based on facts. EBN places great value on informed dialogue. We contribute to that dialogue with our publications including the digital Focus magazine and of course the EBN Infographic 'Energy in figures'. We have also launched the programme 'Zó werkt Energie in Nederland, (How Energy works in the Netherlands)' that aims to provide a complete picture of energy in the Netherlands. We expect to be able to present the results in the spring of 2021. Also in 2020 we organised 'The week of renewable (geothermal) energy', a programme that discusses sustainable solutions for the demand for heat in the Netherlands.

Today and tomorrow

All our current activities are focused on contributing to a sustainable future energy system. In other words, how we can combine the ambitions of tomorrow with the reality and the possibilities of today. This is the way we view the challenges facing us today; both those we have already calculated for and unexpected developments like the COVID-19 crisis.

2020

This annual report describes how, despite the COVID-19 crisis, we have succeeded in achieving solid progress with respect to our strategic targets. On the other hand, in a number of cases, COVID-19 did present challenges and restrictions that have affected our work. For example, work had temporarily been halted on the SCAN programme to map out the potential for geothermal energy in the Dutch subsurface. The COVID-19 crisis has also influenced the further worsening of the investment climate for the exploration and production of Dutch natural gas. To maintain the already existing ties with our stakeholders, we were forced to replace meetings and events with online alternatives.

Resilience

For our internal organisation, the COVID-19 crisis meant that the employees of EBN spent almost the entire year working from home. Unlike the situation affecting many sectors, the work of EBN can in many cases be done from home. Such an adjustment has of course placed huge demands on the adaptability of our employees in a home situation that is different and unique for each of them. We undertook a series of additional Great Place To Work surveys, that were focused on the role of the employer in the face of COVID-19. In the summer of 2020, the sentiment assessment "Taking everything into account, I believe that our organisation is fully capable of working from home" achieved a score of 98%. At the same time, absenteeism due to sickness rates fell. As a result of COVID-19 restrictions, a proportion of planned training has been postponed until 2021.

Finally: The stakeholder monitor we undertook in 2020 was a way of testing how our stakeholders score our performance. Overall, EBN achieved a reputation score of 7.8, of which were are duly proud. Thanks to the dedication and involvement of a growing number of EBN employees, and in collaboration with our partners, we are in a position to deliver real impact. And that is and remains our goal every day.

Jan Willem van Hoogstraten
CEO

Key figures

	2020	2019	2018
Number of joint ventures	188	202	195
Number of geothermal energy joint ventures	3	3	-
Sales EBN share (billion Nm^3)	8	12	14
Sales (EUR million)	1,220	2,206	2,673
Net profit (EUR million)	-364	256	764
Payments to the State (EUR million)	-	293	962
Investments in property, plant and equipment (EUR million)	138	227	184
Depreciation and (reversal of) impairment (EUR million)	558	586	275
Social			
Number of employees	137	118	104
Percentage of women	39.4%	39.8%	34.6%
Absenteeism due to illness	2.8%	5.3%	3.8%
Environment[1]			
CO2 emission		580 Kton	626 Kton
Methane emissions		3.5 Kton	3.6 Kton
Energy consumption		15.5 PJ	17.1 PJ

1 Operational performance indicators are reported based on statements by operators and consolidated by the Netherlands Enterprise Agency. These figures relate to the calculated EBN share in Dutch gas production and annual drilling activities. The 2020 figures will only be available later this year and are expected to be published on our website.

Today is the most important day; it is when we have to do what is needed...

In discussion with Marc Londo, energy strategist, Nederlandse Vereniging Duurzame Energie (NVDE), on connecting today with tomorrow.

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And deal smartly with the uncertainties that the future presents.

2. Our organisation

2.1 About EBN

For almost sixty years, Energie Beheer Nederland (EBN) has played a key role in energy production in the Netherlands. In public-privat partnerships, EBN deploys its knowledge, skills and (financial) capacity to establish a sustainable, reliable and affordable energy system. In the framework of the energy transition, the role, position and activities of EBN have changed. Partly as a result of the closure of the Groningen gas field, the focus is shifting from oil and gas production to increasing the sustainability of what is known as the gas value chain. In 2019, this was embedded in a new mission: as the combined strength in the energy transition, EBN is deploying the value of the subsurface for a sustainable future above ground. In 2020, EBN continued to work towards this mission, with all its activities. The Climate Agreement will be the guiding principle, according to which in 2030, CO_2 emissions must be reduced by 49% as compared with 1990, and greenhouse gas emissions must be reduced by 95%, by 2050.

The vision of EBN is centred on the position that elements of our current energy system are valuable and essential for achieving the sustainable system of the future. In the complex challenge that is the energy transition, cooperation and the combining of knowledge and skills are essential. From its central position and based on its relationship with all players and stakeholders inside and outside the energy sector, aims to serve as the 'combined strength' in the energy transition. In that transition, EBN considers a solid guiding role by government to be a precondition for accelerating the necessary developments to arrive at a sustainable gas value chain. These developments must be combined in order to arrive at a futureproof energy value chain in which a variety of sustainable options are integrated.

Gas plays a central role in the Dutch energy system. At present, 41% of primary energy consumption in the Netherlands still consists of natural gas. As long as alternatives are not available on a sufficient scale, over the coming years, natural gas will continue to be an important source of energy. EBN is focused above all on encouraging the exploration for and production of Dutch natural gas from small fields on the North Sea. Dutch natural gas is preferable to imported gas for a number of reasons including advantages for the climate, the economy and employment. This will also help preserve the accompanying gas infrastructure for future new energy systems.

EBN aims to accelerate the development of geothermal energy, the development of projects for CO_2 storage and the investigation of other sustainable alternatives such as green gas, hydrogen and energy storage.
EBN also fulfils a pioneering role in the process of decommissioning unused parts of the oil and gas infrastructure and is investigating innovative possibilities for the re-use of certain components and locations of that infrastructure for renewable energy production and storage. EBN has for example already identified locations beneath the North Sea that are suitable for CO_2 storage and locations that offer possibilities for the production of hydrogen.

EBN employs an experienced and skilled workforce and employees of EBN have specialised knowledge: in depth expertise of the Dutch subsurface, wide-ranging knowledge of the energy system and experience with long-term public-private partnerships. Within EBN, in addition to a focus on technical expertise, there is also specific attention for competences in respect of the social and societal aspects of the energy transition. Our staff represent the public interest, create combined strength and work hard to add economic and social value to all our activities. Our staff are willing to take the lead. These core values match a culture that demands dedication and delivers energy for the energy transition.

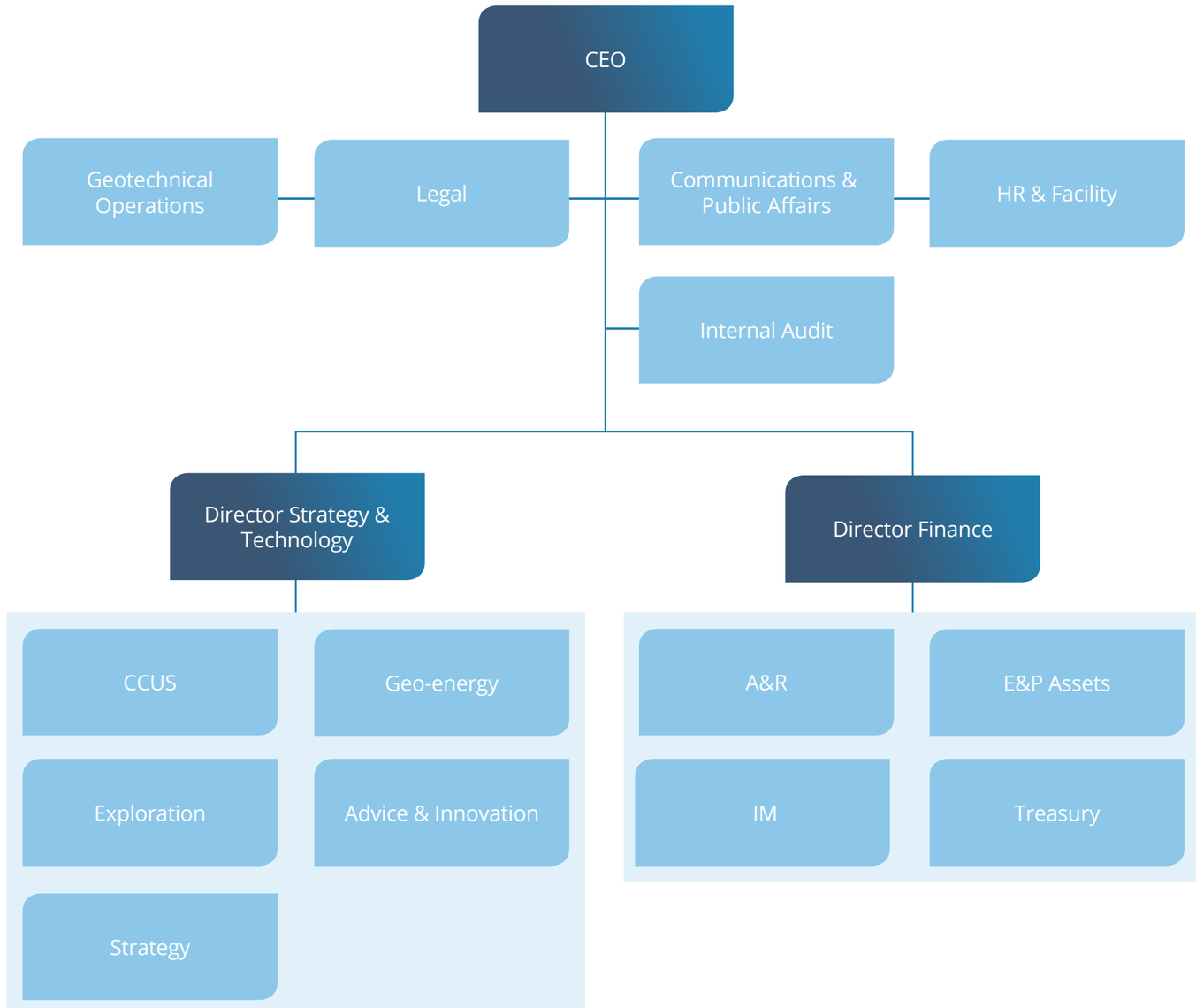
Our drive to put the energy transition into practice is reflected by our core promise: *Energising the Transition*

EBN is a policy participation. 100% of EBN shares are held by the Dutch State, and are managed by the Ministry of Economic Affairs and Climate Policy (EZK). EBN was set up almost sixty years ago to represent the economic and

social interest of the Dutch State in the exploration for and production of oil and gas in the Dutch subsurface. We still carry out this statutory task. In addition, EBN now advises the government on parts of energy and climate policy.

EBN participates in almost two hundred joint ventures with energy companies in the Netherlands, by means of its financial capital and by contributing far-reaching knowledge of the Dutch subsurface and the energy system. EBN generally takes a 40% stake in these joint ventures, thereby securing revenue for the State. EBN for example has a 40% stake in GasTerra. GasTerra is a wholesale supplier of natural gas and green gas. The company purchases gas from producers in the Netherlands and abroad and on the free gas market. The client base consists of energy companies, industrial players and other major customers.

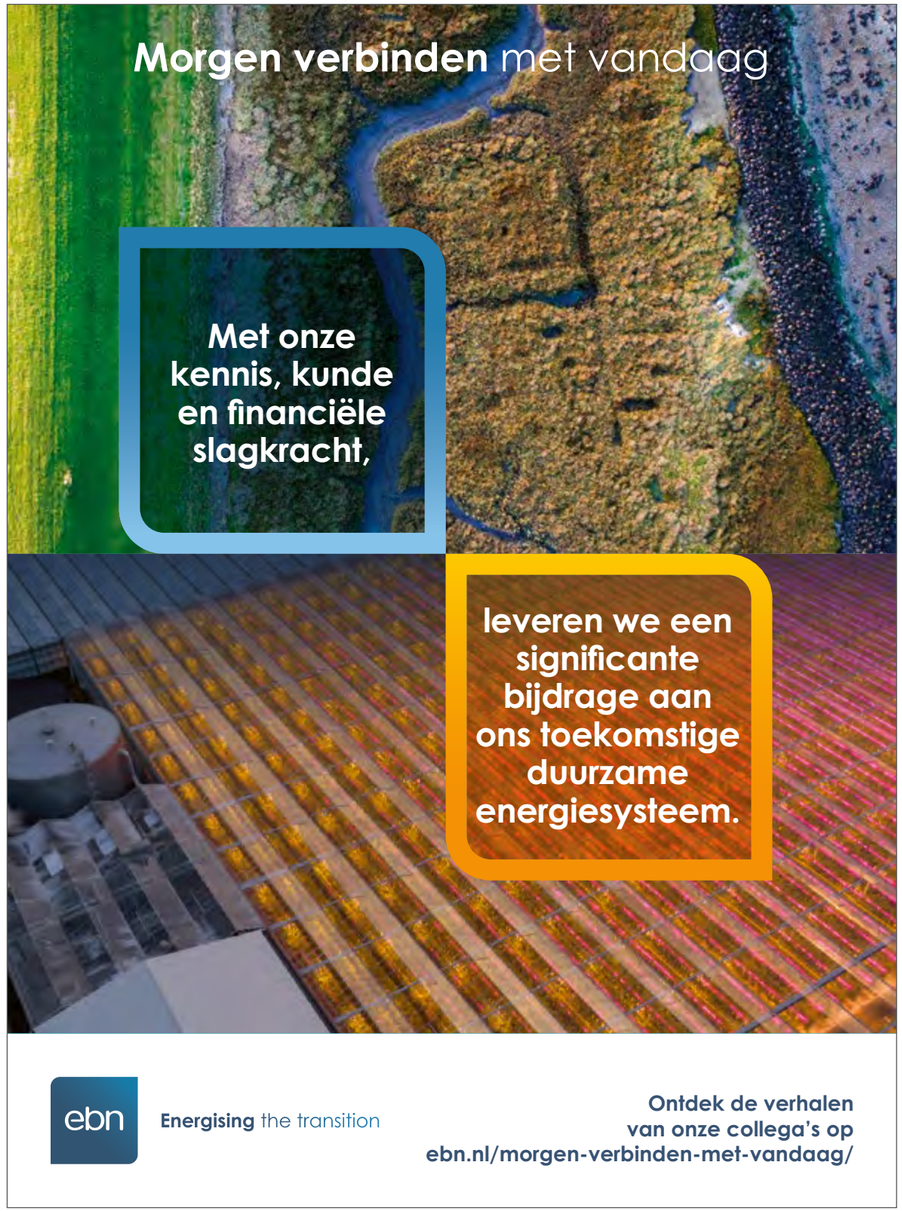
EBN's activities are confined to the Netherlands. EBN employs around 140 people, all of whom are based at our offices in Utrecht. EBN has an Executive Committee and a Supervisory Board (RvC) and is organised into six multidisciplinary thematic departments: E&P (Exploration & Production) Assets, Exploration, Geo-energy, Carbon Capture Utilisation & Storage, Advice & Innovation and Geotechnical Operations. The support departments are: Human Resources, Support & Facility, Legal, Communications & Public Affairs, Accounting & Reporting



(including Internal Audit), Treasury and Information Management. Specialist disciplines are brought together in dedicated sections within EBN[1].

Reading this report

The model on the next page provides an insight into our business model, the process of value creation and its results and impacts. Over the following sections, on the basis of this value creation model, we will discuss in detail our mission, vision and strategy, describe our material themes and our contribution to the Sustainable Development Goals (SDGs) of the United Nations as well as providing an overview of the output and impact of our activities. The connectivity matrix provides an insight into the collaboration between these aspects. In chapter 3 we zoom in on our position in the energy chain and chain responsibility. Chapter 4 describes the results of the activities and projects developed in 2020.



'Connecting today with tomorrow' labour market campaign

1 Specialist disciplines: Management, Reservoir Engineering, Business Finance, Market and Policy Development, Facility Engineering, Geoscience.

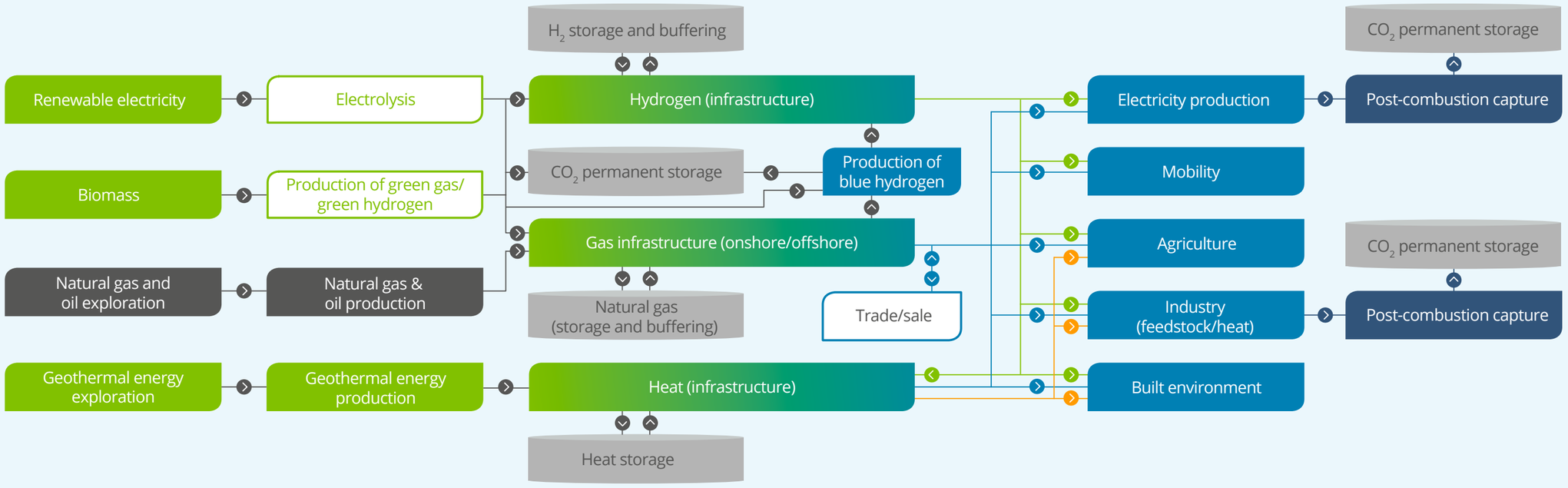
From gas value chain to futureproof energy value chain

The Climate Agreement demonstrates that today's fossil-based system is no longer tenable. Within the new system, electricity and renewable gas-based energy carriers will acquire a dominant role. The various options - geothermal energy, CO_2 storage, green gas and hydrogen - must be integrated in the sustainable energy chain and acquire a position in a coherent manner.

In the public interest, based on our experience of doing business in the subsurface and our central position in the field, we can reinforce and accelerate the desirable and necessary developments in a coherent manner. We make a contribution by developing new sustainable options and, based on our public role, bringing parties together within the chains in order to deliver a combined driving force for the transition.

Within the strategic pillars Our Dutch Gas, Return to Nature and New Energy, the strategic focus for EBN has therefore shifted to contributing to a climate-neutral energy system by improving the sustainability of the gas value chain, including the development of geothermal energy, CCUS (Carbon Capture Utilisation and Storage) and new renewable gases such as hydrogen and green gas, and the opportunities for underground energy storage. A powerful programme of public-private cooperation will help bring about the necessary acceleration of these developing markets.

The figure shows from left to right the energy system as it should take form, in outline. The existing fossil resources natural gas and oil are shown in grey. In today's energy system, all demand sectors (in blue) are provided with energy from those resources. In the future climate-neutral system, geothermal energy, CO_2 storage, green gas and hydrogen (all green and green/blue blocks) will gradually take over this role to satisfy all energy demand, from all sectors.



2.2 Value creation model and impact

Process of value creation

Our value creation model is based on the framework of the International Integrated Reporting Council (IIRC). The model on page 13 shows the way we deploy the six forms of capital to realise our strategic goals and how we create value through our core activities.

We contribute actively to increasing our positive impact and increasing the societal and economic value of our output via a series of roles and activities: knowledge partner/advisor, manager, investigator, investor and operator. In our activities, we work to increase and improve our performance in the material themes that enable EBN to influence and contribute to current energy supply and the transition to a future climate-neutral energy supply. EBN also works constantly to reduce the negative impact of its activities on the climate and the environment, for example by actively tackling risks and working towards emission reductions.

In every aspect of its approach, EBN employs its positive influence by bringing parties together and linking them to the central pillars of the energy supply for today and tomorrow, thereby increasing efficiency and effectiveness on all fronts. EBN also involves the new stakeholders by actively informing them of the developments relevant to them, for example in relation to regional and local developments in increasing the sustainability of the energy supply.

By improving our core activities, developing new activities and investigating new options, EBN is working to optimise the gas value chain, make it more sustainable and bring about the transition into the energy value chain by focusing on the optimisation of the new value chains (see block text 'From gas value chain to futureproof energy value chain'), in public-private partnerships, in the public interest. As the transition towards an energy value chain advances, the negative impact on the climate and the living environment will decline, and the social and economic value of the new value chains will grow.

Our resources

Natural resources

Our natural resources consists of oil, gas and sources of geothermal energy in the Dutch subsurface. Oil and gas stocks are due to shrink in the short term, and in the long term will become exhausted. The reserves currently still available represent a value that at a later stage could generate financial capital. Exhausted gas fields can be used for CO_2 and energy storage. A part of the natural gas transport network can be converted for the transport of hydrogen and green gas.

Produced resources

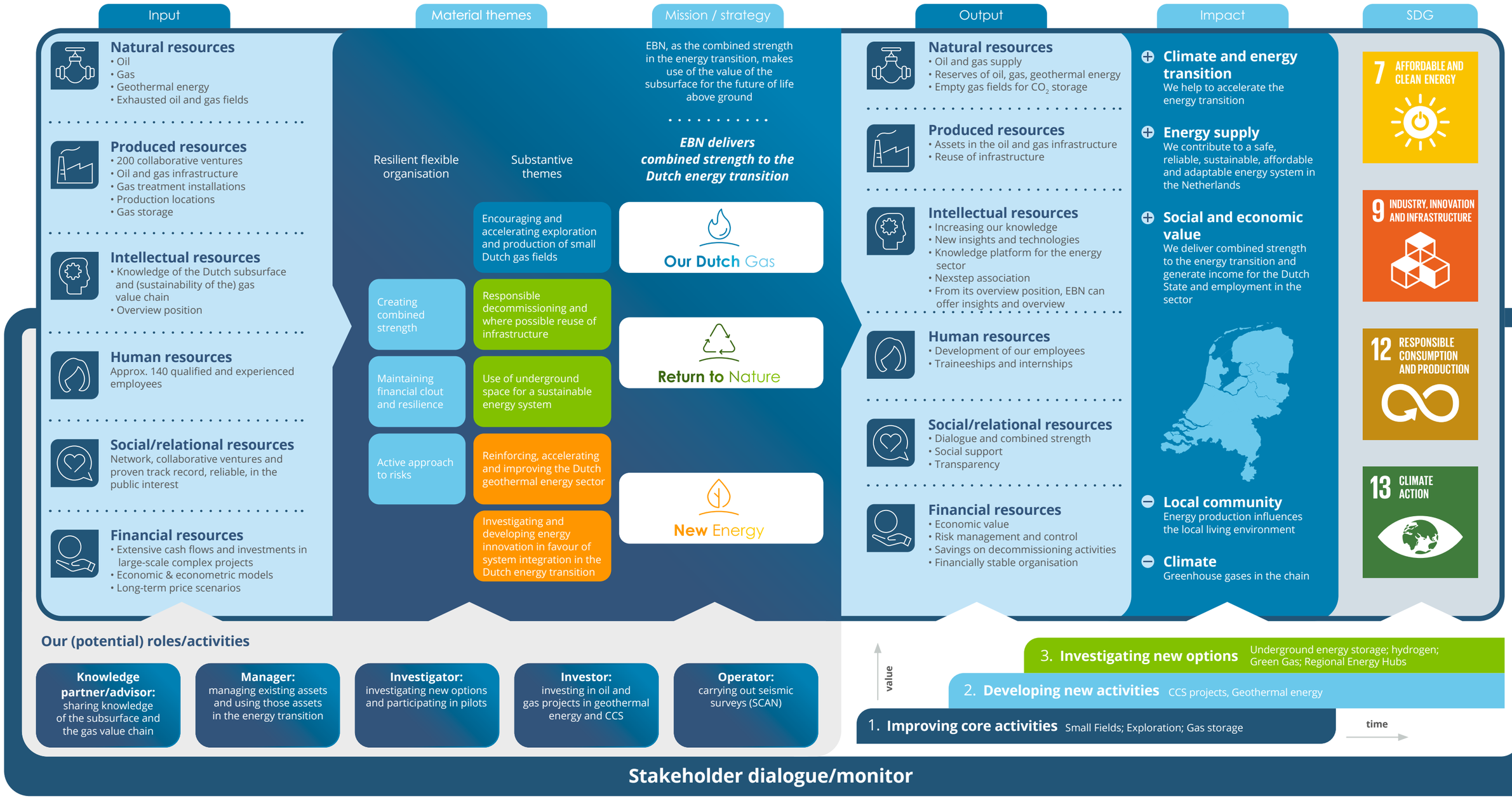
EBN has assets in the form of infrastructure for the production of oil and gas. As soon as a gas field is exhausted, in the short term, that infrastructure becomes superfluous. Wherever possible, the decommissioned installations and infrastructure will be re-used at a new location, or dismantled and the materials recycled. Installations and infrastructure can also be re-used for new energy applications.

Intellectual resources

EBN continually expands its knowledge by means of studies, collaboration and exchanges, research and on the basis of new insights. In the short term, we will continue to actively acquire new insights and technologies. This acquired knowledge is applied in studies into new applications in the Dutch subsurface. By actively developing and sharing knowledge, in the long term EBN is establishing a knowledge boosting platform for the energy sector.

Human resources

We have a staff of dedicated and motivated employees as reflected among other things in the 2019 Great Place to Work employee satisfaction survey. This survey is held every two years. We recognise the importance of employee loyalty and development. Through training and development, the level of knowledge within our organisation and the capacities of our employees are boosted



Value creation model

in the short term. EBN attracts young talent by offering three-year traineeships and internships. In this way we are working towards an organisation that in the future will have the right competences to boost the rate of acceleration of the energy transition.

Social/relational resources

Within our joint ventures, we encourage initiatives for the energy transition and fulfil a binding role in public-private partnerships. By initiating dialogue with our stakeholders, both inside and outside the sector, we can in the short term improve public support for our activities (in the Dutch subsurface). Remaining in constant dialogue with our stakeholders eventually means that we have been able to build up a solid reputation and enjoy meaningful support from our stakeholders. Stakeholders are confident in the role they see for EBN in accelerating the energy transition. Stakeholders appreciate EBN among others for the excellent way in which we perform our core tasks, our professionalism (very expert and reliable), good governance and good cooperation.

Financial resources

Economic value is generated in the short term from income from the sale of oil and gas. We distribute the majority of profits to the State. In the long term, the revenue and cost reductions will contribute to maintaining a financially stable organisation.

In the autumn of 2019, EBN received a 450 million euro capital contribution which was added to its shareholder's equity to boost solvency.

The Impact: Social Effects

Our activities and those of other parties in the chain have a clear impact on society: mainly on energy supply, energy transition, the economy, the (living) environment and the climate.

Positive impact

Energy supply. EBN shares its expertise and knowledge of the subsurface with partners in the sector, enters into collaborative agreements for (research into) gas production and new energy applications and advises the Ministry of Economic Affairs and Climate Policy. EBN contributes to a safe, reliable and sustainable energy system in the Netherlands and enhances its positive impact on society by focusing on the material themes: active approach to risks; stimulating and accelerating the exploration and production of small Dutch gas fields; reinforcing, accelerating and improving the Dutch geothermal energy sector; use of underground space for a sustainable energy system; Investigating and developing energy innovations in favour of system integrations in the Dutch energy transition.

Climate - Energy transition. We help to accelerate the energy transition by actively developing and sharing knowledge of (doing business in) the Dutch subsurface based on the material theme 'combined strength' and facilitating an informed dialogue between stakeholders with respect to the themes of the energy transition.
We actively develop common themes and programmes aimed at binding stakeholders to the central themes of the energy transition. EBN employs a staff of dedicated and highly motivated employees who share our desire to achieve the objectives of the organisation with respect to a sustainable gas value chain, CO_2 reduction and the energy transition.
By also employing the material themes outlined under the heading 'energy supply', EBN contributes to CO_2 reduction, a sustainable gas value chain and the development of new sustainable options. We are actively working to ensure that current and future operational activities in which we take part (E&P, geothermal energy, CCS (Carbon Capture and Storage)) exceed no risk boundaries, a situation that could otherwise generate a risk for people and the environment.

Social and economic value. Energy supply and the energy transition are of great importance to society. Natural gas production has over the past few decades had a huge influence on prosperity in the Netherlands, but this impact has shrunk over the past few years due to the downturn in natural gas production, low gas prices and higher costs.

One of the guiding material themes at EBN is 'financial clout and resilience', reflected by high equity capital (including liquidity and solvency) immediately available for satisfying current obligations. This is essential given the accelerated decommissioning of the Groningen field and the Gasgebouw leading to lower profitability and greater material relevance of the uncertain factors (e.g. compensation costs and restoration obligation). In addition, assets may be used for investments in the energy transition.
In all its activities and its collaborative ventures in the various sectors, EBN aims to achieve cost reductions.
The new sustainable sectors and value chains have the potential to make an important contribution to the (local) economy and employment opportunities. EBN works hard to develop these new value chains into economically viable chains. The sectors are good for direct and indirect employment. We attract the knowledge for these new energy applications and thereby increase employment opportunities within our own organisation. Clear examples are the growth of the theme teams Geo-energy and CCUS (see organisation chart on page 9).

Negative impact

Local community. Although we attempt to limit the negative impact of our activities as far as possible, energy production does impact on the local living environment. One key element of that impact is (safety) risks. As a consequence of the influence of the production of natural gas on the local environment and its impact on society, in 2018, the Cabinet decided to downscale and eventually halt gas production in Groningen, as quickly as possible. By doing so, the cause of earthquakes in Groningen will be removed. In the long term, this will improve the overall safety of the region.
In developing new activities, such as geothermal energy projects and CO_2 storage projects, EBN actively focuses on risk management by working alongside the relevant sectors on the standardisation of standards and measures. EBN also plays an active role in environmental communication. In the future, EBN will also focus on developing more participative work forms to actively involve local stakeholders in the development of projects.

Climate. The production of oil and gas and the production of geothermal energy all cause greenhouse gases which have a negative impact on the climate.
In current and future operational activities in which we participate (E&P, geothermal energy, CCS), we actively strive to ensure that no boundaries are crossed with the resultant risk to people and the environment. In our joint ventures, we focus on a lower environmental impact and CO_2 footprint by reducing the emission of greenhouse gases and reducing or preventing discharges. Although there are no standards in place for these elements, we actively monitor for possible leaks and tackle them, whenever they occur. By working on short-term solutions for the reduction of CO_2 and renewable energy sources for the climate-neutral energy system of the future, we hope to limit and neutralise negative effects.
By focusing on the material theme responsible decommissioning and where possible re-use of the infrastructure, we operate proactively in the responsible removal of platforms that are reaching the end of their lifecycle. Pipelines and wells offshore must be left behind clean and safe. In certain cases, pipelines have to be removed. Wherever possible, we extend the lifecycle of the infrastructure through re-use.

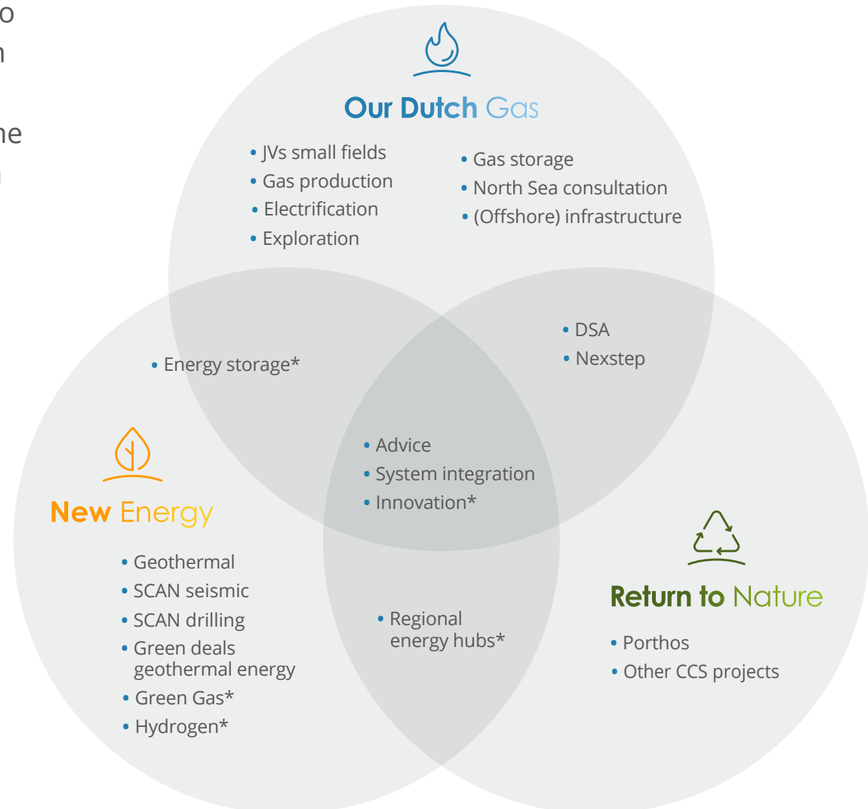
2.3 Strategic pillars

The strategy for implementing our vision and mission is built on three pillars: Our Dutch Gas, Return to Nature and New Energy. These strategic pillars outline the activities developed by EBN for current energy supply and the development of the future energy supply. The strategic pillars demonstrate how EBN delivers an active contribution to the energy transition.

Our Dutch gas: Dutch natural gas as an essential component of a sustainable gas value chain. Promoting and accelerating exploration and production of Dutch small gas fields;
Return to Nature: Responsible decommissioning and where possible re-use of infrastructure, for example for energy and CO_2 storage;
New Energy: contributing (e.g. with knowledge) to the development of new renewable energy sources such as geothermal energy, green gas and hydrogen.

Over the past few years, EBN has implemented its strategy according to these three strategic pillars. As a result, our position has visibly moved from a more 'silent' partner behind the scenes of energy supply in the Netherlands, to an organisation that aims to be the combined strength in the energy transition with its knowledge and know-how, financial position and network. This applies not only to the more traditional activities in encouraging the exploration and production of small Dutch gas fields but also for its newer activities. EBN has among others a more visible role in the development of geothermal energy in the Netherlands and as a partner in the development of CO_2 storage and innovations for the development of green gas and hydrogen in the Netherlands. EBN is also visible as a driving force behind the informed dialogue that on the basis of facts and figures facilitates discussions about the energy transition.

The specific activities implemented within the three strategic pillars are reproduced in the diagram below:



Activities per strategic pillar: implemented, under development and study, advising, *exploration activities

Our Dutch Gas

We make optimum use of Dutch energy sources and see gas as an essential element in a sustainable gas value chain.

Return to Nature

We play a pioneering role in the process of decommissioning and contribute to the development of energy and CO_2 storage.

New Energy

We help to accelerate the development of (ultra deep) geothermal energy and are investigating other alternatives and renewable energy sources.

In the result section, for each strategic pillar, an overview is provided of the most important activities and objectives we achieved in 2020 and how they contribute to EBN's material themes and the SDGs.

2.4 Business horizons - long-term objectives

EBN has operationalised its strategic ambitions in long-term objectives for 2025, across three business horizons:

1. Improving core activities: exploration and production of small Dutch gas fields
2. Developing new activities: geothermal energy and CO_2 storage
3. Investigating new options: hydrogen, green gas and subsurface energy storage

For an overview of the targets for 2025 refer to the connectivity matrix on page 28.

The business horizons show that the measurable impact of the new activities in creating a more sustainable gas value chain is located further down the line. For the impact achieved by EBN with geothermal energy and CO_2 storage, this will not increase in a linear pattern but step by step, from the moment that projects enter the implementation phase. With regards to investigating new options, EBN brings parties together and encourages new developments as a (knowledge) partner in studies and pilots. One inherent element of any innovation is that the outcome is not cast in stone.

2.5 Strategic refocus in 2020

In the transition towards a CO_2-neutral energy supply by 2050, the energy system as we know it must undergo fundamental change. The energy transition and relevant developments will influence our strategy, our activities and business processes in the short and longer term. The value of EBN for our society continues to lie in (improving) the implementation of the traditional core activities and increasingly in the newer activities and the role occupied by EBN as the combined strength in the energy transition. The activities according to which EBN is working towards investigating new options that contribute to accelerating the energy transition also add value. EBN's business model has been duly adapted. This is also reflected in the business objectives of EBN (see page 41) which among others are focused on the importance of exploration and production in small Dutch gas fields, the production of geothermal energy and the development of the CO_2 storage project Porthos.

In 2019, the changing position of EBN was more firmly anchored in the mission and strategy, and short and long-term strategic objectives were brought into line. Alongside the new mission and vision, EBN also developed a new vision on the gas value chain 'from gas value chain to futureproof energy value chain'.

In September 2020, EBN further developed the link between its long-term objectives (hereinafter: strategic objectives 2025) and its material themes, thereby unequivocally formulating the objectives in terms of energy production, CO_2 emission reduction and cost reduction. In this way, EBN makes the value it creates more explicit and more visible in respect of the material themes. EBN has also added objectives that make it possible to measure how it is fulfilling its role as a combined strength in the energy transition. The reformulation of the strategic objectives 2025 has been translated starting on 1 January 2021 into the strategic annual objectives for 2021 in the various theme teams. In the annual report for 2021, a description will be given, in terms of energy production, CO_2 emission reduction, cost reduction and combined strength, of how EBN is advancing towards its strategic objectives for 2025 and performing in respect of its material themes.

2.5.1 Trends and developments

In our strategy, we respond to trends and developments that influence our operations and ambitions. We specifically take into account of the impact of our activities on society and the environment.

The trends, developments and issues relating to the energy transition help guide our strategy. The trends and developments that were relevant in 2020 in respect of our operations were:

- **Growing importance of control in the field of system integration and sector linking thereby setting the course for public private participation and the implementation of the Climate Agreement.**
  - Market regulation has a major influence on the order in which sustainable solutions are implemented.
  - Incentives (grants) determine the extent to which there is a sound economic rationale for investments.
  - Control: both Dutch and European governance will to a large extent determine the pace and mutual coordination of change.
- **Position and importance of Dutch natural gas in the Dutch energy mix**
  - At present, the Netherlands remains 40% dependent on gas for its energy supply. It was decided in the Climate Agreement that the use of natural gas will be reduced in phases. As long as natural gas is used in the Netherlands, it is better to produce Dutch gas than to import foreign gas. This is not only better for the environment but also has economic and geopolitical advantages. Moreover, the gas infrastructure will continue to play an essential role in the future new system, for example for the transport of hydrogen and the storage of CO_2.
  - The North Sea Agreement, signed in June 2020, leaves sufficient space for the production from small Dutch gas fields on the North Sea.

- The pace at which gas production from the Groningen field is due to be downscaled will be accelerated: by 2022, the Netherlands will have stopped producing gas from the Groningen field. In the meantime, a programme of reinforcement of buildings in the heart of the earthquake area has been decided on.
- Falling production volumes, not only due to the shutdown of the Groningen field but also to the exhaustion of the small fields. Gas consumption in the Netherlands is not yet falling, making the Netherlands increasingly dependent on imported gas.
- Low gas prices fell even further as a result of the COVID-19 crisis in 2020. In addition, the (relatively) higher costs due to more complex exploration and production and falling volumes also play a role.

- **The development of sustainable heat sources will determine how gas consumption can be reduced**
  - Natural gas is mainly used for heating. To reduce gas consumption, it is essential to develop heat networks with sustainable heat sources such as geothermal energy or using renewable gases. There is an urgency to further improve and reinforce the geothermal energy sector to accelerate the development of geothermal energy. This means that demand, supply and infrastructure must be developed hand in hand. This will call for an ambition and realistic integration of geothermal energy in heat networks within the Regional Energy Strategies (RES) and heat transition visions of the municipalities.
  - The proposed amendment bill for the Mining Act is expected to come into effect at the latest on 1 January 2022. The bill plans the compulsory participation by EBN in geothermal energy projects. The aim of revising the Mining Act is to establish a permit system that ties in with the specific characteristics of geothermal energy. The production of geothermal energy is expected to be reinforced and accelerated, such that geothermal energy will make a responsible and safe contribution to the energy transition. The bill also provides for the financial and risk-bearing participation by EBN in new geothermal energy projects, to help guarantee that project knowledge and experience are safeguarded and shared.

- **Support for energy projects**
  - Support is an essential element in the production of natural gas, activities in the subsurface and the development of new energy sources, and is a common theme in public debate. On the basis of facts and figures, EBN aims to hold informed dialogue, for example by publishing its annual infographic (see subsection 4.6.1).
  - In the development of new sustainable options, we increasingly seek to tie in with external stakeholders and cooperation parties, and there is more attention for involved active participation by direct stakeholders. The new Environment and Planning Act which comes into effect on 1 January 2022 also encourages participation of residents and businesses in developments in their living environment.

Interest of control

Within the energy transition towards a futureproof energy system, the current infrastructure must be combined with the new elements of the system of the future. Organisations active in the public domain such as EBN have an important role to play. They are willing, able and indeed required to take the lead in realising the public-private partnership that is essential in order to arrive at system integration.

At a European, national and local level, coordination and harmonisation are becoming increasingly prominent themes. The markets for new renewable energy sources are in most cases still in the development phase. Coordination problems, for example between demand, transport, storage and supply are at present obstacles to accelerating these developments. These problems are additional contributing factors to the already considerable investment uncertainty; market parties have insufficient certainty of future revenue, and are therefore reticent when it comes to making investments, despite the fact that

major investments are in fact crucial to the development of renewable sources such a geothermal energy.

The absence of active demand markets so necessary for the relevant technologies means that the development of those technologies is not being taken up by the market parties. This observation is broadly shared. In a sustainable gas value chain for example, there is clear mutual dependency between the still developing markets, such as the heat market and the hydrogen economy.

Position and importance of Dutch natural gas in the Dutch energy mix

Given the current state of the energy system, we are still heavily dependent on Dutch natural gas, but it is becoming increasingly difficult to keep the production of natural gas in the Netherlands economically viable, for example because of falling gas prices and the exhaustion of reserves due to delays in investments in new exploration and production projects.

Due to the measures taken by the Cabinet, gas production in Groningen during this gas year fell to less than 12 billion Nm^3, the minimum safety level recommended by the National Mines Inspectorate. In future years, gas production will be further reduced. From mid-2022 onwards, in an average year, no further gas will be needed from the Groningen field. Beyond that date, the field will remain temporarily available as a special reserve, only to be used in exceptional situations.

With the shutting down of the Groningen field, the core activity of GasTerra, the sales office for Groningen gas, will eventually expire. The joint shareholders (National Government, EBN, Shell and ExxonMobil) therefore called upon the board of management of GasTerra in 2019 to draw up a plan for controlled phase-out, whereby the company is able to continue to fulfil its obligations. The underlying principle behind the phase-out plan is that now and for the coming period, GasTerra can continue to contribute to the responsible shutdown of gas production from the Groningen field, while still satisfying its long-term obligations. GasTerra will cease operations at the end of 2024.

In this phase of the energy transition, Dutch natural gas and the related infrastructure continue to play an essential role. EBN is actively working to encourage the exploration of Dutch natural gas - with a lower CO_2 footprint than imported gas - and encouraging cooperation and cost reduction.

Growing demand for renewable heat

Due to the long-term prospects for the loss of natural gas as a source of heating, and the demand for new and alternative renewable heat sources, there is a need to develop a heat market and heat value chains. Geothermal energy is an essential source of renewable heat in the Netherlands. To be able to make maximum use of the potential, geothermal energy is being actively brought to the attention of the various Regional Energy Strategies (RES) and municipalities as they draw up their transition vision on heat. EBN, in close collaboration with the sector and in dialogue with local governments and other stakeholders and interested parties, is responding actively to this need. Also in 2020, EBN worked actively to increase the knowledge of the subsurface in areas where there is still limited knowledge of the (deeper) subsurface environment. In addition, together with its partners, including Invest-NL and the RES region Rotterdam The Hague, EBN has taken steps to define the optimum heat system in which supply and demand for heat can be perfectly matched across the region.

Necessity for developing CO_2 storage

In order to achieve the CO_2 targets for 2030 and 2050, CO_2 storage is an essential component. The capture and storage of CO_2 (carbon capture and storage; CCS) is widely viewed as a vital measure for rapidly reducing industrial emissions. There is almost no scenario aimed at limiting the heating of the planet without CCS. CCS therefore also plays a key role in the recent Green Deal announced by the European Commission. Porthos (cooperation between EBN, Gasunie and the Port of Rotterdam Authority) is the most advanced project for the large-scale storage of CO_2

anywhere in the EU. In addition, in the Athos project, EBN is working alongside the Gasunie, the Port of Amsterdam Authority and Tata Steel (see chapter 4).

2.5.2 SWOT and dilemmas

In elaborating the strategy, a SWOT (Strength, Weaknesses, Opportunities and Threats) analysis was drawn up. The SWOT analysis provides an insight into the strengths and weaknesses of EBN, as well as identifying the threats and opportunities for our organisation.

Transition dilemma

The dilemmas to which EBN is required to respond relate to the improvement of the sustainability of the gas value chain and can be summarised under the heading 'transition dilemma':

Throughout the entire energy sector, there is a clear need for certainty and control at system level so that developments can be organised in a coherent manner. The developments in the energy transition place clear demands on knowledge, skills and strength, and on adaptive capacity to investigate, develop and integrate new options. As a public organisation, based on its experience with managing complex development processing involving large numbers of different stakeholders, and from its overarching position in the field, EBN can fulfil this role. The dilemma for the organisation lies in the choices in structuring the organisation based on the investigation and development of new options and bringing new parties up to the required speed. EBN responds by fulfilling a binding role in a sustainable gas value chain.

Specifically for the three strategic pillars, the following dilemmas have been identified as relevant:

Our Dutch gas:

The production of Dutch natural gas remains essential for a more sustainable gas value chain. However, support for onshore gas production has declined as a consequence of the impact of natural gas production in Groningen. Earning capacity is also under pressure due to low gas prices, rising operational costs, falling revenue as a consequence of the accelerated shutdown of the Groningen field and the ever faster decline in reserves from small gas fields. Available space on the North Sea is also becoming ever scarcer. There are already three tasks that require space: renewable energy production, food supply (including the fishing industry) and nature conservation and recovery. The number of offshore wind farms is growing rapidly. This may be at the expense of space for food supply/the fishing industry and nature conservation and recovery. Other users besides energy, food and nature are also demanding space on the North Sea, such as shipping and sand extraction.

EBN is responding by working together with operators in a combined programme approach to the exploration for Dutch natural gas, whereby new technologies are also being developed. We are also working alongside operators to reduce the operating costs of natural gas production. Elsewhere, EBN is a participant in the North Sea Consultation, in which we have contributed knowledge and information to support the North Sea Agreement. Finally, EBN has fulfilled a condition-setting role with its contribution to the amendments to the Mining Act with a generic investment deduction for (offshore) mining activities. The outcome has been a reduction in the otherwise high tax burden on mining, to encourage new offshore activities, with a generic investment deduction.

Return to Nature:

There is an inherent contradiction in the timing of the removal of unused installations and gas infrastructure, and the re-use of that same infrastructure for future CO_2 storage or other sustainable energy initiatives. For the safe and sustainable dismantling of decommissioned oil and gas infrastructure, EBN is working alongside the oil and gas companies and NOGEPA, in Nexstep, on an effective and cost-efficient cost approach. One key goal is to achieve a cost saving of 30% on the decommissioning costs for infrastructure no longer used for gas production. To make that possible, we must continue to work effectively. At the same time, we wish to keep a proportion of the installa-

Strengths

- As a policy participation, EBN can respond rapidly to activities needed to ensure short-term implementation of the Ministry policy.
- EBN has centralised, unique knowledge of the Dutch subsurface and the Dutch energy system. By participating in approximately 200 joint ventures, EBN can optimise processes on the basis of combined data, for example Nexstep, INSPIRE (broad knowledge sharing with operators and combined reduction of OPEX). In addition, EBN is capable of developing new knowledge for the transition towards the sustainable energy value chain.
- EBN is capable of bringing together stakeholders based on an organised approach, and to promote combined action so as to join forces to accelerate specific developments in the energy transition, such as with the implementation of the Masterplan Geothermal Energy and CCS projects.
- We serve the public interest and as such are in a position to develop activities in fields in which commercial parties respond less rapidly due to market, system or transition failure.
- EBN has an excellent reputation and in the judgement of its stakeholders, is following the ideal strategic course, as reflected in the stakeholder monitor 2020.

Weaknesses

- The added value of EBN is insufficiently known among new stakeholders, with regard to new, future activities. Expanding awareness and developing our relationship with new stakeholders remains a vital point for attention in respect of new future activities.
- EBN is a solid technology-driven organisation but this stage of the energy transition also calls for a greater focus on the social and societal aspects of the energy transition.
- EBN is not yet recognised as a driving force in the energy transition, but is mainly seen as an investor and (knowledge) partner for the subsurface. It is not yet sufficiently clear to stakeholders what role EBN can or wishes to play, and how EBN contributes to (accelerating) the energy transition.

Opportunities

- Making the gas value chain more sustainable and re-use of infrastructure for new energy applications (green gas, hydrogen and energy storage and CC(U)S).
- Substitution of gas as a source of heat; developing geothermal energy in the Netherlands by bringing parties together and making risk-bearing investments.
- The North Sea Agreement offers opportunities for exploration for Dutch natural gas on the North Sea, and encourages security of supply.
- There is a growing realisation that government must take control in the transition. As a public company, EBN can take on a controlling position in respect of system integration in making (parts of) the gas value chain more sustainable.

Threats

- Social support for activities in the Dutch subsurface.
- During the work of our operators, safety and environmental disasters can occur.
- Political developments and market developments can have a major influence on the success of new business activities, the earning model and the role and organisation of EBN.
- Low willingness to invest among partners due to a relative worsening of the investment climate.
- Uncertainty about future new renewable energy sources because these markets are still very much in the development phase.
- Control at system level is needed to prevent developments in the energy transition becoming bogged down.
- There is an urgency to arrive at system integration, harmonisation between parties and the removal of barriers in legislation and regulations.

SWOT-analysis

tions available for the energy transition, but it is undesirable to leave that infrastructure unused.

For the rapid and efficient development of CCUS aimed at the development of a new storage network at the lowest possible costs to society, management and control are vital. As part of that development, it is essential that the collective interests be guaranteed by encouraging public-private partnerships. For the development and realisation of CCUS, the necessary follow-up steps will have to be managed, for example when making the choice to halt production of gas, and to concentrate the use of the infrastructure for CO_2 storage. The dilemma for EBN lies in making choices concerning the nature and scale of its role and position in this relatively new playing field.

EBN is responding by announcing its ambition to be involved in all CO_2 storage projects, so as to guarantee the public interest. EBN is also focusing on extending the life-cycle of the gas infrastructure so that a choice can still be made in the future to deploy that same infrastructure for the energy transition. For the exploration of gas, we have developed an acceleration strategy that will deliver greater clarity, more quickly, in respect of potential gas reserves. EBN is also responsible for inventories and feasibility studies into the suitability of locations for CO_2 storage and other new activities. Finally, EBN shares information and knowledge about the offshore infrastructure.

New Energy:

We wish to reinforce, accelerate and improve developments in the field of geothermal energy, green gas and hydrogen. That not only calls for the development of renewable sources but also and more specifically the development of sustainable supply chains. In the runup to the development of those supply chains, there is still much uncertainty both in terms of supply and demand for geothermal energy and other renewable sources. That uncertainty is caused by a lack of clarity about a range of factors such as timing, quantity and location. These difficulties mean for example that it is a problem to arrive at a final investment decision on geothermal energy projects. What is known as the overflow risk, the risk that the demand for heat will lag behind the expected sales volume at the time the investment decision is taken, is particularly problematic.

The question for our organisation is how, within our mandate, we can play a role in solving and developing new value chains, for example in relation to heat networks and sources of geothermal energy. We are facing the traditional chicken and egg problem. This is an element in projects where a heat network is only installed if a source is available, while investments will only be made in that source if there are guarantees about the delivery of the heat via a heat network.

EBN is responding by joining other parties in coming up with solutions and developing sustainable chains. In the development of geothermal energy, we are looking to identify ways to limit the overflow risk and we are working alongside other parties on a portfolio approach. In our collaboration with Invest-NL for example, we are working for the RES region Rotterdam The Hague on a vision for the development and design of a collective heat supply system, and the necessary parameters and policy instruments for accelerating the implementation of the heat transition.

2.6 Material themes

In our annual report, we provide notes about subjects that are of material importance for the value chain within which we operate, and subjects that our stakeholders have indicated that they consider to be of material importance for EBN. We classify the themes that are material to EBN on the basis of relevance for our stakeholders and social impact. In 2019, we refocused the titles and definitions of our material themes. In the stakeholder monitor 2020, these themes were presented to a broad group of stakeholders to assess the extent to which they consider these themes appropriate to the role of EBN. The stakeholders have indicated they consider these themes to be relevant and find it appropriate for EBN to focus on these themes. They were asked to place the themes in order of importance. The outcome was the following priority list:

Material themes

% of stakeholders who consider this theme relevant

80%	Encouraging and accelerating the exploration, development and production of small gas fields
76%	Decommissioning and re-use of existing infrastructure
74%	Investing in underground energy storage
71%	Investing in NL geothermal energy sector
67%	Creating a combined strength
67%	Active approach to risk: promoting safety
63%	Maintaining financial clout and resilience
58%	Investigating and developing energy innovation in favour of system integration in the Dutch energy transition
46%	Active approach to risks: reducing emissions and discharges

In Annex 7.2 on page 89 read more about the way these material themes were determined.

The long-term strategy of EBN is made measurable in the Strategic Targets for 2025. Based on these Strategic Targets for 2025, we plan our activities in relation to the material themes. The strategic annual targets derived from the long-term objectives reflect the activities of EBN in the year in question, and provide an insight into the actual steps taken by EBN to fulfil its material themes. Theme teams and departments are themselves responsible for the content and implementation of the annual targets within their area of focus.

The material theme 'creating combined strength' describes the way in which EBN implements its activities in its different roles and contributes knowledge, expertise and capital to various projects and collaborative ventures (see also the value creation model on page 13). All theme teams and departments contribute to the overall goal through their activities.

The section on reading this document on page 10 indicates which sections contain more information about the activities undertaken and the related results. The connectivity matrix on page 28 clarifies the relationship between the themes. The reference table, the Global Reporting Initiative (GRI) Standards content index appears on page 171). The impact our material themes have on society is described in paragraph 2.2.

Material theme	Definition	Explanation
Active approach to risks **1. Encouraging safety** **2. Reducing emissions and discharges**	1. Guaranteeing that current and future operational activities in which we take part (E&P, geothermal energy, CCS) exceed no risk boundaries and thereby generate no risk for people and the environment. 2. In our joint ventures, we focus on a lower environmental impact and CO_2 footprint by reducing the emission of greenhouse gases and reducing or preventing discharges.	5.2 Main strategic risks; 4.7 Active approach to risks
Maintaining financial clout and resilience	The financial clout and resilience are reflected by high equity (including liquidity and solvency) immediately available for satisfying current obligations. This is essential given the accelerated shutdown of the Groningen field and the Gasgebouw. As a result, profitability has fallen and the material nature of uncertain factors (e.g. earthquakes and decommissioning obligation) grows. In addition, assets may be used for investments in the energy transition.	4.5 Financial Results; 8. Financial Statements
Creating combined strength **1. Facilitating informed dialogue** **2. Knowledge development and sharing** **3. Bringing together relevant internal and external stakeholders**	We create combined strength by participating in collaborative ventures and consultation groups and using our knowledge and skills to accelerate the energy transition in the Netherlands, so that we are also able to continue creating added social value in the long term. 1 and 2. Facilitating informed and objectified social dialogue between stakeholders on themes of the energy transition (wherever possible with partners) so that we contribute to the correct image of energy supply in the Netherlands. Actively developing and sharing our knowledge of (operations in) the Dutch subsurface is a key component. 3. EBN connects people to the energy transition and its organisation. Actively developing joint themes and programmes to bring this about. EBN is also viewed as a Great Place to Work (GPTW). The staff of EBN work with dedication, passion and are tied to realising the organisation's objectives.	4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy, 4.6 Creating combined strength, 10.1 Interaction with our stakeholders
Stimulating and accelerating the exploration and production of small Dutch gas fields	Dutch natural gas as an essential component of a sustainable gas value chain. Encouraging and accelerating the exploration, development and production of Dutch gas stocks in the most sustainable manner possible.	4.2 Our Dutch Gas
Reinforcing, accelerating and improving the Dutch geothermal energy sector	Deploying our knowledge and expertise of operations in the Dutch subsurface in favour of the development of geothermal energy in the Netherlands. In this framework, EBN will be implementing the SCAN survey programme over the coming years, participating in Green Deals and participating financially in geothermal energy projects on behalf of the State.	4.4 New Energy
Responsible decommissioning and where possible re-use of infrastructure	The decommissioning of unused oil and gas infrastructure at the lowest possible costs to society.	4.3 Return to Nature
Use of underground space for a sustainable energy system	Facilitating and encouraging effective re-use and/or deployment of underground space for the production, transport and/or storage of CO_2, renewable energy and heat.	4.3 Return to Nature
Investigating and developing energy innovations in favour of system integrations in the Dutch energy transition.	Investigating possible applications for new, renewable gases within the Dutch energy transition (in the framework of a sustainable gas value chain) and possibilities for accelerating this transition. In more detail, together with partners, we will investigate the possibilities for upscaling (production), application and storage of hydrogen and green gas within the Dutch energy transition.	4.4 New Energy

2.7 The contribution of EBN to the SDGs

EBN aims to contribute to achieving the Sustainable Development Goals (SDGs) of the United Nations. These sustainable development goals form the agenda for governments and businesses to take steps towards making the world a better place by 2030, by bringing an end to poverty, inequality and the climate crisis. In the Netherlands, the SDGs have been translated into national policy. In respect of the climate, the ambitions and targets are laid down in the Climate Agreement.

EBN has identified four SDGs that are most relevant to its public task and mission and the way the organisation creates value:

- **SDG 7:** Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all;
- **SDG 9:** Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation;
- **SDG 12:** Responsible consumption and production: Ensure sustainable consumption and production patterns;
- **SDG 13:** Climate action: Take urgent action to combat climate change and its impacts.

Together these goals create the social framework within which EBN operates, and reflect the relevance of our vision, mission and ambition. Within this framework, it is possible to identify which themes are most material for EBN. The social context sets the course for our strategy and our efforts for developing activities and connecting parties who together contribute to a more sustainable gas value chain. On the road to a CO_2-neutral energy system by 2050, EBN is keen to deploy its knowledge, expertise and (financial) capacity. In the table below, we have shown how our material themes and the accompanying strategic pillars relate to the SDGs that are most relevant for EBN.

Pillar	Material theme	SDG
Our Dutch Gas New Energy Our Dutch Gas/Return to Nature/ New Energy	Small Dutch gas fields Geothermal energy Financial clout	**SDG7:** Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all
Return to Nature New Energy	Use of underground space Innovation/system integration	**SDG 9:** Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
Return to Nature Our Dutch Gas/Return to Nature/ New Energy	Decommissioning/re-use of infrastructure Tackling risks (safety/emissions)	**SDG 12:** Responsible consumption and production: Ensure sustainable consumption and production patterns
Our Dutch Gas/Return to Nature/ New Energy	Combined strength	**SDG 13:** Climate action: Take urgent action to combat climate change and its impacts

SDG 13 forms the overarching objective for our role in the energy transition. The activities through which we make real contributions to SDG 7, 9 and 12 are deployed to reduce the negative impact of the Dutch energy system on the climate. Within that objective, we are working on CO_2 reduction and the development of a futureproof CO_2-neutral energy system. This includes our activities in the field of geothermal energy, CO_2 storage and the development of alternative energy carriers such as blue/green hydrogen and green gas. Our efforts in the responsible production of Dutch natural gas for as long as it is needed are also clearly relevant. The development of these activities is carried out at EBN by technically highly skilled and dedicated employees who feel a strong commitment to contribute to accelerating the energy transition.

2.8 Connectivity Matrix

Explanatory notes to the Connectivity Matrix

For each of the material themes, we have formulated our strategic targets for the period through to 2025. For 2019, we linked the key performance indicators (KPIs) to our material themes, each of which help contribute to the strategic targets for 2025. The results for 2020 have been added, to make it possible to assess progress as compared with 2019.

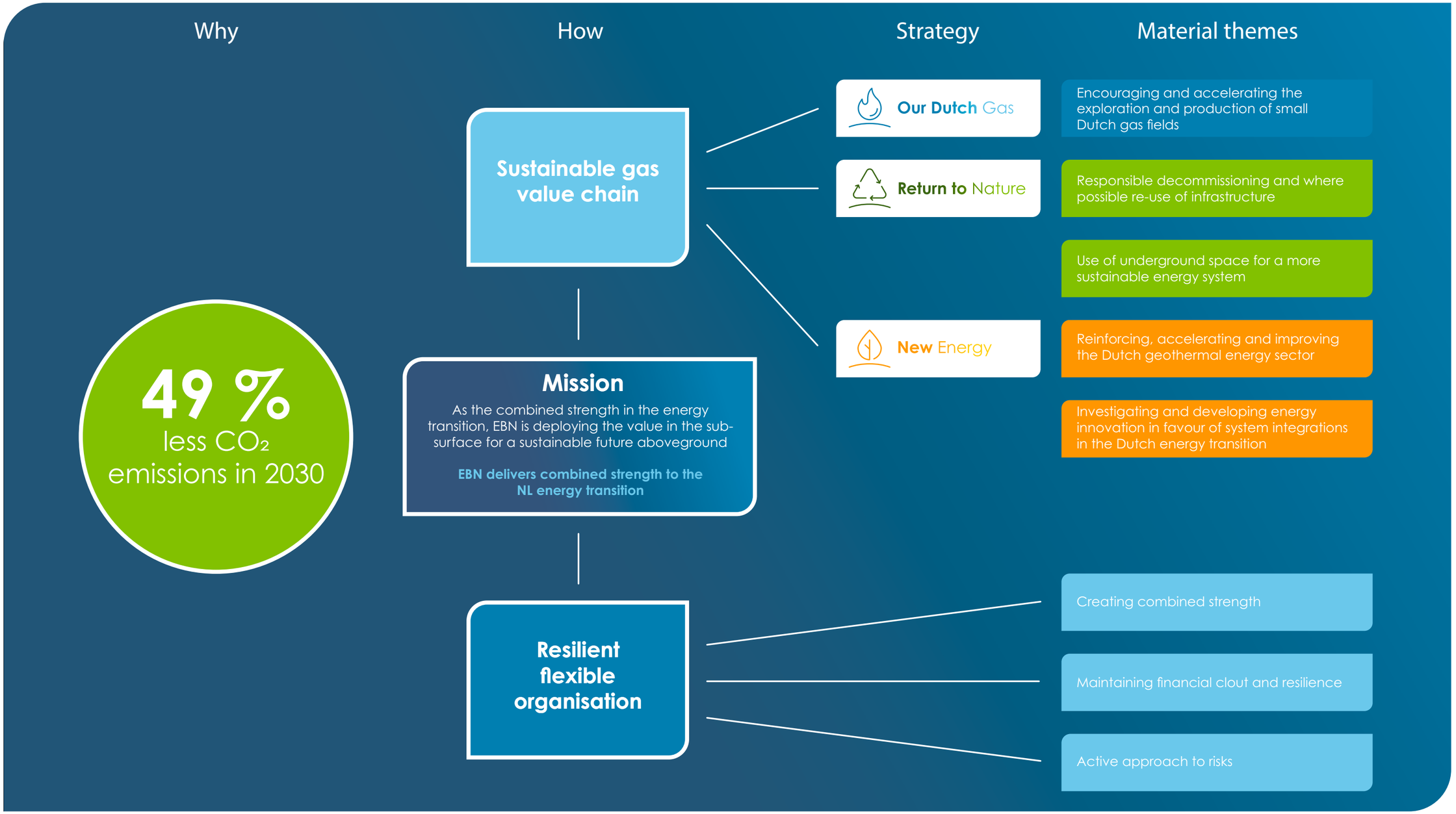
A number of subjects have become more future focused because of the phase the relevant newer sectors and projects have reached (geothermal energy) and the current role of EBN in investigating new options (hydrogen and green gas).

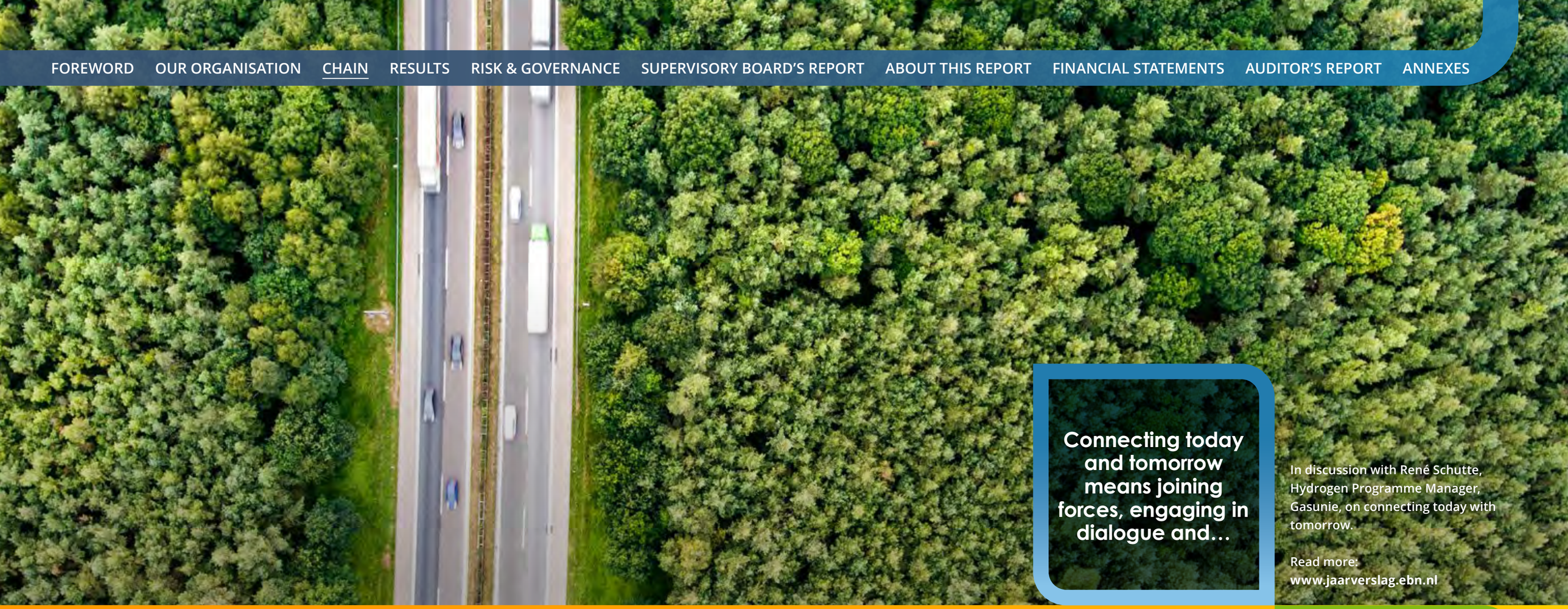
In the annual report for 2021, we will include a description in terms of energy production, CO_2 emission reduction and cost reduction for how EBN is advancing towards its strategic objectives for 2025 and performing in respect of its material themes.

Strategic pillars	No.	Material theme	Definition	Strategic objectives 2025	Strategic horizon	KPI	Result 2020	Result 2019
	1	Active approach to risks 1. Promoting safety 2. Reducing emissions and discharges	1. Guaranteeing that current and future operational activities in which we take part (E&P, geothermal energy, CCS) exceed no risk boundaries and thereby generate a risk for people and the environment. 2. In our joint ventures, we focus on a lower environmental impact and CO_2 footprint by reducing the emission of greenhouse gases and reducing or preventing discharges.	– EBN has joined other parties in developing a broadly supported risk standard for induced seismicity; projects that fail to satisfy the standard will not be developed; mitigating measures are ready if standards are exceeded during operations.	2	Number of geo-energy investments assessed for seismic risks	3	0
						Number of industrial accidents resulting in absenteeism (expressed in Lost Time Accidents or LTA)	6	7
				– The CO_2eq emissions for each produced cubic metre have fallen by 25% as compared with end 2017.	1	Percentage change in small gas fields' CO_2 equivalent emissions per produced cubic metre compared to 2017	13.4%	3.4%
	2	Maintaining financial clout and resilience	Financial clout and resilience are reflected by high equity capital (including liquidity and solvency) immediately available for satisfying current obligations. This is essential given the accelerated decommissioning of the Groningen field and the Gasgebouw leading to lower profitability and greater material relevance of the uncertain factors (e.g. earthquakes and compulsory decommissioning). In addition, assets may be used for investments in the energy transition.	– Solvency of EBN has risen to 30% in accordance with the standard solvency requirement of the Dutch government.	1	Solvency (shareholders' equity / net assets)	7%	12%
						Net debt (cash & cash equivalents & derivatives minus borrowings in EUR million)	2,614	2,523
						Profit after tax (EUR million)	-364	256
	3	Creating combined strength 1. Facilitating informed dialogue 2. Knowledge development and sharing 3. Bringing together relevant internal and external stakeholders	1. Facilitating informed and objective social dialogue between stakeholders on themes of the energy transition (wherever possible with partners) so that we contribute to the correct image of energy supply in the Netherlands. Actively developing and sharing our knowledge of (operations in) the Dutch subsurface is a key component. 2. As above. 3. EBN links people to the energy transition and its organisation. Actively developing joint themes and programmes to bring this about. EBN is also viewed as a Great Place to Work (GPTW). The staff of EBN work with dedication, passion and are tied to realising the organisation's objectives.	– Establishing, expanding and monitoring a platform for informed dialogue 'Energy in the Netherlands'.	1	Update infographic	Yes	Yes
				– Mapping out the entire Dutch subsurface for potential geothermal energy and sharing the resultant interpreted data.	2	Number of km of SCAN research into suitability of geothermal energy production, completed (third parties can use this information)	797	260
						Score in Great Place to Work employee survey (the so-called Trust Index) Conducted once every two years.	N/A	7.8
Our Dutch Gas	4	Encouraging and accelerating exploration and production of small Dutch gas fields	Dutch natural gas as an essential component of a sustainable gas value chain. Encouraging and accelerating the exploration, development and production of Dutch gas stocks in the most sustainable manner possible.	– To achieve a mature stock level of 70% per year, all offshore economically viable prospects have been identified and drilled before 2027.	1	Number of new natural gas wells drilled	6	17
						Unit OPEX in EUR ct/m³ GE*	6.2	5.9
						SF production 100% billion m³ TQ	12.5	13
						SF maturation 100% billion m³ TQ	4.9	6.3
				– EBN will continue its operations in natural gas storage.	1	Number of natural gas storage facilities	4	4
New Energy	5	Reinforcing, accelerating and improving the Dutch geothermal energy sector	Deploying our knowledge and expertise of operations in the Dutch subsurface in favour of the development of geothermal energy in the Netherlands In this framework, EBN will be implementing the SCAN survey programme over the coming years, participating in Green Deals and participating financially in geothermal energy projects on behalf of the State.	– Together with partners in geothermal energy projects, EBN will develop growth to 20PJ in 2025 (possibly 15 PJ gardeners, 5PJ heat networks built environment).	2	Number of PJ developed	0	0
				– With 20-40% EBN participation in geothermal energy projects and the optimum link to the existing and new heat networks, a cost reduction of 25% will be achieved per delivered GJ, as compared with end 2017.	2	Percentage change (compared to 2017) in costs per GJ delivered	0%	0%
Return to Nature	6	Responsible decommissioning and where possible re-use of infrastructure	The decommissioning of exhausted oil and gas infrastructure at the lowest possible cost to society.	– The number of operational gas treatment locations in the offshore gas network has been reduced by half from 6 to 3.	1	Number of operational gas treatment sites	6	6
						Number of reused sites (site remains and is re-designated)	0	1
						Number of DSAs signed	114	100
						Number of joint decommissioning campaigns included in operator WP&Bs for the following financial year	1	1
Return to Nature	7	Using underground space to make the energy system more sustainable	Facilitating and encouraging effective reuse and/or deployment of underground space for the production, transport and/or storage of CO_2, renewable energy and heat.	– By 2025, 4 Mt of CO_2 will be stored each year off the coast of the Netherlands.	2	Volume of MT of CO_2 in storage per year in the Netherlands and in projects in which EBN participates.	0	0
				– Projected unit costs for transport and storage have fallen to 20 euro per tonne.	2			
				– In addition to FID of PORTHOS (expected 2019), at least one additional CCS project will be submitted to FID.	2	Number of CCS projects brought to FID	0	0
				– EBN is involved in (the pilot for) at least one operational energy storage programme in a salt cavern	3	Amount of operational energy storage in salt caverns	0	0
				– The possibilities and conditions for hydrogen storage in empty gas fields have been investigated and are known (e.g. through evaluation PGI Alkmaar)	3			
New Energy	8	The gas value chain is changing from a traditional fossil-fuel dominated chain to a renewable energy chain. In that framework: Investigating and developing energy innovations in favour of system integrations in the Dutch energy transition	Investigating possible applications for new, renewable gases within the Dutch energy transition (in the framework of a sustainable gas value chain) and possibilities for accelerating this transition In more detail, together with partners, we will investigate the possibilities for upscaling (production), application and storage of hydrogen and green gas within the Dutch energy transition.	– Together with partners (via CO_2 storage) EBN will invest in the production of 50,000 tonnes of additional blue hydrogen in 2025	3	Number of tonnes of extra blue hydrogen produced in which EBN invests with partners	0	0
				– EBN is aiming to produce green hydrogen by 2025, using supercritical water gasification.	3	Number of m³ of green hydrogen produced in projects in which EBN invests	0	0
				– By 2025, EBN has further reinforced the geothermal energy-heat network chain by starting at least one pilot for a district power station with additional hydrogen firing.		Number of pilot schemes for district heating with hydrogen co-firing	0	0
				– EBN will join EZK, LNV and the sector in developing a Masterplan green gas.	3	Completion of the green gas master plan**	Yes	No
				– The aim is to produce 1 bcm of green gas per year (through gasification and biomass fermentation).	3	Number of BCM of green gas	0	0
				– EBN is participating in at least one joint venture for supercritical water gasification or high-pressure gasification.	3	Number of participations in joint ventures for green gas innovation	0	0
				– EBN is participating in the realisation of at least one regional green gas hub.	3	Number of participations in regional hubs for green gas	1	0

* Following an updated interpretation of the OPEX component of the KPI calculation as of 2020, the 2019 realisation in the matrix has been adjusted from 6.4 to 5.9 EUR ct/m³ GE.

** On 30 March 2020, the Minister of Economic Affairs and Climate Policy sent the Green Gas Roadmap (Routekaart Groen Gas) to the Lower House of Parliament. EBN contributed to this with information and its own analysis of the potential for reusing mining sites for green gas production.


Why
How
Strategy
Material themes
49 %
less CO_2 emissions in 2030
Sustainable gas value chain
Mission
As the combined strength in the energy transition, EBN is deploying the value in the sub-surface for a sustainable future aboveground
EBN delivers combined strength to the NL energy transition
Resilient flexible organisation
Our Dutch Gas
Return to Nature
New Energy
Encouraging and accelerating the exploration and production of small Dutch gas fields
Responsible decommissioning and where possible re-use of infrastructure
Use of underground space for a more sustainable energy system
Reinforcing, accelerating and improving the Dutch geothermal energy sector
Investigating and developing energy innovation in favour of system integrations in the Dutch energy transition
Creating combined strength
Maintaining financial clout and resilience
Active approach to risks



Connecting today and tomorrow means joining forces, engaging in dialogue and…

In discussion with René Schutte, Hydrogen Programme Manager, Gasunie, on connecting today with tomorrow.

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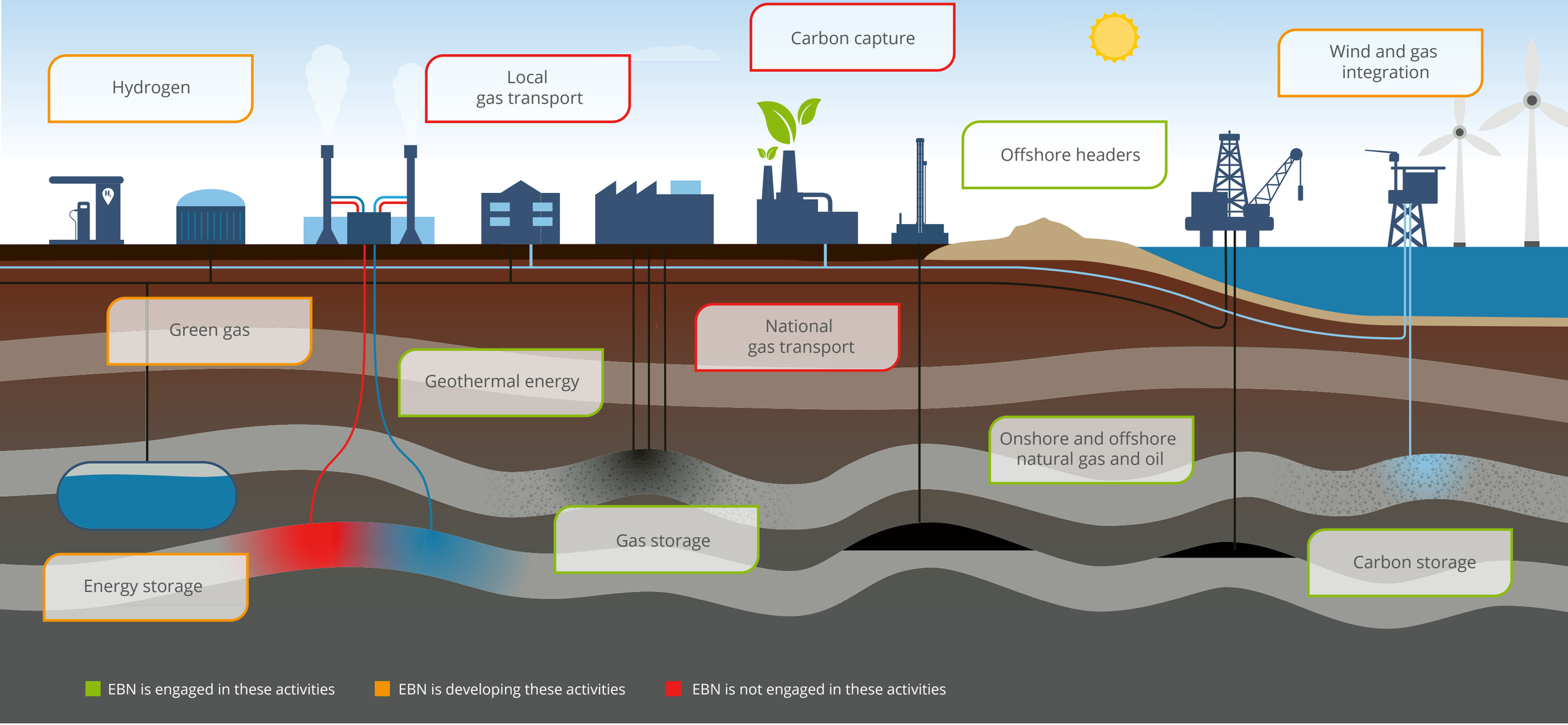
seeing where you can move the process forward by working together. In that way, theoretical connection leads to concrete projects.

3. Our position in the energy chain

The origins of EBN are in the safe, sustainable and economically responsible creation of value from Dutch geological resources. To this end, EBN invests in the exploration and production of gas and oil from the Dutch subsurface. Step by step, the current highly fossil-based energy system will be made more sustainable. However, this transition is not going to take place overnight. Although the role of Dutch natural gas will continue to decline, it will remain essential for some time to keep the system reliable and affordable. Climate-neutral gaseous energy carriers will remain a necessary part of the energy mix in the energy system of the future. The gas value chain must therefore be made more sustainable and transition from a traditional (fossil) chain to an energy chain in which various options are integrated. As a partner in gas production ventures, EBN bears social responsibility for making the gas value chain more sustainable and contributing to the necessary system integration that goes hand in hand with it.

Through its role and position in the chain, EBN will support the production of Dutch natural gas as long as national demand prevails. Gas production from the Dutch small fields is preferred because it is better for the climate, employment, the economy, preservation of knowledge about the deep subsurface and the existing gas infrastructure. Domestic production also slows down the increasing import dependence on other countries. EBN is developing tools for efficient production and systematic management that promote optimal, sustainable and safe use of gas fields. We encourage the improvement of operators' HSE (Health Safety & Environment) performance, safeguarding the availability of decommissioning and restoration funds, making the value chain more sustainable by, among other things, reducing emissions, greening excipients (biochemicals) and electrifying offshore assets. EBN also promotes cost awareness by clustering infrastructure and through mutual cooperation between operators (via the INSPIRE project) and is taking the lead in the effective decommissioning of infrastructure and disused oil and gas platforms or re-use for energy and carbon storage.


Hydrogen
Local gas transport
Carbon capture
Offshore headers
Wind and gas integration
Green gas
Geothermal energy
National gas transport
Onshore and offshore natural gas and oil
Gas storage
Carbon storage
Energy storage
EBN is engaged in these activities
EBN is developing these activities
EBN is not engaged in these activities

Energy storage is becoming increasingly important to the stability of the sustainable energy system because natural gas can no longer act as a buffer. EBN is exploring subsurface energy storage options and other building blocks to make the energy system more sustainable, such as the development and production of hydrogen and green gas. We can play a role in these developments by bringing parties together, providing knowledge and expertise about current and future (gas) infrastructure and by cooperating in pilots and feasibility studies for potential sites for the production of hydrogen and green gas. EBN already plays a role in gas storage.

The illustration on page 32 shows what our role is in the energy chain.

Exploration and production of energy sources

EBN invests in the exploration, production and storage of forms of energy such as natural gas and oil. These 'upstream' activities belong to EBN's core operations. Our principal partners in this context are the operators, who carry out the actual work. EBN, for its part, acts as co-investor and plays a proactive role in the exploration and organisation of collaboration and clustering. As a partner in a collaborative venture, EBN (and indirectly the State) shares in the revenues as well as the incurred costs.

Sale of oil and gas

Oil and gas companies sell most of the produced natural gas and oil to wholesalers such as GasTerra, our main partner in this area. GasTerra sells gas to brokers and end users. As a result of gas production in Groningen being discontinued, GasTerra's core activity will eventually cease. GasTerra will therefore be gradually phased out in the years ahead and will cease to exist at the end of 2024. EBN is a co-shareholder of GasTerra and has a say in the company's policy-making through two seats on the Supervisory Board and two seats on the Board of Delegated Supervisory Board members.

Energy storage

Exhausted gas fields can be used for energy storage, such as gas storage. EBN is co-owner of four underground gas storage facilities. EBN is thus also involved in 'midstream' activities. In the future, dependence on uncontrollable power and the storage of energy will become increasingly significant, for example hydrogen and green gas. This is necessary for the stability of the energy system and the balancing of supply and demand.

Carbon storage

EBN is involved in collaborative ventures to implement carbon storage in exhausted offshore gas fields. EBN is a knowledge partner in this and brings parties together in partnerships.

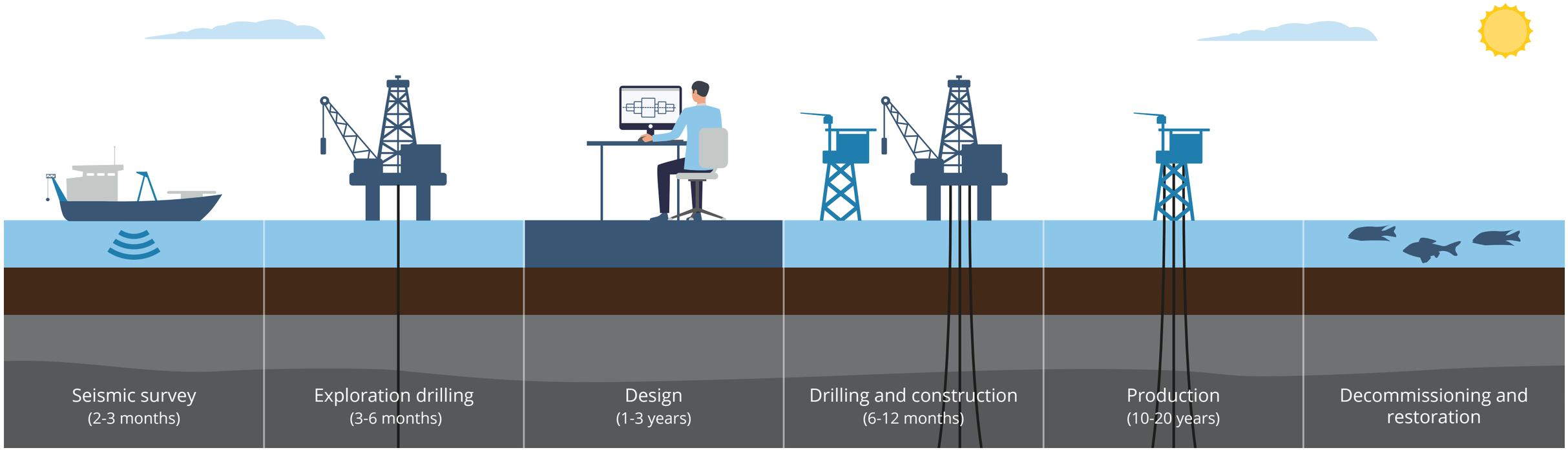
Use of energy sources

EBN has no role in the distribution of energy and therefore no involvement in downstream activities.

Decommissioning and/or re-use of used infrastructure

EBN is a driving force behind the effective re-use and sustainable decommissioning of infrastructure after production has ceased. EBN takes a pioneering role in this and works together with the oil and gas companies and the sector representative (NOGEPA) in Nexstep, the National Platform for Re-use and Decommissioning. Infrastructure, for example, can be re-used for energy and carbon storage.

Developing oil and gas reserves and geothermal energy is achieved through a number of steps, see pages 34, 35, 37.



3.1 Development of oil and gas

The illustrations show how the development of a geological energy source (oil, gas or geothermal energy) takes place: from prospecting to re-use for new sustainable purposes or decommissioning the infrastructure. There are many similarities between the approaches for oil, gas and geothermal energy.

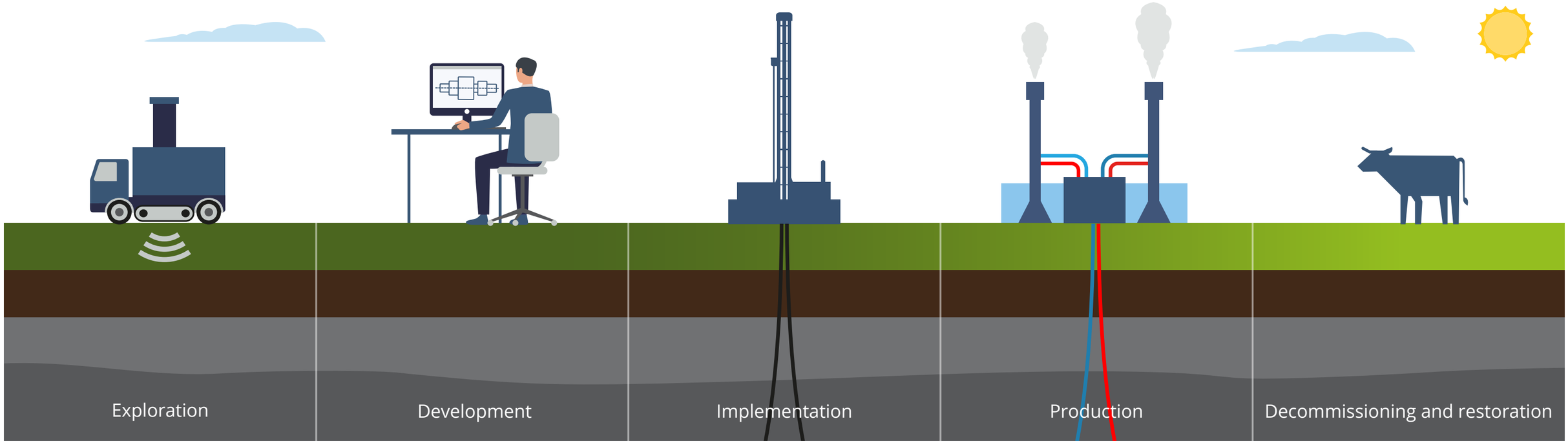
Prospecting
EBN carries out studies into potential new offshore oil and gas sites using regional subsurface knowledge and seismic images.

Start of exploration
Permit holders carry out exploratory drilling to test possible gas or oil wells.

Construction
Together with our partners, we develop economically profitable reserves.

Production
Reserves are produced as long as this is economically viable. During this phase, the investments are recovered. The gas in the chain finds its way to the end users.

Decommissioning and restoration
When a gas field has been exhausted, the infrastructure may be suitable for re-use. An empty gas field can, for instance, be used for energy or carbon storage. Ultimately, the operator must permanently plug the wells, decommission the infrastructure and restore the environment to its former state.



3.2 Development of geothermal energy

Prospecting

Using seismic data and available knowledge about a region's subsurface, EBN determines whether strata are suitable for the production of geothermal energy. Since the beginning of 2018, TNO and EBN have been working together on the SCAN programme. This enables us to conduct seismic research into geothermal energy in places where we still know little about the subsurface. By means of SCAN, EBN is collecting data on the basis of which the potential of geothermal heat can be determined in regions where there is currently too little data to make an initial assessment of the possible use of geothermal energy. Beginning in 2021, EBN will also carry out several scientific drillings, which will enable even better mapping of the subsurface.

Start of exploration

Geothermal energy does not have a clear exploration phase because it is often possible to rely on existing data from oil and gas exploration. If, during the prospecting phase, a geothermal energy company finds a suitable location where it wants to explore for geothermal energy, an exploration permit is required, among other things. The company applies to the Minister for Economic Affairs and Climate Policy for this exploration permit. Once this has been obtained, the first well can be drilled. In most cases, the decision to also construct the second well of a doublet can be made on the basis of the first well. When the first drilling reveals a suitable aquifer (a subsurface water-bearing layer) with the right temperature and geothermal energy production is feasible, a second well is drilled. These two wells are jointly called a doublet and constitute the production location. Production requires a production and an environmental permit. In the new Mining Act the permit procedure is adjusted to the specific requirements of geothermal energy.

Construction

Construction of the facilities above the surface, including connection to the customer's heat network. The well design must take into account corrosion of the wells and the possible leakage of salt water into groundwater.

Production

Hot water is pumped up through the well and fed through a heat exchanger. The heat exchanger extracts the heat from the water and transfers it to the water in a heating network. The water from the geothermal energy source then goes back into the ground via the other well. The heat then flows through the heating network to the end users.

Decommissioning and restoration

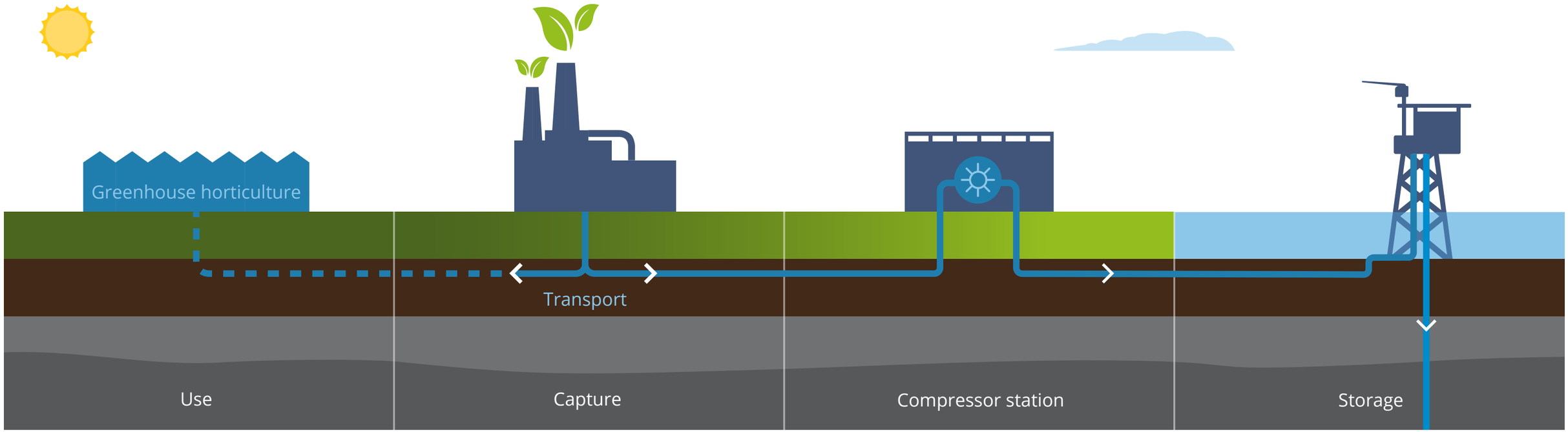
When a well is depleted, the operator must (temporarily) plug the wells. Installations may be suitable for re-use for another nearby geothermal energy source. If that is not possible, the installations will be removed. The natural surroundings must be restored to their former state. The source may regain temperature after a certain amount of time and can then be used again. However, given the short application of geothermal energy so far, there is as yet little practical knowledge about this.

Drilling for oil, gas or geothermal energy takes place under the supervision of State Supervision of Mines (SodM) to ensure the safety of people and the environment and compliance with laws and regulations.

For more information about the development of oil and gas fields, please visit: www.hoewerktgaswinnen.nl.
For more information about the development of geothermal energy, visit: www.hoewerktaardwarmte.nl.

For more information about SCAN, visit: www.scanaardwarmte.nl.

Also visit: https://www.energieinnederland.nl.



3.3 Development of CO_2 storage

Reason

The government is encouraging carbon reduction. Carbon capture and storage is one of the measures to meet the climate targets in the Climate Agreement. Carbon storage is intended for industries where it is difficult to substitute the production process with a carbon-free alternative in the short term, such as refineries and steel production. These industries are mostly located in port areas such as the North Sea Canal and the Port of Rotterdam, which makes them favourably situated with respect to the storage locations, the exhausted gas fields under the North Sea. The government has no plans for subsurface carbon storage.

Development

The development of a carbon storage project starts with a feasibility study into matters such as technical and financial feasibility. EBN is mapping the locations and the availability of exhausted gas fields and exploring options for pipelines and a compressor station. An inventory of potential partners and clients is also being compiled. Supply and demand are determining factors for the size of the system.

Preparation

Once a selection of exhausted gas fields has been made, it is important to apply for a storage permit. Parties that emit and capture carbon also apply for a subsidy for the difference between the EU ETS rights and carbon storage costs. They use the subsidy to pay for the transport and storage of the captured carbon.
Further mapping of the subsurface is being carried out for the construction of the system. Further research is also being conducted into environmental and safety aspects and the necessary mitigating measures. Additionally, a monitoring plan will be drawn up.

Construction
The parties that emit carbon are building capture facilities at their industrial sites. It is necessary to lay onshore and offshore pipelines for transport to the compressor station and the exhausted gas fields under the sea.
A new header will be laid onshore (in the ground) and a compressor station will be built.

Capture and storage
Companies capture the CO_2 that is released in their production processes. They deliver the CO_2 to the header. The carbon is transported via the header to the compressor station or to a CO_2 user who uses it in his business process. At the compressor station, the CO_2 is pressurised to be transported offshore. The CO_2 is transported via a seabed pipeline to a platform 20 km or more off the coast. From the platform, the CO_2 is pumped into exhausted gas fields, more than 3 km below the bottom of the North Sea.

Sealing
When the gas fields are full, they are sealed. Full gas fields are monitored for at least 20 years.

3.4 Chain responsibility

As a non-operator, EBN invests in the exploration for, and production of, oil, gas and geothermal energy in the Dutch subsurface. We are involved as a partner in the projects in which we invest, but are not the party who carries out the actual day-to-day work. That is the exclusive task of the operator. In practice, this means that EBN can influence both its own and its partners' activities but, beyond that, its influence in the energy chain remains limited.

Good conduct in the energy chain
Compliance with laws and regulations is a matter of course for EBN. Non-compliance carries many (financial) risks, both directly through fines and indirectly through reputational damage. EBN believes it is important to communicate transparently about compliance with laws and regulations.

EBN shows its commitment to the entire energy chain by committing to good employment practices and encouraging partners to safeguard good conduct in their part of the chain. Each year, EBN explicitly asks its partners how they monitor the integrity of their suppliers, contractors and subcontractors and whether codes of conduct and documentation have been drawn up in this regard. We publish the results of this survey each year in our OPI (Operational Performance Indicators) report. The 2020 survey did not give rise to any improvement plans. In the event of abuses, EBN discusses them with its partners during periodic meetings so that improvement plans can be drawn up in consultation.

Compliance with the EBN Code of Conduct
EBN demonstrates its commitment to the entire energy chain by committing itself to being a good employer and encouraging partners to ensure good behaviour in their part of the chain. This includes provisions about human rights, forced and child labour, decent work and competition law. Suppliers are required to meet all their obligations to EBN, take responsibility for their own supply chain and encourage their own suppliers to observe ethical norms and human rights. A document detailing these terms and conditions is publicly available on our website and is available to our stakeholders. In this document, we state that our suppliers are bound by the Code of Conduct in order to continue working with us.
On the basis of the integrity clause in the EBN General Procurement Conditions, EBN may perform an audit when it deems it necessary. Suppliers are informed about this in good time.

Whistle-blower policy
The EBN whistle-blower policy enables its employees to report any reasonable suspicions of misconduct that pose a risk to the public interest. EBN also has a fraud protocol

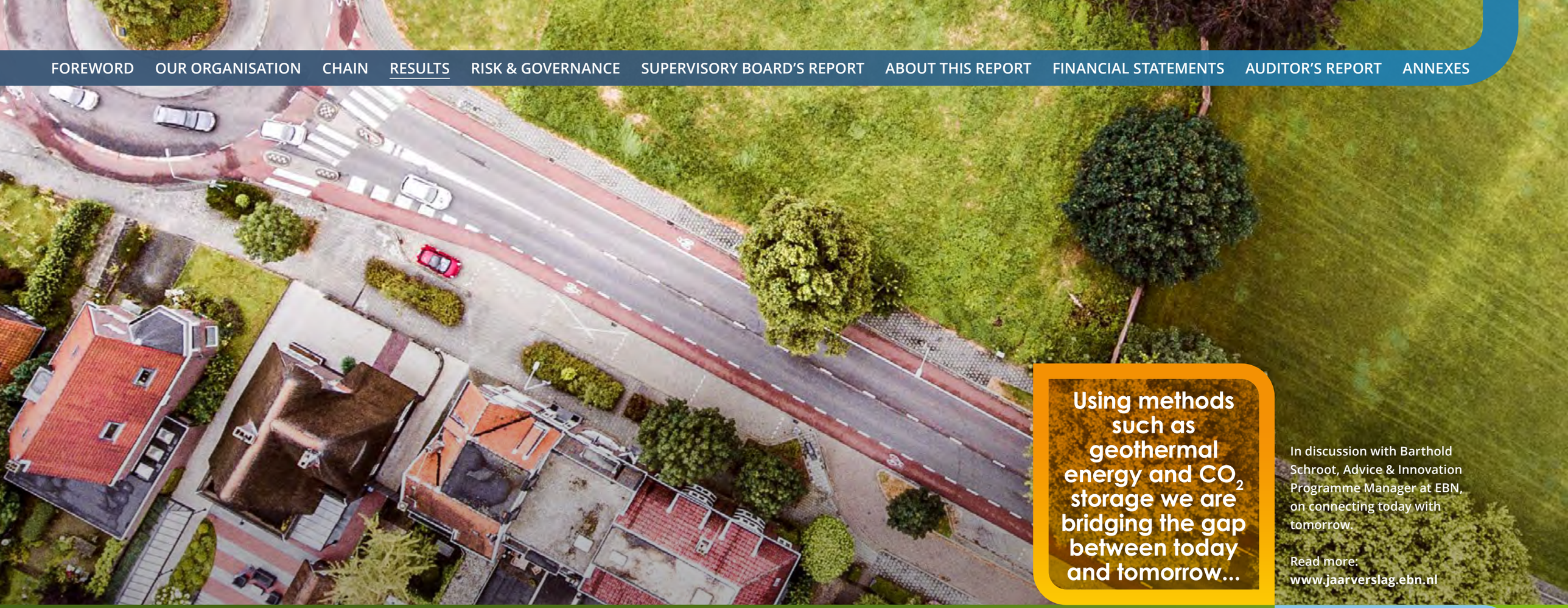
on the basis of which EBN employees can (and must) report suspicions of fraud. External parties may report alleged misconduct via EBN's general email address, which can be found on its website. There were no reports in 2020.

EBN has a dedicated telephone number for the seismic survey within the SCAN programme that can be reached 24 hours a day, seven days a week.

If necessary, EBN will proactively end any misconduct stemming directly from our own operations (see also 5.3 Main strategic risks). Its partners are responsible for their own activities over which EBN has no direct influence. EBN uses a damage protocol for the SCAN seismic survey. The SCAN website contains the damage protocol and form (https://scanaardwarmte.nl/schadeformulier/). EBN also takes opportunities to influence and encourage partners to improve their performance, through knowledge, advice, encouraging cooperation and by organising, for example, the HSE benchmark from which best practices are shared. In this way EBN also contributes indirectly to good behaviour in the chain.

Parties involved can direct any questions, requests and measures relating to damage caused by gas production activities in Groningen to the Instituut Mijnbouwschade Groningen (IMG) (Institute for Mining Damage in Groningen), which was established on 1 July 2020. The IMG's task is to deal with damage caused by ground movement as a result of the construction or operation of a mining facility for the production of gas from the Groningen field or as a result of the gas storage facility at Norg. The IMG makes independent decisions on damage compensation claims (all forms) and it also deals with reports about potentially acutely unsafe situations (AUS).

IMG has a website (https://www.schadedoormijnbouw.nl/over-het-img) where it provides information about claims handling. For all questions, requests and measures concerning the strengthening of homes and buildings, those involved can contact the National Coordinator Groningen (NCG), the implementing organisation for the reinforcement of homes and buildings in Groningen. The National Coordinator Groningen has a website (https://www.nationaalcoordinatorgroningen.nl) that provides information about all relevant measures for those involved.



Using methods such as geothermal energy and CO_2 storage we are bridging the gap between today and tomorrow...

In discussion with Barthold Schroot, Advice & Innovation Programme Manager at EBN, on connecting today with tomorrow.

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In so doing, we are also shaping an integral image of our future energy system.

4. Results

4.1 Introduction

In this results chapter, we describe the activities and results that contributed to our strategic goals and the development of our material themes in 2020.

Business objectives 2020

For 2020, the CEO along with the Supervisory Board has determined a number of general guiding business objectives for EBN. These objectives, and the results achieved, are shown in the table below.

	Topic	Material theme	Explanation	Objective	Realisation
1	EBN's profit	Maintaining financial clout and resilience	EBN's profit (after tax) shown in millions of EUR	≥ 431	-364
2	Administration costs		EBN's costs for staff, hiring in expertise, offices, etc., shown in millions of EUR	≤ 24	23.0
3	Reserves for maturation of small fields	Encouraging and accelerating exploration and production of small Dutch gas fields	The net supplementation (maturation) of gas reserves in the Netherlands in billion Nm3 TQ (100%).	≥ 6.2	4.9
4	Geothermal energy volumes	Reinforcing, accelerating and improving the Dutch geothermal energy sector	The sum of geothermal volumes in Petajoules from projects for which a cooperation agreement or financial investment decision (FID) has been concluded.	1.9	1.3
5	Porthos	Deployment of subsurface space for a more sustainable energy system	Achieve commercial FID with other Porthos partners at current committed volume in megatonnes of CO_2.	1.75	2.5
6	Leadership programme	Creating combined strength	Completion of internal leadership programme by minimum percentage of employees.	90%	74%
7	Absenteeism through illness	Creating combined strength	Short and medium-term sick leave expressed as a percentage.	1.3%	0.7%

4.2 Our Dutch Gas

Material theme 4 Encouraging and accelerating exploration and production of Dutch small gas fields Dutch natural gas, as a component in the process of making the gas value chain more sustainable. Promoting and accelerating effective detection, development and extraction of gas reserves in the Netherlands in the most sustainable way possible.

In 2020, EBN continued to work with operators on the cost-effective and economically viable production and exploration of Dutch natural gas. In this context, EBN, together with operators, focused on intensifying cooperation within the sector and reducing operational costs. In addition, EBN, together with NOGEPA and operators, launched an industry-wide plan to reduce CO_2 emissions (see section 4.6.2 Approach to risks). In all activities, the approach was characterised by strengthening cooperation, merging activities and assets and sharing data, knowledge and expertise.

The extremely low gas prices in 2020 meant a further deterioration of the investment climate for the exploration and production of Dutch natural gas. This made it difficult to make new investments. Furthermore, the nitrogen crisis played an important role and delayed or halted plans for drilling and field developments. At the end of 2020, there was still no prospect of a solution to the nitrogen impasse. A positive development in 2020 was that social and political emphasis was put on the essential role of natural gas in the Dutch energy system in the coming decades and the preference for Dutch offshore natural gas. This was confirmed in the North Sea Agreement, parliamentary letters and the Lower House of the Dutch Parliament's approval of the amendment to the Mining Act (see box).

Amendment to Mining Act

At the end of 2020, the Lower House of the Dutch Parliament approved the bill to amend the Mining Act, which EBN worked on. This amendment concerns the generic investment deduction for (offshore) mining (instead of the current conditional deduction scheme) and increasing the deduction from 25 to 40%. Furthermore, the Act includes new rules for decommissioning and re-use of oil and gas infrastructure and the system of financial securities for the decommissioning and restoration obligations and EBN's monitoring role therein (DSA)*. The increased investment deduction makes it more attractive for companies to remain active in the Dutch part of the North Sea. Consequently, more natural gas can be produced and infrastructure will be preserved for re-use. The amendment to the Act states that infrastructure that is no longer in use must be disposed of in a safe manner. Companies that have plans for re-use, for example for offshore carbon storage or hydrogen, can apply for an exemption from decommissioning obligations while the infrastructure is re-used. The Lower House of the Dutch Parliament consented to the amendment on 26 January 2021.

Decommissioning Security Agreement

Together with NOGEPA, EBN has developed a guarantee scheme whereby permit holders agree on a Decommissioning Security Agreement (DSA) in which agreements are made on financial securities to be provided in connection with the decommissioning of assets and restoration of production sites. Furthermore, a Decommissioning Security Monitoring Agreement (DSMA) is being agreed between permit holders and EBN in which agreements are made about EBN's monitoring role in the DSA process. As at 31 December 2019, 100 DS(M)A's had been signed. In the past year another 14 Decommissioning Security (Monitoring) Agreements were signed, making a total of 114 DS(M)A's signed as at 31 December 2020. These relate to 106 offshore production permits and 7 offshore exploration permits. One offshore DS(M)A remains for a production permit for which a future development is planned and is expected to be signed shortly. With the recent amendment of the Mining Act, the DS(M)A system of financial security was given a statutory basis.

* Decommissioning Security Agreement (DSA)

At 12.5 billion cubic metres (BCM), gas production from small fields remained below expectations. This was mainly due to the fact that in several situations where the operational costs were higher than the gas price, it was decided to temporarily halt or limit gas production in anticipation of price recovery. At the end of 2020, the fields in question were already at maximum production levels again. Although economic uncertainty remains, the outlook for activity levels is more positive than in 2020.

As a result of the aforementioned poor investment climate, only six of the nine expected wells were drilled in 2020, one of which was onshore. The impact of the poor and uncertain investment climate on maturation (taking new gas into production) was limited: of the expected 6.1 BCM, 4.9 BCM of new gas was taken into production, largely because it concerned projects for which commitments had already been entered into in 2019. Less than 1 BCM of new gas was discovered with exploration drilling and over 10 BCM of gas was identified in drillable prospects.
The total area of offshore fallow acreage increased by 27%. Fallow acreage is the system by which inactive offshore licensed area can be made accessible to other interested parties. Despite the continuing uncertainty surrounding COVID-19 and the nitrogen impasse, EBN expects a cautious recovery of the activity level.

Joint programmatic approach to exploration

In 2020, EBN shifted the strategic focus of its exploration activities from active promotion to attract new investors to its existing portfolio and current operators. This new focus aims to help the current operators to upgrade their portfolio by working together to identify and mature prospects. Therefore, in 2020, EBN worked intensively with some operators, specifically by focusing on sharing its own knowledge and experience in various plays.

In 2020, EBN also worked on generating a more robust prospect portfolio. Furthermore, in 2020 EBN evaluated three exploration technologies that could lead to significant de-risking of prospects: 1) advanced seismic acquisition using the Ocean Bottom Node technique and associated data processing, 2) electromagnetic methods, specifically for shallow gas deposits in the northern part of the Dutch continental shelf and 3) geochemical methods. Finally, EBN fulfilled its connecting role by making TNO's database of gas field pressures accessible to the sector and making a start on opening up and consolidating the accumulated public play and subsurface knowledge. In 2021, this knowledge will be made accessible and shared with the industry via a GIS platform.

Operational costs

In parallel to the exploration and production activities, EBN has been working on operational costs (OPEX) with operators. The INSPIRE master plan was initiated for this purpose. By keeping costs as low as possible, profitability is maintained, which enables wells within the infrastructure to last longer in an economic sense. In a general sense, more natural gas can therefore be produced from the fields in question. In this way, the infrastructure remains available for longer and there is more time to choose whether to re-purpose it for new activities in the context of energy transition, such as carbon storage.

EBN aims to achieve at least a 5% cost reduction on the current operational costs of EUR 1 billion in total. INSPIRE is the plan in which operators and EBN work together to reduce operational costs by means of increased cooperation, pooling of assets and joint operations. The plan has been drawn up by, and is being implemented in cooperation with, all operators. Through INSPIRE, in 2020 EBN has had a steering role in the implementation and development of three initiatives that will deliver future OPEX reductions:

1. Integrated planning and tendering for joint inspection work on pipelines;
2. Merging the control rooms of (initially) two to three operators into a single joint control room in Den Helder to control unmanned offshore platforms. Other operators may join this initiative in the future;
3. An online application (a kind of E&P marketplace) that gives operators insight into each other's stock of (standard) equipment and spare parts.

We also promote cost reduction and efficiency by combining infrastructure through mergers, diversions and simplification. Together with ONE-Dyas and TAQA, we worked on a plan to bypass TAQA's old P15 offshore platform to ONE-Dyas' young onshore Maas plant. This will reduce operational costs, extend the life of the infrastructure and allow more gas to be produced from the fields in question. The bypass will also result in a substantial reduction in CO_2 emissions.

4.3 Return to Nature

Material theme 6 Responsible decommissioning and, where possible, re-use of infrastructure: decommissioning of disused oil and gas infrastructure at the lowest possible costs to society.

Decommissioning

EBN is working with oil and gas companies and NOGEPA in Nexstep on an effective and cost-efficient method for the safe and sustainable decommissioning of disused oil and gas infrastructure. To this end, EBN plays a driving role in boosting cooperation and bundling activities. We are also encouraging the exchange of relevant information and experiences and the development of new cost-saving methodologies. Nexstep's main objective is to achieve cost savings of 30% in 2020-2025 compared to the 2016 cost estimate of EUR 7 billion, or on average 5% per year.

An important result for 2020 was the campaign for joint decommissioning of (exploration) wells. Within Nexstep, a campaign was prepared with 6 operators to decommission approximately 30-50 (mainly) older exploration wells, which were temporarily left on the sea bed (and thus not drilled from a platform). A joint tender will be issued for the definitive decommissioning of these exploration wells. This approach results in significant cost savings, estimated at 10-30%, which varies per operator. The campaign is a model for future decommissioning campaigns and also for other joint operations in the context of the INSPIRE programme (see section 4.2 Our Dutch Gas).

In cooperation with EBN, Nexstep is also investigating more cost-efficient methodologies for decommissioning and plugging of disused wells. Two onshore pilot projects were completed for this purpose in 2020, the results of which will be examined and assessed in 2021. Subsequently, all data and insights will be shared with the State Supervision of Mines (Staatstoezicht op de Mijnen). Furthermore, EBN discusses its own portfolio decommissioning strategy annually with the (larger) operators, also with a view to fulfilling the decommissioning and restoration obligation systematically and optimally.

Re-use

To ensure an optimal transition from the present gas infrastructure to infrastructural adjustments for CO_2 storage and hydrogen, electricity and heat, at the lowest possible cost to society, it is important to make choices in the short term. Without good coordination between all parties involved and timely choices, much existing infrastructure will no longer be available for re-use due to decommissioning within the next ten years. Publications such as the advisory report by the Taskforce Infrastructure Climate Agreement Industry (TIKI) on the "Multi-year Programme for Energy and Climate Infrastructure" calls for an integrated approach and government coordination of infrastructural projects that are essential for the energy transition.

For the development of carbon storage and possibly also offshore hydrogen production, EBN shared knowledge and information, in 2020, about the offshore infrastructure (pipelines, platforms and wells) with the II3050 project of Netbeheer Nederland, Tennet and Gasunie and with policies such as the North Sea Energy Outlook.

For the development of onshore regional energy hubs, where various forms of sustainable energy production will be developed with a focus on synergies, EBN and its partners in Emmen have brought the re-use of the former GZI mining site a step closer. At this site, EBN is working in the GZI Next consortium on the development of a green gas project and a project for the production of green hydrogen by means of electrolysis. For more information, see section 4.4 New Energy. In 2020, EBN also submitted an advisory report to the Ministry of Economic Affairs and Climate Policy concerning the potential for green gas production at all other onshore mining locations.

Deployment of subsurface space for a more sustainable energy system: facilitating and encouraging the effective re-use and/or deployment of subsurface space for the production, transport and/or storage of CO_2, renewable energy and heat.

CO_2 storage

By participating in all CCS projects in the Netherlands, EBN aims to contribute to the carbon reduction target of 49% by 2030, compared to 1990, and to this end re-use the production assets in which EBN participates. EBN is committed to bringing together and connecting partners. With a focus on public interest, EBN is also contributing knowledge and expertise to quantify and mitigate risks. EBN took further steps in this area in 2020 as a partner in the Porthos and Athos carbon storage projects.

In the Climate Agreement, it was agreed that up to half of the reduction in the industry's CO_2 emissions in 2030 will be subsidised by CCS. For the other half, the industry will focus on efficiency, electrification, solar and wind farms and green hydrogen, among other things. However, for many industrial processes there are still too few other ways to significantly reduce carbon emissions in the short term. Carbon capture and storage therefore play a significant role in the European Commission's Green Deal as a necessary measure to rapidly reduce industrial emissions. Porthos (a joint venture between EBN, Gasunie and the Port of Rotterdam Authority) is an advanced project for large-scale CO_2 storage within the EU. The European Commission granted the Porthos project a subsidy of EUR 102 million in 2020.

The signing of the Porthos cooperation agreement by Porthos project director Wim van Lieshout and Jos van Winsen, director of Shell Pernis

Porthos

In 2020, the Minister agreed to EBN's participation in the implementation phase for the construction and commissioning of the Porthos system. The maximum number of emitters contracted in 2020. EBN, Gasunie and the Port of Rotterdam Authority signed an agreement with Shell, ExxonMobil, Air Liquide and Air Products to continue cooperating on the Porthos project with the aim of concluding transport and storage contracts in 2021. Porthos will then transport and store 2.5 Mt of CO_2 under the North Sea bed annually for 15 years, which is 10% of industrial sector emissions in the port of Rotterdam. In total, it means a reduction of about 37 million tonnes of CO_2 over a 15 year period. Porthos is therefore making a substantial contribution to the climate targets.

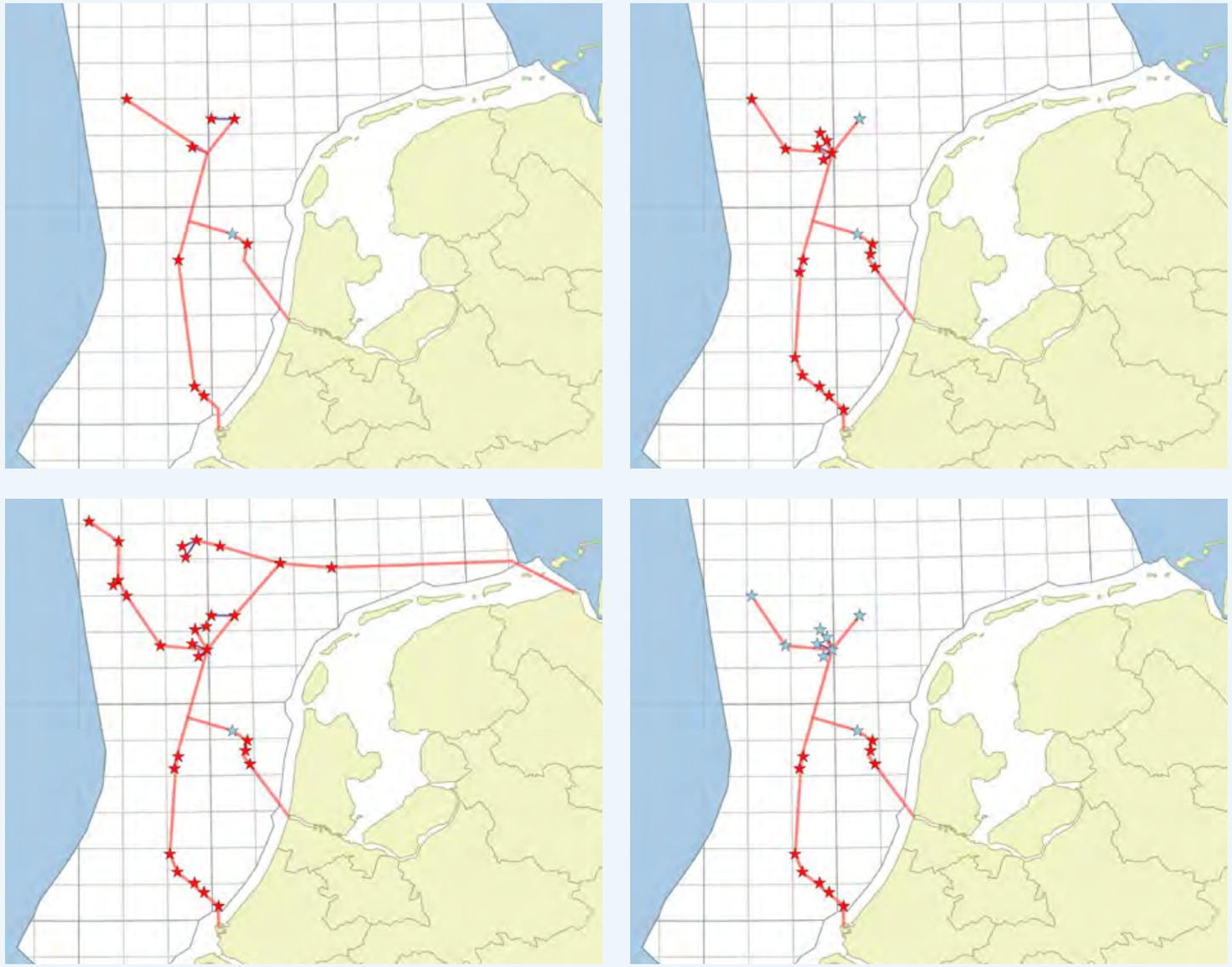
The four companies planning to deliver CO_2 to Porthos will pay a fee for transport and storage and also incur costs for capturing CO_2. They also save the costs involved with

emitting CO_2. The difference between the total costs and savings for the participating companies will be bridged by the government through the SDE++ scheme. At the end of 2020, the four emitters applied for the SDE++ subsidy. Once the subsidy and the licences have been granted, Porthos and the four companies will take the final investment decision. Construction of the Porthos system is scheduled for 2022 and 2023, after which it should be operational in 2024.
The Porthos project organisation (EBN, Gasunie, the Port of Rotterdam Authority) will use 2021 to make technical preparations for the construction of onshore and seabed pipelines, the compressor station and the modification of the offshore platform.

Athos

Athos is a CO_2 storage project in the North Sea Canal area of Gasunie, EBN, the Port of Amsterdam and Tata Steel. The network is expected to be operational in 2026. The companies working on Athos completed a feasibility study in 2019 with positive results, after which several follow-up studies were launched with the aim of completing the concept selection in early 2021.

In 2020, EBN worked on the selection of exhausted oil or gas fields under the North Sea in which CO_2 can be stored and performed geological, technical and cost analyses. The most attractive carbon storage locations were identified



Location of exhausted oil and gas fields and examples of storage strategy

on the basis of public information and internal insights. The final selection of the fields depends on a combination of technical and economic optimisation and on discussions with the operators of the current production facilities that will be re-used for Athos. Field selection will be completed in 2021.

CO_2 storage permits

Currently, there is one carbon storage permit in the Netherlands, namely for P18-4, one of the storage sites for Porthos. Market analyses show that more CO_2 for storage is expected in the coming years. In order to achieve the 2030 reduction target, it is therefore necessary to develop new storage sites and permits. EBN is committed to timely carbon storage permit applications and the cost-effective development of storage to keep social costs low.

Energy storage

Energy storage is necessary to maintain security of supply where there is large-scale use of wind and solar power and in the further development of heat networks. EBN has a natural role in developing knowledge and bringing parties together, partly because of its share in existing assets and its knowledge of the subsurface and its experience in existing underground gas storage facilities.

Hydrogen storage

In the Netherlands, a need for hydrogen storage in exhausted gas fields may arise from 2030 onwards because the alternative, storage in salt caverns, would not provide sufficient storage volume. The feasibility of storing hydrogen in exhausted gas fields is still disputed globally. EBN wants to contribute substantially to knowledge development in this field. The first step in 2020 was to establish the feasibility of hydrogen storage more convincingly at conceptual level. We have achieved this by means of two different studies. The first was the 'Large Scale Energy Storage' (LSES) project run by the Top Consortium for Knowledge and Innovation (TKI) New Gas which was carried out with the partners TNO, NAM, Gasunie, GasTerra and Nouryon. The second study was an in-house EBN modelling study into the physical behaviour of hydrogen in porous media using a reservoir simulator. The initial results were presented at the EAGE conference.

Heat storage

To make the heat supply in the Netherlands more sustainable, it is important to be able to store summer heat surpluses for the winter. In order to be able to use high temperature storage (HTO) responsibly in the Netherlands in the short term, it is essential to quickly acquire more knowledge about both the technical side and the business and legal aspects of underground heat storage. The TKI's WINDOW project focuses on feasibility studies on these various aspects. We are involved in this project as a knowledge partner, a cooperation of various knowledge institutions with project stakeholders and involved governments. Phase 1 was completed in 2020 - a study into the feasibility of High Temperature Storage (HTS) up to 90°C at seven different locations in the Netherlands. The locations in Rotterdam, Leeuwarden and Delft were assessed as most promising. In the follow-up project, part of WarmingUP[1], further research will be conducted for these locations and a design for the heat storage location will be developed further.

1 The WarmingUP collective is working together on applicable knowledge for renewable, collective heat systems so that they are reliable, sustainable and affordable for the heat transition. Thirty-eight participants from the entire heat chain are taking part.

4.4 New Energy

Reinforcing, accelerating and improving the Dutch geothermal energy sector: Deploying our knowledge and expertise in operating in the Dutch subsurface for the benefit of making the heat chain more sustainable by developing geothermal energy in the Netherlands. In that framework, over the next few years, EBN will be implementing the SCAN survey programme, participating in Green Deals and, on behalf of the Dutch State, participating financially in geothermal energy projects.

In 2020, EBN continued to work with the sector to professionalise the geothermal energy sector and the development of geothermal energy in the Netherlands. The intended mandate of the Ministry of Economic Affairs and Climate Policy for financial participation in geothermal energy projects enabled EBN to start participating in geothermal energy projects in 2020. We are involved as a knowledge or cooperation partner in the majority of the geothermal energy projects under development in the Netherlands, around 25 projects. In 2020, EBN entered into a partnership agreement for participation in about 6 geothermal projects, bringing the total of formal partnerships and projects to around 10. These include projects in Leeuwarden, Utrecht/Nieuwegein and Delft. EBN is in talks about participation in 20 new projects that can be implemented in the coming years. By doing so, we are investing in relationships with those operators that are targeting a large portfolio of projects in the coming years.

In this way, EBN acquires the position that is envisaged by the amendment to the Mining Act (see text box) for EBN's generic participation in geothermal energy projects. EBN's participation is one of the measures taken by the Ministry of Economic Affairs and Climate Policy to boost the sector and accelerate the development of geothermal energy. By allowing EBN to participate in new geothermal projects on a financial and risk-bearing basis, it can build a portfolio in which project knowledge and experience is secured and shared. In this role, we can help steer the sustainability and quality of safe and responsible projects. This safeguards public interest and the experiences from these projects benefit policy development, innovation, public knowledge of the subsurface and the sharpening of incentive instruments.

In 2020, we highlighted the potential of geothermal energy in making heat demand more sustainable and positioned geothermal energy as an important part of the energy transition.
The aim was to include geothermal energy as a sustainable option in the Transition Vision for Heat and Regional Energy Strategy of municipalities and RES regions. The WARM study that we conducted with Panterra and Berenschot as part of the Geothermal Energy Master

Plan provides further guidance. Furthermore, a Model Approach to Geothermal Energy Project Financing was published in cooperation with Rebel.

To make the need for innovation more concrete, EBN was commissioned by the Ministry of Economic Affairs and Climate Policy to draw up a 2030 Innovation Agenda on the basis of input from the sector, which will be published in the first quarter of 2021. Furthermore, at the request of the Ministry of Economic Affairs and Climate Policy, we actively participated in the Geothermal Energy in the Built Environment 2030 acceleration project, where three subgroups (proposition, support and governance) itemised the main acceleration solutions.

RES Rotterdam - The Hague region and Invest-NL

With the RES Rotterdam - The Hague region and Invest-NL EBN announced a cooperation to accelerate the heat transition in this region. EBN and Invest-NL will work on mapping, and giving advice on, the future integral heat system for the region to contribute to the region's regional energy strategy (RES). Geothermal energy has a major role to play in that because of the large demand for heat and the great potential of geothermal energy. The ambition is to implement a few dozen geothermal projects. We are working together with this region's key players, including Gasunie (Warmteling), the province of South Holland and the municipalities.

The founding of Geothermie Nederland

Together with the two geothermal energy industry associations (DAGO, Dutch Association of Geothermal Operators and Stichting Platform Geothermie), EBN made an effort to establish one platform organisation for geothermal energy. Geothermie Nederland will be operational as of 1 January 2021 and will function as a central contact point for entrepreneurs and stakeholders in the geothermal energy sector. The platform represents the broad stakeholder field in relation to a widely supported agenda for improving and scaling up geothermal energy. EBN participates in the board meetings of Geothermie Nederland.

Together with the sector and stakeholders involved, we worked on a first industry standard for geothermal energy in 2020 (see industry standard for sustainable well design in section 4.6.2 Approach to risks). We played a coordinating role in this process between the market, the government and other stakeholders such as the drinking water sector.

Statutory participation of EBN in geothermal energy projects laid down in the Mining Act

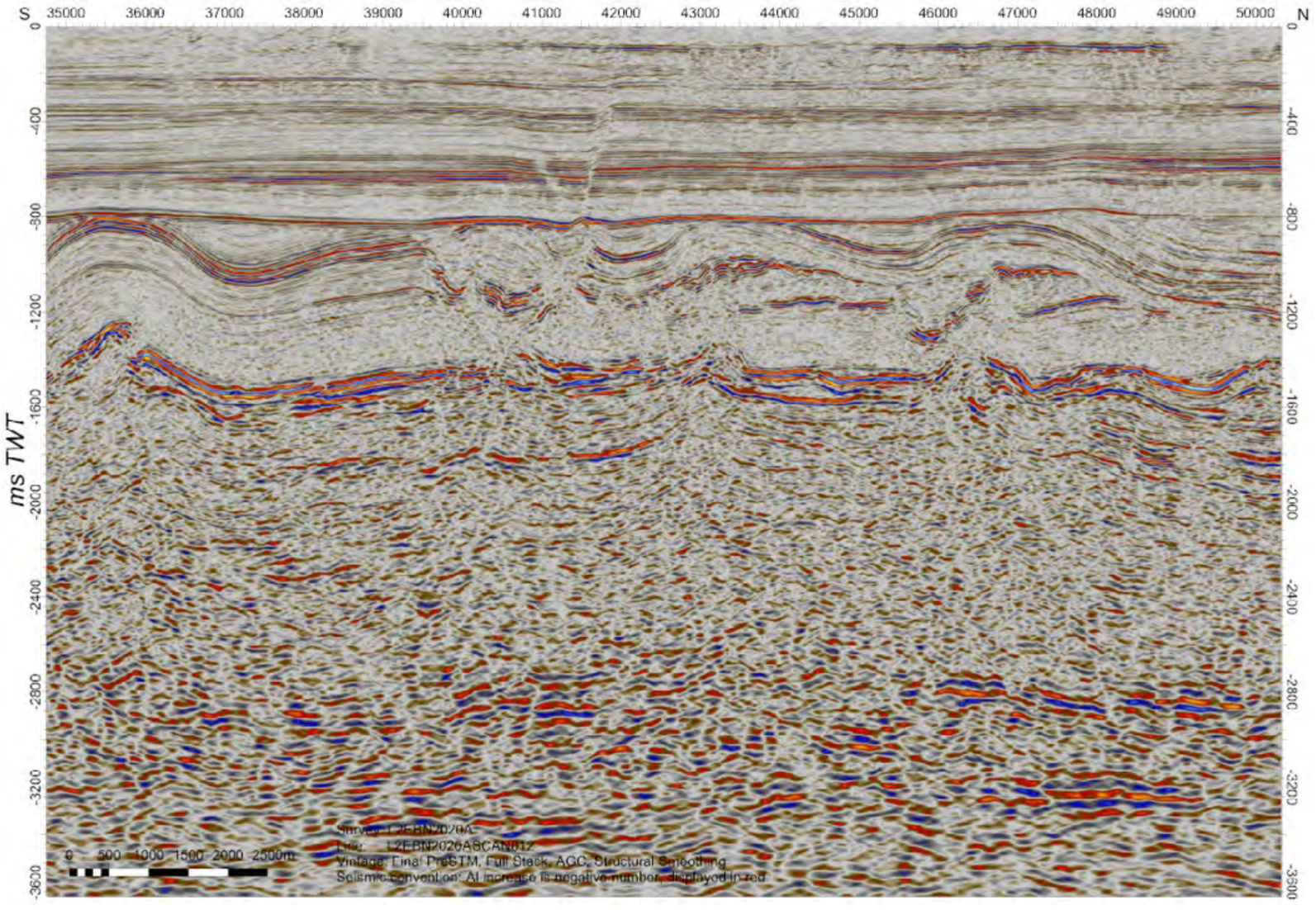
EBN issued advice on the amendment of the Mining Act with mandatory participation of EBN in geothermal energy projects. The bill to amend the licensing system for the exploration and production of geothermal energy also provides for the generic participation of EBN in geothermal energy projects. The bill introduces an independent regulation method for geothermal energy on the one hand and several reinforcement and acceleration measures on the other. EBN's participation is one of the acceleration and reinforcement measures of the Ministry of Economic Affairs and Climate Policy. On 16 July 2020, the minister sent the amendment to the Mining Act to the Lower House of the Dutch Parliament, to which several important elements were added in a Memorandum of Amendment dated 30 November 2020.

The new Mining Act stipulates that EBN is obliged to participate in new geothermal energy projects. This obligation clarifies EBN's position and enables it to contribute its expertise to all projects and ensure that best practices are shared. This is important for the professionalisation and upscaling of the sector.
First, the draft Act will be debated in the Lower House of the Dutch Parliament, then it will progress through the Upper House of the Dutch Parliament and be developed into a mining regulation and mining decree.

SCAN

In 2020, EBN collected subsurface data to further map the potential for geothermal energy in the Dutch subsurface, by means of the SCAN programme. The seismic research provides information that is important to the safe and economic production of geothermal energy. In 2020, EBN received a decision from the Ministry of Economic Affairs and Climate Policy for further research with scientific drilling. This knowledge will further mitigate subsurface-related project risks, boost the chances of successful projects and increase the willingness to invest. This will benefit the upscaling of geothermal energy in the Netherlands.

SCAN acquired its 1000th kilometre of seismic data in 2020. Despite work being halted temporarily due to COVID-19, a total of 797 kilometres of new seismic data have been acquired since seismic acquisition commenced in 2019. The data from the lines of research are of high quality. Furthermore, we have reprocessed approximately 1,000 kilometres of seismic data from the 1970s and 1980s into



Data SCAN

high-quality subsurface data since the start of the project. All results are being published on NLOG. Additionally, we organised a number of webinars to present the results to municipalities.
In 2020, we paid a great deal of attention to environmental communication and information provision to stakeholders such as municipalities and local residents. SCAN visited 53 municipalities along 8 lines of research in the last quarter alone.

The Green Deal UDG will continue as the UDG Programme

The Green Deal Ultra-Deep Geothermal Energy (UDG) continued in 2020 as the 'UDG Programme'. This is a collaboration between the Ministry of Economic Affairs and Climate Policy, the Ministry of Infrastructure and Water Management, EBN, TNO and seven consortiums. The programme aims to increase insight into geothermal energy opportunities at a depth of over four kilometres in combination with heat demand above the ground.
The aim is to initiate the safe development of ultra-deep geothermal energy in the Netherlands and to ensure that the environment is considered. In 2020, we conducted seismic research for partners within UDG, Tellus-Renkum, GOUD (in the Utrecht region) and East Brabant. The results are being published in conjunction with the SCAN results.

Investigating and developing energy innovation in favour of system integration in the Dutch energy transition: Investigating the possible applications for new, renewable gases within the Dutch energy transition (in the framework of making the gas value chain more sustainable) and examining possibilities for accelerating the transition. In detail, together with partners, we will be investigating the possibilities for upscaling (production), application and storage of hydrogen and green gas within the Dutch energy transition

Gaseous energy carriers and energy storage have an important role to play in the future sustainable energy system. EBN has a role in exploring new opportunities for the use of renewable gases and energy storage in the energy system. EBN advises the Ministry of Economic Affairs and Climate Policy, conducts studies and develops pilot projects together with partners. In doing so, we bring knowledge of the gas value chain, of gas production projects, into partnerships. In the case of storage, we also provide knowledge of the Dutch subsurface and assets. Furthermore, EBN safeguards the public interest in the development of pilots for the new energy value chains.

Green Gas

In 2020, EBN signed a cooperation agreement with Engie and Shell to investigate the development of a green gas plant at the GZI site in Emmen. The Emmen GZI-Next regional energy hub is a model for how other existing mining sites can be used to accelerate green gas projects. We are also investigating possibilities of using more innovative technologies for fermenting or gassing biomass with partners.

Hydrogen

Hydrogen can become an essential pillar of the future climate-neutral and flexible energy system. However, there must be an orchestrated development of production, development of infrastructure, generation of demand and integration into a number of sectors. EBN is contributing to the development of a new value chain for hydrogen from its own role and expertise. As a public organisation, EBN can play a role as a catalyst, as a party that has sound knowledge of the gas value chain and can make it more sustainable and as a party that will store CO_2.

In 2020, we took further steps in the ongoing exploration of various possibilities. EBN's participation in pilot projects for the production of hydrogen could be the next step in this exploration.

In 2020, we helped to form a vision of the role of blue hydrogen[2] in the transition and investigated what our own role could be in the follow-up phase. H-Vision is a project that is being set up for large-scale blue hydrogen production. The (large-scale) production of blue hydrogen Vision can help to stimulate the hydrogen chain and market.

In 2020, a feasibility study into the co-firing of hydrogen as a back-up supply and for meeting peak demand in heat networks was also completed. In this study, a concrete case in Zwijndrecht was developed with HVC and DNV-GL.

2 Grey hydrogen is produced from natural gas. The production of grey hydrogen releases CO_2. If this carbon is (largely) captured and stored (for example in exhausted gas fields under the North Sea), the hydrogen is called 'blue hydrogen'. 'Green hydrogen' is produced by means of electrolysis using sustainable electricity.

4.5 Financial results

Maintaining financial clout and resilience: Financial clout and resilience are characterised by high shareholder's equity (including liquidity and solvency) available immediately for settling current obligations. This is essential given the accelerated shutdown of the Groningen field and the Gasgebouw, as a result of which profitability has fallen, and the material nature of uncertain factors (e.g. earthquakes and restoration obligation) grows. In addition, the assets may be used for investments in the energy transition.

4.5.1 Financial developments

Sales in 2020 decreased by 46% to EUR 1.2 billion, compared to EUR 2.2 billion in 2019. This decrease was mainly due to lower gas sales (- EUR 0.7 billion) and negative price effects (- EUR 0.4 billion) for gas. Regular operating costs amounted to EUR 529 million. Costs resulting from earthquakes in Groningen amounted to EUR 563 million (2019: EUR 678 million). Additionally, depreciation decreased to EUR 558 million (2019: EUR 586 million). Net result decreased to EUR -364 million (EUR 2019: 256 million) for the above reasons. In 2020, the loss meant there was no payment to the Dutch State, including levies and corporation tax (2019: EUR 0.3 billion).

Under normal market conditions, EBN generates a significant free cash flow every year because of substantial and strong positive cash flows from operating activities, which are higher than the capital expenditure. This is also expected to be the case in 2021. EBN's long-term credit rating is also reflected in its long-term credit rating, which is Aaa at Moody's.

EBN has a position of short-term (invested) liquidities of a total of EUR 2,266 million (2019: EUR 3,369 million) at the end of 2020. In 2020, part of 2019's short-term invested liquidities was allocated to a long-term investment portfolio. EUR 853 million of this was invested in long-term bonds. As a result, the duration of the invested liquidities is more in line with the duration of the liabilities. A portion of the liquidity is intended to be used to meet long-term obligations. Due to its long-term nature, the long-term bond portfolio is included in the balance sheet under non-current assets.

EBN is able to comfortably meet its outstanding current financial obligations because of the significant liquidity position and due to the significant annual free cash flows that are also expected for 2021. No repayments on non-current borrowings are planned in 2021. EBN has a commercial paper programme of EUR 2 billion. EBN also has a committed revolving credit facility with three reputable banks, which allows it to withdraw up to EUR 0.4 billion for general business purposes. This credit facility runs until August 2022. At year-end 2020 EBN had not made use of either of these instruments. Consequently, its liquidity position is excellent, which is also reflected in Moody's short-term credit rating of P-1.

4.5.2 Investments

The investments in production and storage permits almost halved in 2020: from EUR 227 million in 2019 to EUR 138 million. This development is related to the very low prices and the impact of COVID-19.

4.5.3 Sales

Gas and storage capacity

Price formation on the Title Transfer Facility (TTF), one of the most liquid virtual gas trading places in north-western Europe, was characterised by high volatility in 2020. 2020 started with gas prices around EUR 14/MWh in January, but the fall in demand due to the COVID-19 crisis combined with a large supply of gas caused a sharp fall to an average of EUR 5/MWh in June 2020. At the end of 2020, with the prospect of a working vaccination, gas prices recovered to around 14 EUR/MWh.

The volume-weighted average selling price for the EBN gas portfolio decreased to EUR 11/MWh (2019: EUR 16/MWh). Total sales shrank by approximately 35% to 8 billion Nm^3 (2019: 12 billion Nm^3). This was the result of further

production limitation of the Groningen field because of the Minister's decision not to produce more gas from the Groningen field than necessary.

Gas storage capacity from the Bergermeer underground storage facility was again auctioned off in 2020. For the current storage year 2020-2021, 7 TWh was sold at a fixed price and 1 TWh was sold via so-called optimisation agreements, a sales concept that enables the Bergermeer Capacity Marketing Company to benefit from interim price fluctuations. The share of gas storage capacity sold on the basis of multipliers is now 4.3 TWh.

For the storage year 2021-2022, 15.5 TWh was freely available, of which in December 2020 2 TWh was sold at a fixed price. In spring 2021, another 7 TWh will be auctioned at a fixed price and 6.5 TWh will be sold through optimisation agreements.

Oil, natural gas condensate and LPG

The average price for a barrel of crude oil (Dated Brent) in 2020 was EUR 42 (2019: EUR 58). That is about 28% less than the previous year. Prices were very high in January 2020 at an average of EUR 57 per barrel and fell to an average of EUR 17 per barrel in April 2020 due to the drop in demand caused by the COVID-19 crisis. The year 2020 ended with a recovery to an average of EUR 40 per barrel.

The weighted average selling price for EBN's oil and natural gas condensate portfolio in 2020 was EUR 36 per barrel, which is 32 percent less than in 2019. The difference compared to the price for a barrel of Dated Brent can be explained by quality differences (higher acidity, poorer viscosity, and higher mercury concentrations), which leads to a decrease compared to Dated Brent. Total sales of oil, natural gas condensate and LPG in 2020 amounted to 1.7 million barrels, eight percent less than in 2019.

4.6 Creating combined strength

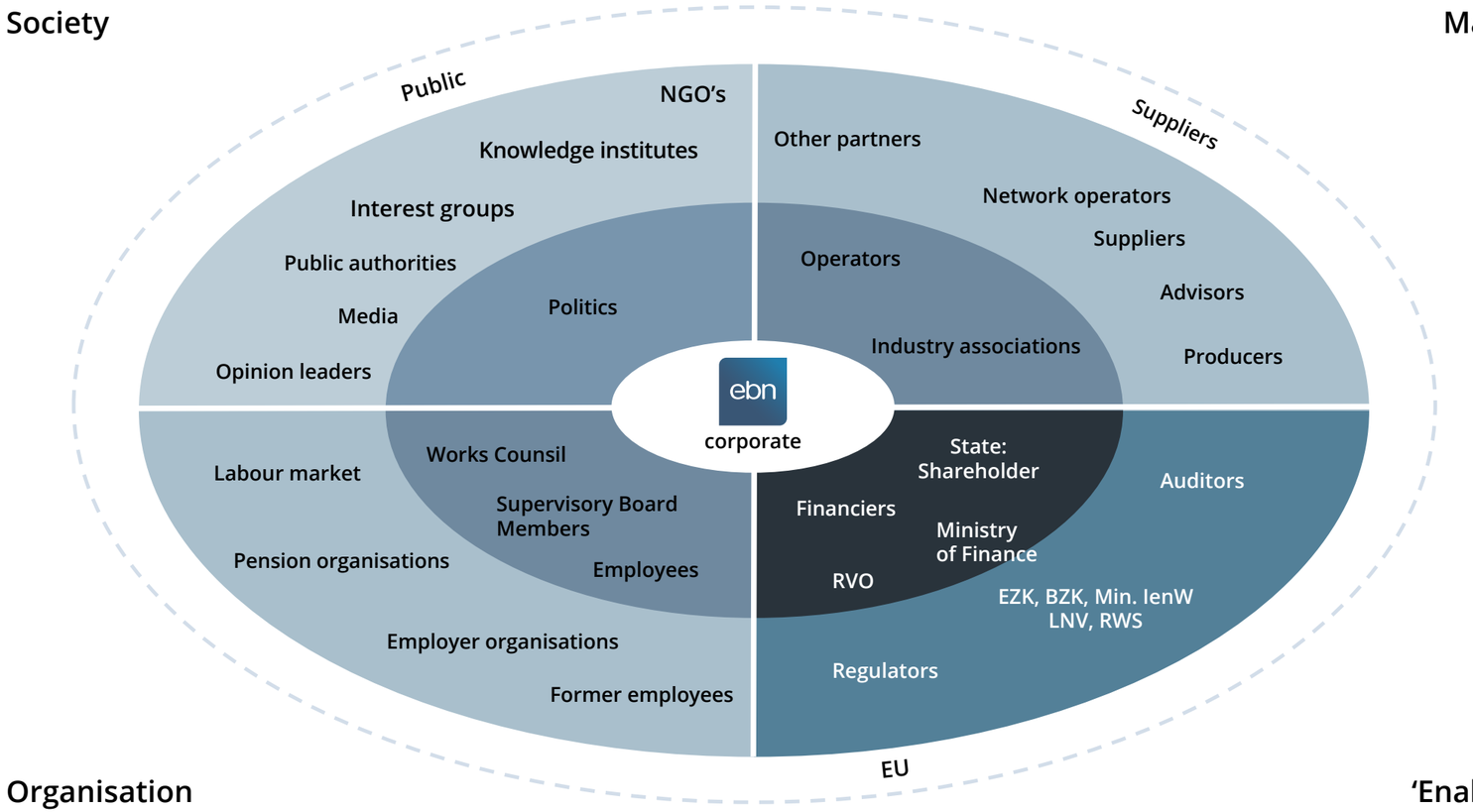
Creating combined strength: We create connective power by participating in collaborative ventures and consultation groups and sharing our knowledge and skills for accelerating the energy transition in the Netherlands, so that now and in the longer term, we are able to create value for society. We facilitate informed and objective dialogue in society between stakeholders about the themes relevant to the energy transition (wherever possible with partners) so that we contribute to generating the appropriate image of energy supply in the Netherlands. Actively developing and sharing our knowledge of (operating in) the Dutch subsurface is a clear component. Furthermore, EBN brings people together in respect of the energy transition and its organisation. Actively developing common themes and programmes to bring this about. EBN is also seen as a Great Place to Work (GPTW). Employees working at EBN are dedicated, focused and committed to realising the organisation's objectives.

This section describes how we monitor the interests and expectations of stakeholders and how EBN, in line with its mission "to create combined strength for the energy transition", connects external stakeholders and creates informed dialogue. Connecting employees is described in section 4.6.2 The people of EBN. Section 4.6.3 contains the report of the Works Council.

4.6.1 Dialogue with stakeholders

In order to properly execute our mission, strategy and activities, we want to know the diverse interests of our stakeholders in order to take them into account when making decisions. As a policy participation, EBN serves a social interest: a safe, reliable, affordable and sustainable energy supply in the Netherlands. We shape our role by giving the energy transition the power to connect. In order to do this effectively, we focus intensively on permanent stakeholder dialogue. We maintain structured dialogue with our stakeholders at all levels on material topics and energy transition themes.

EBN reports clearly on its interaction with stakeholders: who they are, how we structure our dialogue and what issues are discussed. For the term "stakeholders" we use



the definition given by the Global Reporting Initiative. We identify our stakeholders on the basis of the extent to which our activities influence them and the extent to which they can influence our organisation or business operations.

- Our key stakeholders: Ministry of Economic Affairs and Climate Policy (as policy maker and shareholder), partners in our participations/industry/sectors, EBN employees.
- Our other stakeholders: local residents, regulators, related ministries such as the Ministry of the Interior and Kingdom Relations, Ministry of Finance and Ministry of Infrastructure and Water Management, knowledge and educational institutions, financial institutions, industry associations, media and social interest groups, suppliers and other stakeholders.

Interaction

We have personal contact with representatives of the stakeholder groups at all levels within our organisation. Our Executive Team is directly involved and has frequent contact with various stakeholders during the year (see table on page 156). They hold discussions with our shareholder and Supervisory Board about EBN's long-term strategy and associated objectives. Naturally, discussions are also held at CEO level with industry partners, for example within Nexstep, Platform Geothermie and NOGEPA.

EBN has a public interest and therefore strives to create added value in the short and long term. Together with all our stakeholders, we are taking steps to make the energy supply in the Netherlands more sustainable. This is achieved by participating in collaborative ventures and consultation groups and sharing our knowledge and skills for accelerating the energy transition in the Netherlands, so that now and in the longer term, we are able to create value for society. Examples of these include KVGN, New Energy Coalition and TKI in which both EBN employees and our Executive Team are active.

We also use SDGs to create added value in the short and long term. We see SDGs as important benchmarks that help guide our strategy to make the gas value chain more sustainable and to make a constructive contribution to the energy transition. This is why we also present SDGs to our

stakeholders and discuss them. SDGs are the social framework for our strategy and material themes, have been implemented in the strategic goals and provide direction for the annual strategic objectives for 2020 (see Connectivity Matrix).

We have contact with our stakeholders on various material issues on a regular basis and at various levels. A full overview of this is shown in the table on page 156. This table describes who our stakeholders are, what form the interaction with these parties takes and what the points for discussion were in 2020.

We always give both internal and external stakeholders the opportunity to report abuses in the chains in which we operate. You can read more about this in the section on Chain responsibility on page 38.

Stakeholder Monitor

Contact and cooperation with its stakeholders are of paramount importance in EBN's approach. In the context of stakeholder management, we developed a stakeholder monitor in 2020 that we will perform annually. The stakeholder survey conducted in 2020 is a baseline measurement on 3 elements:

1. Prioritisation of material themes;
2. Assessment of performance on material themes;
3. Assessment of performance on reputational themes.

The purpose of the survey was to assess which themes stakeholders find most relevant to EBN and to gain insight into the perceptions and expectations of stakeholders with regard to EBN, its strategic themes and its role in the energy transition. The results of the survey confirm that EBN has appropriate strategic priorities according to its stakeholders. The material themes are the same as in 2019. The strategic priorities, material themes and the role that EBN sees for itself are also relevant and appropriate to EBN in the eyes of stakeholders. Stakeholders endorse the importance of EBN's role in the energy transition: as an independent party with the right expertise, EBN serves the public interest in the energy supply and energy transition and adds economic and social value.

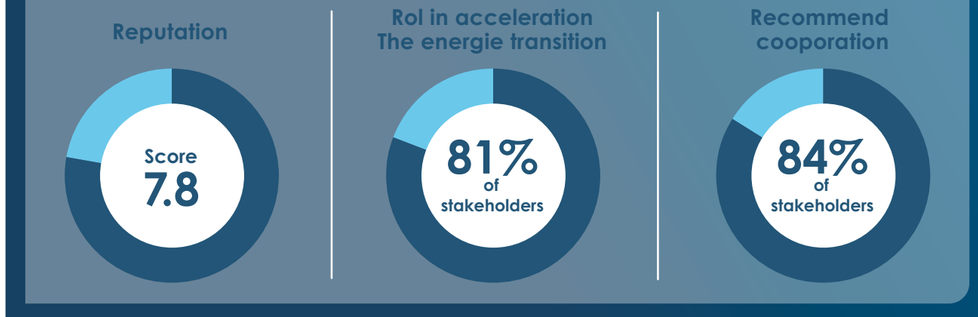
The stakeholder survey provides leads for in-depth discussions with our stakeholders on how we can make an even greater impact in the energy transition. In the coming years, we will continue to monitor how EBN, in the eyes of its stakeholders, is making progress on the strategic themes and we will continue the permanent stakeholder dialogue.

Active development and sharing of knowledge

EBN connects people to the energy transition and develops common themes and programmes to achieve this. In doing so, EBN facilitates informed dialogue between stakeholders on energy transition-related themes. Actively developing and sharing our knowledge of (operating in) the Dutch subsurface and of assets is a clear component. EBN does this by gathering, developing, preserving and sharing data, information and knowledge. In 2020, we launched the "Added value from data" programme with the aim of standardising the way in which data is recorded, making data exchange more efficient and creating value from it by sharing data and information for the benefit of activities related to the energy transition. Data and information from oil and gas production concerning oil and gas fields, wells and infrastructure are re-used and supplemented with new data for the development of geothermal energy, CO_2 storage and hydrogen.

EBN also stimulates cooperation and the exchange of knowledge and best practices. For example, see section 4.2 "Our Dutch Gas" which describes how we map potential gas reserves under the North Sea and share the data with operators, section 4.3 which discusses cooperation within Nexstep and section 4.4 which describes the results of the SCAN study. In 2020, we also published the pressure SNS database, the WARM study, the SEIN guide: System Integration Energy in the Netherlands, the results of the study into ultra-deep geothermal energy in the Netherlands and the brochure Geothermal energy in heat networks. The "Rijswijk Centre for Sustainable Geoenergy" was also opened.

Key indicators



Reputation **booster**

EBN's values

- **7.7** Represents public interest
- **6.8** Creates connections
- **7.0** Adds value
- **6.2** Dares to take the lead

Material themes

% of stakeholders who consider this theme relevant

- **80%** Encouraging and accelerating the exploration, development and production of small gas fields
- **76%** Decommissioning and re-use of existing infrastructure
- **74%** Investing in underground energy storage
- **71%** Investing in NL geothermal energy sector
- **67%** Creating a combined strength
- **67%** Active approach to risk: promoting safety
- **63%** Maintaining financial clout and resilience
- **58%** Investigating and developing energy innovation in favour of system integration in the Dutch energy transition
- **46%** Active approach to risks: reducing emissions and discharges

Platform for informed dialogue

In 2020, we continued to expand the platform for informed dialogue. We worked on connecting a broad group of stakeholders to a common agenda on energy transition topics, some examples:

- This is how energy works in the Netherlands: September saw the launch of the programme "This is how energy works in the Netherlands", in which we, together with a broad coalition of partners, give substance to informed dialogue on energy in the Netherlands.
- Sustainable (geothermal) heat week: We organised a programme about making heat demand in the Netherlands more sustainable.
- The week of dilemmas in the energy transition/series of podcasts: Together with partners, we produced a series of podcasts on energy transition themes, in cooperation with BNR Nieuwsradio.
- Digital edition Focus – energy on the move: Every quarter, we issue a digital publication on energy transition themes in which different stakeholders have their say.

EBN events

We regularly organise events in which we, and key stakeholders from the transition community, give substance to the informed dialogue about the energy system and energy transition in the Netherlands. With our events, we aim to connect the various groups of stakeholders

and create a platform for the debate on energy transition issues. Because of the anti-corona measures announced in March, events were replaced by online alternatives. In keeping with tradition, the Energy Breakfast was still held on the third Tuesday of January in 2020. This gathering was attended by partners from the sector, representatives from various ministries and NGOs. During the Energy Breakfast, stakeholders discussed opportunities and challenges in achieving the climate objectives.

Update to Energy infographic 2020

In 2020, EBN published an energy infographic about the Dutch energy system based on the latest figures from Statistics Netherlands (CBS) for the fourth time. We produce the infographic due to the importance of the availability of facts and figures for a well-informed discussion on energy in the Netherlands, not only from the policymakers' perspective, but also from the consumer's point of view. This year's theme was "from climate table to kitchen table", because the discussion is increasingly being conducted by consumers who must choose their own energy supply. The infographic is actively distributed and brought to the attention of the general public (during the annual energy breakfast, via a press release, etc.) in order to promote their involvement in the energy transition. In this way, the infographic facilitates an informed discussion about the energy system.

4.6.2 The people of EBN

For EBN employees, 2020 was also an exceptional year in which the impact of COVID-19 affected day-to-day management, interaction and cooperation, and the integration of new employees. Together, we found alternatives to stay connected and realise our goals. With various projects such as our culture and leadership programme, we are working to achieve our goals effectively, efficiently and carefully.

EBN Leadership Programme

We continued to shape and implement the EBN leadership programme. This is an organisation-wide customised development programme for all employees (management, professionals, young professionals and support) in the areas of (personal) leadership, skills, impact and interaction with stakeholders. Despite limitations due to COVID-19, EBN managed to carry out almost three quarters of the planned training sessions. Because the impact of live sessions is greater, we chose to offer additional digital training sessions and postpone the further rollout to 2021. Almost three-quarters of the participants rated the programme as "very good" or "excellent".

Employee Satisfaction

EBN was once again awarded the Great Workplace designation in 2020. The survey was conducted in December 2019, thus we were allowed to call ourselves Great Workplace in the period from December 2019 to December 2020. We followed up the results of the Great Place to Work (GPTW) employee satisfaction survey conducted in December 2019 with dialogue sessions with all departments and themes. We used these sessions to discuss the results in more detail and test them against employees' personal experiences and recent developments. We also made improvements in other areas. The effects of this are visible in the two additional GPTW surveys that focused on employer branding in times of COVID-19. The sentiment "All things considered, I think our organisation is well placed to work from home" scored 96% in the summer. The popular sentiment is "All things considered, I think our organisation is a great place to work" rose from 83% to 85% in the autumn.

Culture

Combined strength starts with employees and is founded in a strong culture. In 2020, the new culture committee started working on further securing and experiencing the EBN culture values: Impact, Open & Honest, Teamwork and Energetic. Among other things, they developed a tool for this purpose and shared it with the organisation. This tool is aimed at discussing these cultural values in an accessible and practical way after a meeting or project meeting, for example. This keeps the cultural values alive among current employees and management. During their induction process, new employees receive guidance as

standard from a buddy who can, among other things, introduce the cultural aspects in an informal manner.

Growth of EBN and recruitment campaign "Connecting Tomorrow to Today"

In 2020, EBN grew by 19 employees, from 118 (109 FTE) employees to 137 (127 FTE) employees, an increase of almost 17%. Under the motto "Connecting Tomorrow to Today"[3], a total of 30 new employees started at EBN, 16 men and 14 women, mostly in the themes where we are committed to accelerate the energy transition (Geo-energy, Geotechnical Operations and CCUS). 11 employees left the organisation (8%).

We encourage internal progression and increasing diversity within EBN is our focus. In 2020, the average age decreased from 44.3 years in 2019 to 43.6 years, continuing a trend of recent years. The percentage of women working at EBN decreased slightly by 0.4% from 39.8% in 2019 to 39.4% in 2020 partly due to outflow (7 women and 4 men).

3 "Connecting tomorrow to today" is the labour market campaign with which EBN connects (future) employees to its activities in making the gas value chain more sustainable. EBN employees share a strong commitment and dedication to contribute to the energy transition. We use their enthusiasm and stories to recruit new colleagues.

Training and development

EBN offers a wide range of courses and training, including the EBN leadership programme. However, the total number of training days decreased from 394.7 in 2019 to 309.1 in 2020 due to COVID-19 restrictions. We had to shift many training courses to 2021 as a result of these restrictions. In addition to attending training courses, our employees develop themselves by participating in challenging projects or fulfilling roles with management challenges as Principal or Deputy Programme Manager. In these ways, we encourage employees to broaden their knowledge and skills, and encourage knowledge sharing across themes and internal progression.

Investing in Interns, Trainees and Young Professionals

EBN serves the public good and we also see it as our social responsibility to train young people by creating and facilitating challenging internship assignments, for example. In 2020, 20 interns fulfilled their assignment at EBN. We also offer 9 traineeships, an intensive programme in which trainees gain 3 years of work experience in various projects and themes. We provide trainees with appropriate technical training and develop their competencies in the Young Professional Programme to enable them to lay a valuable foundation for their future careers. In 2020, 5 new trainees started at EBN.

Absenteeism

Absenteeism decreased by 2.5% in 2020 from 5.3% in 2019 to 2.8% in 2020, largely due to a strong decrease in long-term absenteeism (from 4.1% in 2019 to 2.1% in 2020). EBN continues to invest in coaching employees who have become incapacitated. Guidance involves the use of specialised agencies, external multidisciplinary guidance and personal guidance by HR and managers. Furthermore, we devote a great deal of attention to the prevention of absenteeism by providing timely HR guidance, organising a walk-in consultation with the Occupational Health & Safety Service, a Resilience Masterclass, individual coaching programmes and online home workplace surveys for the entire organisation.

4.6.3 Employee Participation

Works Council Annual Report 2020

In early 2020, the composition of the Works Council changed due to the three-year term of the previous Works Council coming to its end. The transfer took place during the regular January meeting with the old Works Council, the new Works Council and the CEO. The Works Council and the CEO have regular meetings four times a year, two of which were so-called "Section 24 Works Council meetings". Supervisory Board member Liesbeth Kneppers-Heijnert was present at these meetings.

Due to the corona crisis, communication between the Works Council and the CEO mainly took place digitally, including the regular consultation meetings. This was not ideal, but the Works Council and CEO still managed to hold constructive and positive consultations. In order to maintain a link with the organisation, a number of informal meetings were held with the HR manager, in varying Works Council compositions. These meetings were intended to replace the informal meetings we would normally have had at the office. One of the main topics of discussion was obviously the COVID-19 situation and how EBN is dealing with it. The Works Council repeatedly asked the CEO to consider matters such as options for keeping colleagues involved at EBN, the home working arrangement, holidays, resilience and practical tools to optimise home working. In addition, the Works Council provided back feedback from colleagues to the CEO.

The Works Council's contact with the rest of the organisation was less diverse than it would have been in a normal situation. Works Council members gauged the atmosphere and practical matters as much as possible during (virtual) meetings with colleagues. Additionally, the Works Council gave a presentation on the Works Council Survey 2019. More than 50 people attended this presentation (virtually). Furthermore, at the end of 2020, the Works Council conducted the annual survey again with additional questions about working from home. So far, 105 respondents have completed this survey.

During 2020, the Works Council dealt with 5 requests for advice and 1 request for consent:

Requests for advice:
- IMS anniversary/farewell document update;
- Taking out a State loan for Porthos;
- Amendment to the service anniversary and farewell scheme;
- Management guidance update;
- Commercial Paper programme;

Requests for consent:
- Update on the confidential counsellor scheme.

In all the above cases, the Works Council recommended that the proposed decision be implemented. In addition, the CEO submitted a number of amendments to documents in the Integral Management System (IMS) to the Works Council for its information.

4.7 Active approach to risks

Active approach to risks: EBN promotes safety to ensure that the current and future operational activities in which we participate (E&P, geothermal energy, CCS) do not exceed any risk limits thereby generating a risk for people and the environment. In our joint ventures, we aim for a lower environmental impact and carbon footprint.

Active approach to risks is a material theme for EBN. This means that promoting safety and reducing emissions are EBN's priorities. Safe exploration for and production of energy sources in the Dutch subsurface is of great social importance. This involves environmental and operational safety. By monitoring, sharing knowledge and best practices and working in partnership on solid measures, EBN makes great effort to ensure that the current and future operational activities in which we participate (oil and gas, geothermal energy, CCS) do not exceed risk limits and therefore pose a danger to people and the environment.

In our collaborative ventures, we aim to achieve a lower environmental impact and carbon footprint by reducing greenhouse gas emissions. Operational emissions reduction refers specifically to the operational activities of the Dutch oil and gas production industry. This is explained in greater detail in the following paragraphs.

HSE benchmark for oil and gas operations

Until 2016, EBN mainly focused on the exploration, production and storage of gas and oil. In doing so, as a non-operating partner, we have no active HSE (Health, Safety and Environment) responsibilities. EBN actively promotes and monitors safety in the oil and gas operations in which it participates. One of the ways we do this is by using the HSE benchmark that we set up in 2017. This makes it possible to analyse trends and compare the health, safety and environmental performance of individual production sites and oil and gas companies, and to work towards optimal results. In 2020, EBN updated the HSE Benchmark with 2019 data. An important measure of the safety performance of companies is the number of accidents at work. Over the past three years we have seen a sharp downward trend in the number of accidents at work, which has resulted in a significant reduction in the frequency of accidents at work (per million man-hours) from 2.3 in 2017 to 1.3 in 2018 and subsequently 1.2 in 2019. The total number of accidents at work in the Dutch oil and gas production industry fell from 25 in 2017 to 15 in 2018 and subsequently 12 in 2019.

Dutch oil and gas industry operational results

EBN reports on its operational HSE results annually. These are the so-called operational performance indicators that provide insight into the sustainability performance of EBN's share in Dutch gas production and annual drilling

Operational performance indicators up until 2019 [1]	2019	2018	2017	2016
Energy consumption (production)	15.5 PJ	17.1 PJ	18.9 PJ	18.2 PJ
Energy-efficiency improvements (result vs. target) [2]	16.1% vs. 17.5% (2019 vs. 2020 target**)	16.6% vs. 17.5% (2018 vs. 2020 target**)	12.7% vs. 16.6% (2017 vs. 2020 target)	12.8% vs. 15.1%
Energy consumption as a percentage of energy-related carbon production	3.7%	3.6%	3.26%	2.72%
CO_2 emissions (drilling and production)	580 kton	626 kton	685 kton	655 kton
Methane emissions	3.5 kton	3.6 kton	4.9 kton	5.0 kton
Fatal accidents	-	-	-	-
Industrial accidents that led to absenteeism	6	6	16	20
Industrial accidents that did not lead to absenteeism	6	8	9	17

**The 2017 target of 16.6% was based on estimated energy consumption for 2016, as stated in the operators' Energy Efficiency Plans (EEP). This plan, based on the estimate, was approved by the Netherlands Enterprise Agency (RVO) in 2017.In 2017, the industry target for 2017-2020 was determined based on actual energy consumption in 2016.Monitoring in 2018 included the actual energy consumption in 2016, as reported by the operators in the electronic Annual Environmental Report. The result was that the target rose to 17.5%.

[1] Operational performance indicators are reported based on statements by operators and consolidated by the RVO. These figures relate to the calculated EBN share in Dutch gas production and annual drilling activities. Figures for 2020 will only be available later this year and will be published on the EBN website in the summer of 2021.

[2] Since 1996, the Dutch oil and gas industry and the Ministry of Economic Affairs and Climate Policy have agreed on three multiannual agreements. The current multiannual agreement on energy efficiency (MJA3) runs until 2020. By signing the MJA3, the Dutch oil and gas industry has committed itself to improving energy efficiency. In order to fulfil the MJA3 ambition, the sector has committed itself through the individual energy efficiency plans (EEPs) to take measures that will lead to annual savings of 8,043 Terajoules (TJ) for the current participants in 2020. EBN's share in this amounts to 3,153 TJ. After three years, the annual impact of the savings measures is 7,397 TJ. EBN's share in this amounts to 2,959 TJ. Consequently, 92% of the savings target for the period 2017-2020 has been met. The objective relates to the cumulative effect of the individual ambitions. For 2019 it has been agreed within the covenant to report in absolute values (Joules) and to carry out an annual evaluation of the achievability of the sector target.

operations. The Dutch operators add their environmental and energy performance to the electronic Annual Environmental Report (eMJV). These data form the basis for the performance we describe.

Energy consumption

EBN's share of the Dutch oil and gas industry's total energy consumption decreased in 2019 due to declining production by comparison to 2018, 2017 and 2016.
In 2019, the energy efficiency ratio rose to 3.7%. This is the proportion of energy from hydrocarbon production that is used in the production process itself. In relative terms, this share has increased since 2010. The sharp increase after 2012, compared to the minimal downward trend of previous years (2007 to 2010), was caused by the declining reservoir pressure of the gas fields approaching the end of their production period. As a result of the decreasing reservoir pressure and the associated increase in depletion compression it takes more energy to produce the natural gas, and energy consumption for the production of the same amount of gas rises. This process consumes by far the most energy, almost 62% of total consumption.

Through increasing use of more efficient measures and equipment, such as more efficient gas engines or reducing the use of ships and helicopters, the additional energy consumption required will be reduced. Use of renewable energy, such as green electricity from wind and solar, also contributes to the MJA3 target of the oil and gas producing industry.

Reducing CO_2 emissions

In 2020, together with NOGEPA and operators, we started to develop and establish an industry-wide carbon reduction programme for the entire portfolio of Oil & Gas activities.
First of all, emissions per platform are mapped out, along with possible reduction techniques. In this way, the potential for reduction is determined with the aim of arriving at a system-oriented approach for the entire portfolio and to provide insight into which measures are the most effective and economically feasible. The cooperation stems from the long-term EBN target of a 25% carbon emissions reduction in 2025 by comparison to 2017. Small fields' carbon emissions per cubic metre of production are currently showing an upward trend. Small fields' production is decreasing more than the carbon emissions because the compressors, which are a major contributor to emissions, continue to operate even at lower production levels. Consequently, emissions increase per cubic metre of gas produced.

EBN is actively investigating possible efficiency improvements and reducing carbon emissions with regard to the energy produced offshore. The integration of offshore oil and gas platforms with wind farms can make a very significant contribution to reducing carbon emissions. In 2020, EBN conducted studies that shed light on the feasibility, but also on the potential for greenhouse gas reduction. In connection with reducing carbon emissions by means of renewable energy, EBN has been researching the possibilities for electrification of offshore platforms for some time now. At the start of 2020, the investment decision was taken to electrify the offshore Ameland Westgat platform, owned by NAM and EBN. This means that this platform will no longer depend on using a portion of local gas production for its energy needs, instead it will receive its energy from electricity that is supplied from Ameland via a cable. This will result in an immediate carbon reduction of 62 Ktonnes/year.

Together with TenneT and NAM, we conducted a study into possibilities for electrifying the K14 offshore platform. The study demonstrated at a conceptual level that it is technically and economically feasible to electrify this platform. The proposal for the electrification of the K14 platform was explained to the Ministry of Economic Affairs and Climate Policy. The proposal was well received and the Ministry decided to: 1) amend the development framework for offshore wind energy to allow TenneT to construct two additional connection fields for customers on its Hollandse Kust (North) platform and; 2) to continue the process of opening up the SDE++ for the electrification of gas and oil platforms separately from other instruments for reducing carbon in the industry. The Ministry is also taking action to

allow TenneT to connect parties other than wind farms to its platform. This requires an amendment to the Electricity Act. The Ministry intends to include this amendment in the legislative process for the new Energy Act.

Greenhouse gases in our operations

CO_2 emissions during the period were related to the course of gas production and annual drilling operations. In the Netherlands many reservoirs are in advanced stages of depletion, which results in reduced reservoir pressure and, in turn, necessitates the use of compression. Consequently, energy consumption increases because more energy is needed to bring the produced natural gas up to the required pressure (by compression). The increasing use of compression energy leads to higher CO_2 emissions. The use of energy efficiency measures helps to reduce emissions. In 2019 the number of kilometres drilled increased compared to 2018. Emissions due to drilling operations amount to only a very small percentage compared to emissions from production. EBN's share of emissions continued to decrease in 2019 from 625,704 tonnes in 2018 to 580,493 tonnes in 2019. EBN takes CO_2 emissions into account in its investment decisions.

Reducing methane emissions

Methane (CH_4) emissions, in the form of unburned natural gas being released, occur both onshore and offshore during drilling, production and transport activities. Total methane emissions are mainly determined by 'venting' and 'flaring' and are related to the volume of annual production and drilling operations.
Venting means the controlled venting of hydrocarbons in the event that the system needs to be de-pressurised in order to carry out maintenance, for example. When flaring takes place, gas is burned off (flared off) and methane emissions occur due to incomplete combustion.

EBN's share of CH_4 emissions related to production and drilling operations decreased from 3,582 tonnes in 2018 to 3,471 tonnes in 2019. Venting volumes increased in 2019. CH_4 emissions from production operations therefore showed a slight increase from 2,352 tonnes in 2018 to 2,549 tonnes in 2019. Of this, 2,512 tonnes came from venting activities (98.5%).

We contributed to a NOGEPA project to reduce methane emissions from offshore natural gas production. Despite the fact that methane emissions appear to be relatively low in the Netherlands, the operators involved are committed to further reducing methane emissions by approximately 50% compared to 2017. In August 2019, this project resulted in the conclusion of a covenant between NOGEPA and the Ministry of Economic Affairs and Climate Policy. It is expected that this target will be met by the end of 2020.

Seismic Campaign Geothermal Energy Netherlands (SCAN) HSE Management System

From early 2019, EBN will take on the role of researcher for the SCAN project (see Mining Act Article 9 paragraph 2). Areas of the Dutch subsurface about which we still have little information, but may be suitable for geothermal energy production, are being mapped on behalf of EBN. This makes EBN, and the contractor, responsible for the safe, healthy and environmentally responsible implementation of this project. EBN's HSE management system was set up to gain a detailed picture of SCAN risks and determine the (effectiveness of the) control measures. The contractor that is carrying out the SCAN seismic survey was selected partly based on HSE requirements. EBN issues instructions, provides supervision and ensures the deployment of the necessary resources to guarantee that the work is carried out safely. Since the start of SCAN, almost 150,000 hours have been worked without a Lost Workday Case (LWC)[4], which means that almost 150,000 hours have been worked without work-related absenteeism.

4 A person is recorded as being absent from work for one or more days following the day of the injury or the start of the illness, or when a doctor or qualified healthcare provider prescribes time off work.

Boosting the geothermal sector

As part of its efforts to boost the geothermal energy sector, EBN is working closely with the sector to ensure the safe production of geothermal energy in the Netherlands. Under the direction of the Ministry of Economic Affairs and Climate Policy, a generic method is being developed to analyse the threat and risk of induced seismicity in the production of geothermal energy. EBN is contributing to this together with partners from the geothermal energy sector, which resulted in a draft proposal for a screening tool including input from the sector in 2020. This tool will be developed in 2021.

EBN is also contributing to the industry standards for geothermal energy. For example, the "Industry standard for sustainable well design" was established at the end of 2020 and describes the standards that new geothermal wells must meet to prevent leaks. The second generation geothermal wells that are being planned and implemented in current projects already comply with this industry standard. The drinking water sector is involved in setting this industry standard. The drinking water industry still has reservations about the simultaneous production of geothermal energy and drinking water and is calling for a spatial separation of functions in general. With particular regard to the large supplementary strategic (water) reserves (ASV) that will be established in the coming period, it is essential to reinforce the image that geothermal energy and drinking water can be produced safely at the same time and that it is not necessary to set large areas aside for geothermal energy production. The industry standard is a very important tool in this respect. Furthermore, several research and monitoring programmes have been set up to improve risk assessment (and perception).

HSE risk management in the development and exploration of new activities

During the development of CCS projects in which EBN is a partner and during the development of future activities, HSE risk management is designed in consultation with stakeholders within the project concerned or, where necessary, EBN's HSE management system is adapted and supplemented.

Safety culture within EBN

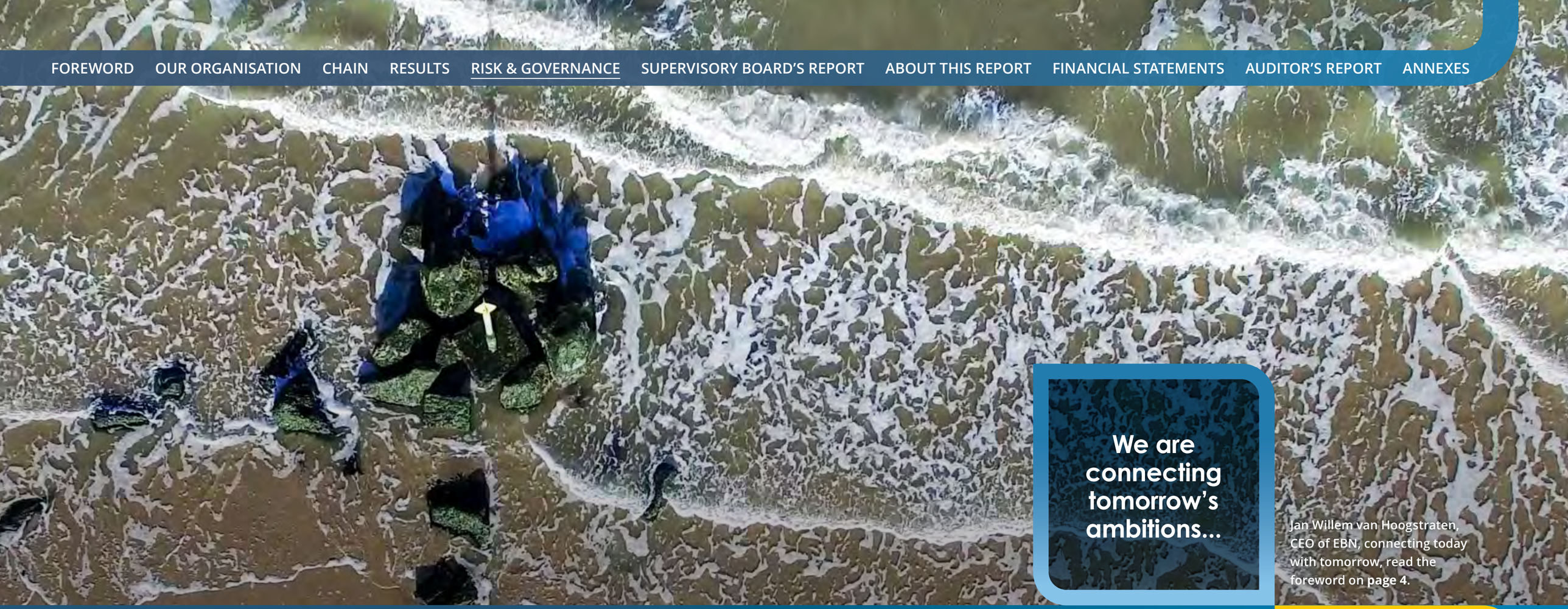
EBN is working on a proactive safety culture, which includes interventions in the event of unsafe situations and behaviour. In this way, we demonstrate our commitment to the safety and health of colleagues, visitors and others who carry out work for, or on behalf of, EBN. Security initiatives are supported with the necessary resources. Examples are the development of the HSE management system, including the HSE policy, HSE targets, Golden Rules and Time out, the EBN performance management tool and the introduction of the EBN Risk Assessment Matrix, which makes it possible to assess and classify risks in a generic and uniform manner. In addition, EBN pays continuous attention to safety, health and environment in its internal communications. The importance of effective and appropriate HSE management is propagated by the management, one such example is a statement on leadership and commitment by Jan Willem van Hoogstraten.

4.8 Reflection

The internal improvement plans that EBN developed in recent years in the areas of communication, culture and leadership and ICT, among others, have been implemented well. Consequently, the internal organisation is increasingly well equipped to fulfil its changed role. EBN has also revised its mission, vision and strategy in line with its changing role in the energy transition. Our value is created in cooperation with our stakeholders: from energy companies to representatives of knowledge institutions, interest groups and industry associations and stakeholders in the political-administrative domain. What role do our stakeholders see for us in the energy transition? Do stakeholders also find the topics we prioritise relevant to EBN? And how can EBN contribute optimally to accelerating the energy transition, now and in the future?

In mid-2020, a stakeholder survey was conducted among a wide range of our stakeholders to answer these questions. The stakeholder survey provides us with valuable insights and gives us direction for the future. It gives EBN the right tools to further strengthen and accelerate our impact in the energy transition in years to come. In the Stakeholder Monitor 2020, stakeholders confirmed that EBN is on the right strategic course and that there is support for the role it is playing in making the gas value chain more sustainable.

Since the energy transition will continue to involve new activities with new stakeholders, it will be important to keep bringing EBN's changed role to the attention of existing and new stakeholders and also to keep discussing common themes that are of great importance to the energy transition and that connect tomorrow with today. In this respect, new activities and stakeholders will require new skills. In addition to financial and technical expertise, EBN must also develop expertise in the social aspects of the transition. In the development of geothermal energy, for example, we interact more and more often with local residents. This requires attention to environmental communication and more participative ways of working. As a non-operator, we are developing a vision on how and whether we can set a standard in this regard, that our partners must comply with.



We are connecting tomorrow's ambitions...

Jan Willem van Hoogstraten, CEO of EBN, connecting today with tomorrow, read the foreword on **page 4**.

5. Risk & Corporate Governance

With today's reality and opportunities.

Events inside or outside EBN may pose a risk to our continuity or strategic objectives. For each risk, we assess the probability of its occurrence and the effect it could have on our activities. We take steps to protect our company values and improve our performance. We are transparent on internal and external risks and we closely follow how they develop. In this way it is easier to make quick adjustments, to create and retain value, to improve performance and to comply with the demands made on us by legislation. We periodically report the development of key strategic risks to the Supervisory Board. We have included specific mitigating measures in the long-term plans of our corporate departments and themes, and the management actively monitors the strategic risks.

5.1 Risk management

Enterprise Risk Management (ERM) makes it possible for us to achieve our objectives in a responsible manner, and to account for the same. Our risk-management policy focuses on all facets of the business, from strategic and operational risks to the reliability of reports (financial and otherwise), and compliance with legislation. To determine the probability and effect of the various risks, we use the EBN Risk Assessment Matrix (RAM). This is a methodology for unambiguously identifying risks at the project, business and strategic levels.

EBN has organised risk management as follows:

1. The departmental and theme managers are independently responsible for the identification of risks and ensuring that control measures are implemented in good time. Devolved responsibility of this kind is an essential part of EBN's approach to risk management.
2. The Principal Business Controller works with the other Business Controllers and the Administrative Organisation and Internal Control Co-ordinator to co-ordinate the risk-management process.
3. The Business Controllers support management.
4. The Executive Team monitors the risks.

In our Strategic Risk Analysis (SRA) we identify events that may threaten the continuity of our business or the achievement of our strategic objectives. We quantify the risks we have identified in terms of the probability of a particular event occurring and the impact that would have on our activities. During annual sessions, the Executive Committee and the Supervisory Board update and determine strategic risks and risk appetite.

At the level of our corporate departments and themes, the management each year links strategic risks to departmental and theme objectives, and teams conduct an annual Business Risk Assessment (BRA). During these self-assessment sessions, each corporate department and theme updates the business risks, reviews the design and operation of the identified control measures, modifies any departmental and theme objectives, and assigns action holders to the team. To support the BRA we carry out internal audits to review the operation of significant business processes. We identify actions to be taken on the basis of the findings and allocate these actions to owners. We discuss the most important findings from these internal audits with the Audit committee of the Supervisory Board.

In addition to the internal audits, EBN also conducts 'joint-venture audits' on the costs that operators recharge to our organisation as part of the various collaborative efforts in which it is involved. We discuss the findings of the joint-venture audits with the operators and, where necessary, they make corrections and/or adjustments to their allocation or the allocation system. An external review of the process for quantifying our oil and gas reserves and resources is also carried out annually. This involves an in-depth review of fields in which there have been substantial changes and/or are material to the EBN portfolio. The recommendations from the review are implemented and followed-up to guarantee continual improvement of this process.

5.2 Main strategic risks

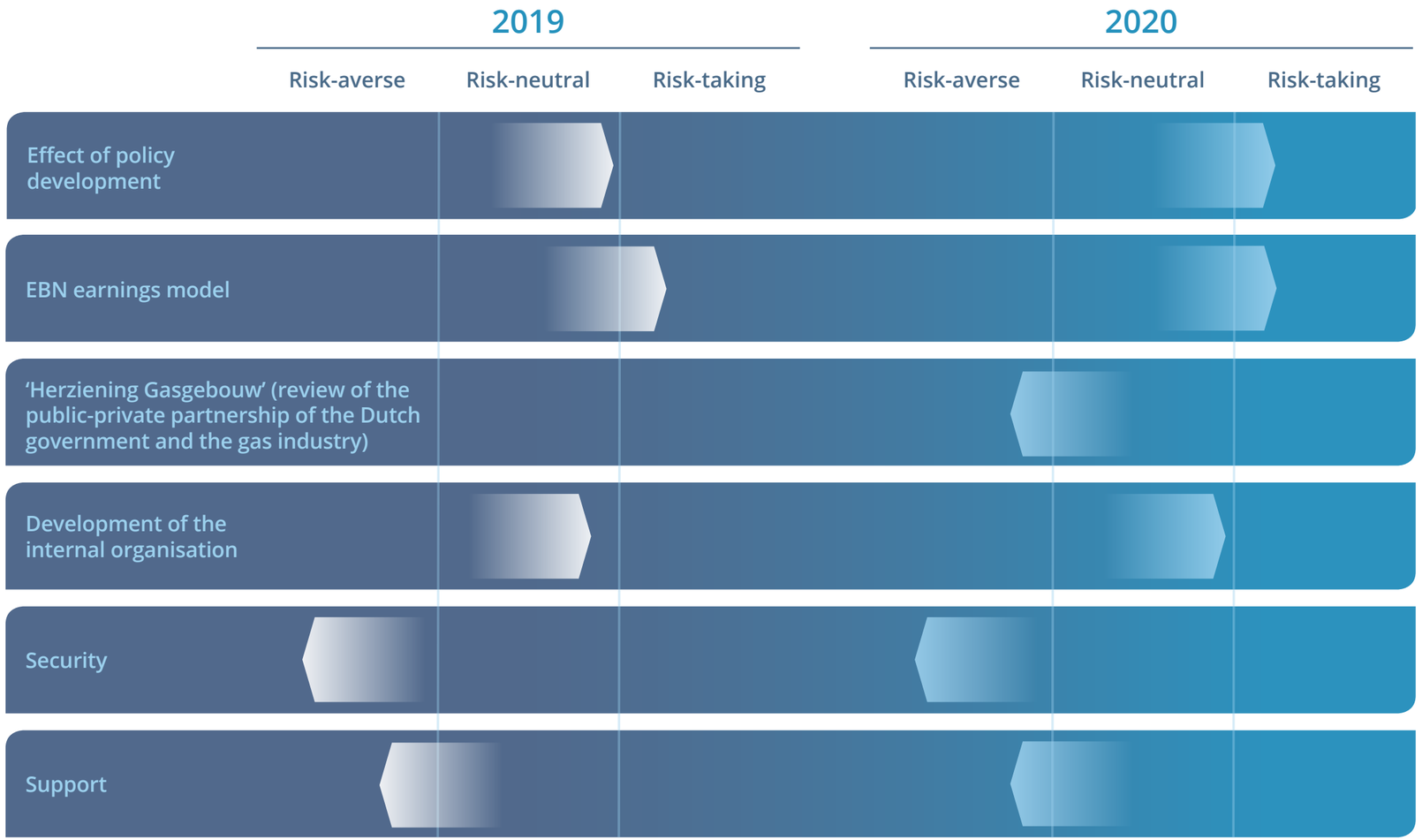
In 2020, we assessed the risks in detail together with the Supervisory Board. We added 'Herziening Gasgebouw' (review of the public-private partnership of the Dutch government and the gas industry) and merged the 'Reputation' risk introduced in 2019 with 'Support'. In the Risk Assessment Matrix below, we have projected the strategic risks by probability and effect.

Severity	Consequences					Likelihood				
						A	B	C	D	E
	People	Environment	Impact on stakeholders	Assets & economics (geo-energy related)	Assets & economics (oil & gas related)	**Rare**	**Unlikely**	**Possible**	**Likely**	**Very Likely**
						Never heard of in EBN projects/operations/ industry	Heard of in EBN projects/ operations/industry	Has happened in EBN projects/operations/ industry	Happens a few times a year in EBN projects/ operations/industry	Happens several times a year in EBN projects/ operations/industry
5	**Massive impact**							**'Herziening Gasgebouw'**		
4	**Major, national impact**						**Support**	**EBN earnings model**		
3	**Moderate, local impact**						**Impact of policy development**		**Safety**	
2	**Minor impact**						**Development of internal organisation**			
1	**Slight impact**									

Strategic risk	Description	Appetite	Control measures
Impact of policy development	– The State sets the frameworks for EBN. However, the development of energy policies has been undergoing significant change in recent years (role of natural gas, policies on geothermal energy, etc.). There is a risk that EBN's strategic goals will not be permanently aligned with those of the State.	– In this respect, EBN's risk appetite is risk neutral, where this fits within the policies the government is developing with respect to the energy transition.	– EBN remains in close contact with the Ministry regarding the official line to be followed. Where possible and necessary EBN provides advice, so that optimal decision-making takes place in The Hague, taking the interests of all stakeholders into account.
EBN earnings model	– EBN's earnings model is undergoing a transition from high profit margins with relatively few resources (E&P) to low profit margins with relatively many resources (geothermal, CCS and possibly other business). – EBN is vulnerable to risks associated with working with smaller companies: safety, financial robustness, and funding opportunities from partners.	– EBN takes a risk-neutral to risk-taking position with respect to external factors that may influence the business case during the implementation phase of investments. – However, EBN is risk-averse where fulfilling commitments by partners is concerned.	– EBN evaluates various scenarios for the impact of external factors on its various current and future activities/products. – For funding and financial robustness, there is frequent contact with the State. – To assess the financial robustness of partners, EBN employs a standard methodology. – EBN requests additional securities (DSA or PCG) for partners or activities with a high risk profile or takes additional measures in the Cooperation Agreement (Geothermal). – Ongoing peer reviews and sensitivity analyses within individual projects
'Herziening Gasgebouw' (review of the public-private partnership of the Dutch government and the gas industry)	– The review of the 'Gasgebouw' leads to obligations that EBN can no longer meet.	– EBN takes a risk-averse position and aims for a strong balance sheet (solvency, decrease in balance sheet total).	– EBN has made timely provisions for the obligations arising from the review of the 'Gasgebouw' and revises them monthly on the basis of the latest known information. – Where necessary, EBN asks its shareholder to strengthen the balance sheet by means of capital contributions to the share premium.
Development of internal organisation	– There is a risk that the EBN organisation will not be able to adapt quickly enough to the culture and process changes associated with its role, strategy and (new) activities, as well as the rapidly changing outside world.	– EBN takes a risk-neutral to risk-taking position with respect to this risk, appropriate to the reality of necessary broadening to other activities.	– EBN takes appropriate measures to have the right and sufficient people and resources available. This is integrated into strategic plans for the departments and themes. – EBN has an active policy of developing an appropriate culture with supporting core values.
Safety	– During the work of our operators, safety and environmental disasters can occur. As a result, EBN should be able to terminate activities.	– On average, EBN's risk appetite on this theme is risk-averse.	– For all activities, EBN develops a Safety, Health and Environment management system and benchmark. – EBN engages with operators to positively influence Safety, Health and Environment performance.
Support	– There is a risk of insufficient support for the role, strategy and (new) activities of EBN from the public or among (existing and potential) partners.	– On balance, EBN assumes a risk-neutral to risk-averse position.	– EBN contributes to the energy debate in the Netherlands with factual information. – EBN frequently discusses the content and image of current and future activities with its stakeholders.

5.3 Risk appetite

The chart below shows the risk appetite for the most significant strategic risks. The risk appetite for financial and operational risks that are included in other chapters is neutral. This is risk-averse in relation to compliance risks.



5.4 Corporate governance

Shareholder

General

EBN is a private limited company with the Dutch State as its sole shareholder. Share management lies with the Ministry of Economic Affairs and Climate Policy. EBN is a policy participation. A policy participation is a company in which the roles of shareholder and policy maker cannot (at this point) be separated. Within the Ministry, the shareholdership lies with the Secretary-General who is supported in this by civil servants from the Enterprise Directorate (part of the Directorate-General (DG) Enterprise and Innovation). The substantive policies are fleshed out by the DG Climate and Energy together with the Climate, Heat and Subsurface, Electricity and Groningen Project Directorates.

The issued and paid-up capital of EBN is EUR 128,137,500, divided into 284,750 ordinary shares with a par value of EUR 450 per share.

The shareholder appoints the CEO and Supervisory Board of EBN. The Supervisory Board makes a nomination for the appointment of the CEO to the shareholder.
The shareholder appoints a new member of the Supervisory Board subject to a nomination from the Supervisory Board. The shareholder appoints a chair from the midst of the members of the Supervisory Board.

EBN's articles of association include the stipulation that the CEO requires prior approval from the Supervisory Board or from the shareholder for certain decisions. In relation to the approval of the Supervisory Board, please see page 81. The approval of the shareholder may be required, for instance, for:

- establishing or ending a long-term partnership, or investments totalling in excess of EUR 200m;
- liquidation of the company or significantly curtailing its operational activities, or those of a subsidiary or of an important unit of the company;
- decisions made by the CEO on a significant change to the identity or character of the company. This includes acquiring or disposing of a substantial stake in the capital of another company and transferring the business to a third party.

General Meeting of Shareholders

The annual General Meeting of Shareholders was held in March 2020. The CEO, the Finance Director, the Strategy & Technology Director and the Supervisory Board were present at this General Meeting of Shareholders.

During the annual General Meeting there are several fixed points on the agenda:

- the discussion on the annual report of the CEO on the company's affairs and its management;
- the adoption of the financial statements and appropriation of profit;
- discharging the CEO of liability for his management over the previous financial year;
- discharge for the members of the Supervisory Board for their supervisory duties over the previous financial year.

The financial statements for 2019 were adopted and the CEO and Supervisory Board were granted discharge for their duties.

Informal consultation

In addition to the General Meeting of Shareholders, the representatives of the shareholder from the Ministry and the Finance Director of EBN have regular informal meetings. The purpose of such informal meetings is to provide the shareholder with all relevant financial information needed in good time so that they can fulfil their duties. The CEO is obliged to provide all relevant information.

We also have informal meetings with policy-makers on a regular basis. There are several scheduled consultation sessions, such as the Strategic Consultation, the Management Consultation and the Mining and Gas Extraction Consultation. In these scheduled consultation sessions we share information on developments within both organisations, any changes to energy policy and

relevant developments in the field of the duties and operations of EBN. In addition to members of the Executive Team, other EBN employees are also present at these consultation sessions. In addition to the CEO, the chair of the Supervisory Board is also present at the Strategic Consultation.

Supervisory board

The Supervisory Board is charged with supervision of the policy (social and otherwise) of the CEO, and general day-to-day business within EBN, and assists the CEO in an advisory capacity where necessary or desired. In turn, the CEO provides the Supervisory Board with all required and relevant information, so that the Supervisory Board can optimally fulfil its duties and responsibilities. EBN's articles of association include the stipulation that the CEO requires prior approval from the Supervisory Board for certain decisions. Among other things, this is the case for:

- drawing up or changing the operating budget, or the investment and finance plan;
- appointment of authorised signatories;
- making investments or divestments;
- carrying out other legal transactions to a value in excess of EUR 50m.

The following changes were made to the composition of the Supervisory Board in 2020:

- Ms Dijksma was appointed as a member of the Supervisory Board on 5 April 2020, and she voluntarily resigned on 15 December 2020, due to her position as Mayor of Utrecht;
- Ms Kneppers-Heijnert and Mr Huijskes were re-appointed for a second term as members of the Supervisory Board (as of 1 January 2020).

CEO

EBN has a single statutory director, the CEO. The CEO is responsible for overall policy and strategy, with the appropriate risk profile of the company. The CEO is also responsible for achieving the company's targets, results and aspects of corporate social responsibility relevant to the company. Where necessary, the CEO submits decisions to the shareholder or Supervisory Board for approval. In addition the CEO shall ensure that the internal risk-management and control system is working properly.

Executive team

The CEO is assisted by two titular directors who, together with the CEO, form the Executive Team. The CEO is the chair of the Executive Team. The current Executive Team is made up of the following people in addition to the CEO, Jan Willem van Hoogstraten: Berend Scheffers (Strategy & Technology Director) and Bas Brouwer (Finance Director).

The organisation chart is shown on page 9.

The Executive Team's regulations describe how the tasks are distributed within the Executive Team. The Executive Team assumes joint responsibility in its functions. Within that joint responsibility, tasks are distributed by functional area. This specific distribution of tasks is set out in writing. Each member of the Executive Team is responsible for the preparation of policy matters and decisions. Once the Executive Team has come to a decision, the members of the Executive team ensure that the decisions taken are implemented in good time. In principle, the Executive Team convenes every two weeks.

In the annual report, the CEO describes the primary risks that are related to EBN's strategy, and how the internal risk-management and control system is set up and works. The CEO also indicates any significant changes made and any important improvements planned. See page 70 for the description of this.

Remuneration

The shareholder establishes the policy for the remuneration of the CEO. Within the framework of that policy, the Supervisory Board determines the actual level of remuneration for the CEO, including bonuses. The remuneration report drawn up by the Supervisory Board explains the remuneration of the CEO on page 167.

Governance table

The governance table, shown in Annex 165 includes the following information on the Executive Team and the Supervisory Board: age, additional positions, terms of office, profiles/specific areas of knowledge and duties within EBN.

Conflicts of interest

EBN endorses principle 2.7 of the Corporate Governance Code (see 'Compliance with the Corporate Governance Code' below), which aims to ensure that all forms of conflict of interest between the company and the CEO or its Supervisory Board members are prevented. The articles of association, the management regulations and the Supervisory Board regulations each have a clause relating to potential conflicts of interest between the company and the CEO or members of the Supervisory Board. Each potential conflict of interest of a significant nature for the company or the CEO or member of the Supervisory Board in question must immediately be reported to the chair of the Supervisory Board. In 2020, no reports were made by the CEO or a member of the Supervisory Board.

External auditor

The shareholder appoints the external auditor, for which the Supervisory Board can make a nomination. In late 2019, EBN went through a European tender procedure to select an auditor to audit its financial statements for 2020 and beyond. The Supervisory Board nominated PwC as auditors and the shareholder appointed PwC to audit the financial statements for 2020 to 2023 inclusive.

Compliance with the Corporate Governance Code of the Netherlands

EBN highly values good corporate governance. For that reason, EBN voluntarily subjects itself to the principles and best practices of the Dutch Corporate Governance Code (where applicable to EBN). In doing so, EBN is following the policy of the government in relation to companies with government participations and the Code. The Dutch Corporate Governance Code and information on this can be found at: www.commissiecorporategovernance.nl. EBN has set out in a report how it applies these for each principle and best practice. This implementation report can be found at: www.ebn.nl/ebn-over/corporate-governance/.

Diversity policy

In consultation with the Executive Team, the Supervisory Board drew up a diversity policy, at the end of 2017, with respect to the composition of the Supervisory Board and the Executive Team. It is EBN's stated aim to properly reflect Dutch society in its organisation. Diversity can make a positive contribution to a healthy culture within the organisation, and can make it resilient and creative. This also applies to the composition of the Supervisory Board and the Executive Team. The following aspects were weighed up when determining the aims of the diversity policy: nationality, age, sex and background in relation to education and work experience.

The Supervisory Board has set the following targets:

	2019-2023
Supervisory board	At least two female members, at least two male members, two members < 55 years of age on appointment, at most two members with E&P experience, at most two members with experience of public authorities
CEO	Relevant from 2024
Management team	At least 30% female representation

As EBN has a single CEO it is not necessary to stipulate a specific aim for this individual at this time. A new appointment or re-appointment is not relevant until 2024. The composition of the Executive Team will be assessed at that point, specifically on the aspects of nationality, age, sex and background.

The Executive Team (excluding the CEO) now comprises two titular directors (of the same nationality, sex and age range). When seeking a new director we will look at variation in nationality, age, sex and background (cultural diversity). These elements were taken into account when appointing the Finance Director.

The Supervisory Board is currently made up of three men and two woman. The percentage of female members of the Supervisory Board is 40% and thus meets the criterion for a balanced allocation of seats, i.e. at least 30% of seats occupied by women and at least 30% of seats occupied by men. The Supervisory Board takes the balanced allocation of seats into account with each new appointment of a member.

Integrity

Code of Conduct, Complaints Committee and Confidential Counsellor

We value transparency and clarity in our external communication as well as internally. Integrity is one of EBN's sustainability themes. The areas that EBN identifies as part of the 'integrity' theme are human rights, non-discrimination, combating corruption, competition and transparency. EBN gives voice to its endeavours to act in a principled and responsible manner not least through its Code of Conduct. The Code of Conduct applies to all employees and is accessible to all. It forms a guideline for making personal choices and individual decisions. In addition, we use the Code of Conduct to review the actual behaviour of our organisation and employees. In order to guarantee that we comply with competition law, we give training courses on a regular basis.

Where employees have complaints about matters within the organisation, they can report them to a Confidential Counsellor or to the Complaints Committee. The Complaints Committee neither received nor dealt with any complaints in 2020. The Confidential Counsellor had talks with one employee during the year under review. The Code of Conduct can be consulted at: www.ebn.nl/ebn-over/corporate-governance.

The EBN procurement policy is generally aimed at reducing procurement costs, reducing supply risks, increasing product and supplier quality and improving the purchasing function. The procurement policy is based on the following purchasing vision: 'EBN approaches procurement and suppliers in a professional way. EBN purchases at the correct price/quality ratio, with controlled risks and in a transparent manner. In respect of existing and potential suppliers, EBN wants to be a reliable and diligent partner that offers honest, equal opportunities.' A procurement Manager co-ordinates purchasing and procurement, and purchases are subject to a tendering procedure depending on the amount involved.
The year 2019 saw an amendment in procurement policy. In addition, a procurement co-ordinator was appointed with responsibility for tender procedures with values in excess of EUR 50,000. In 2020, several procurement processes were initiated and EBN set up a dynamic procurement system for services in the area of strategy, organisation and finance and a dynamic procurement system for services in the area of Geoscience/Engineering/Environmental Management.

EBN's general purchasing terms and conditions form part of its procurement policy. Where possible, these terms and conditions are applied to goods or services that EBN purchases. The general purchasing terms and conditions can be found on the website by following the www.ebn.nl/over-ebn/juridisch/ link. Where a supplier acts in breach of these purchasing terms and conditions we will take steps to address this.

Whistle-blower scheme

The Whistle-blower Scheme is a mechanism for employees to report alleged abuses in the organisation to the CEO or the Supervisory Board. The current whistle-blower scheme can be found at: www.ebn.nl/ebn-over/corporate-governance/.

International conventions and guidelines

As a policy participation, EBN naturally respects the conventions and guidelines ratified by the state of the Netherlands, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

5.5 Governance statement

The 'Risk & Corporate Governance' chapter describes our internal risk-management and control system, as well as our risk profile.

No single system can ever give absolute certainty that we will achieve our business objectives or prevent material errors, losses, fraud or breaches of legislation in our processes and reporting (financial or otherwise). The CEO evaluated the set-up and functioning of the internal risk-management and control system during 2020, among other things on the basis of the BRAs and reports from the internal auditor. The results of this evaluation and the risk profile have been discussed with the Supervisory Board's Audit committee, in the presence of the internal and external auditors.

We hereby confirm that:

- this report contains the material risks and uncertainties that are relevant to the expected continuity of business operations for a period of twelve months from the publication of the present report;
- given the current state of affairs, it is justifiable that the reporting (financial or otherwise) was drafted on a going concern basis;
- this report gives sufficient insight into shortcomings in the functioning of the internal risk-management and control system;
- the aforementioned system offers a reasonable amount of certainty that reporting (financial and otherwise) does not contain any inaccuracies of material significance.

With knowledge, skills and financial clout...

EBN is making a real contribution to a sustainable energy system in our country.

6. The Supervisory Board's report

6.1 General

Serving in the role of the CEO's employer, the Supervisory Board oversees the policy pursued by the CEO and the general state of affairs prevailing within EBN. In this report the Supervisory Board explains how it has structured its oversight and has provided the CEO with advice.

EBN applies the Corporate Governance Code in accordance with the Central Government Holdings Policy Memo (Nota Deelnemingenbeleid Rijksoverheid) 2013. The section on Risks and Corporate Governance in this annual report addresses the application of the Corporate Governance Code in greater detail. A revised Corporate Governance Code was published in December 2017. It was adopted in the Netherlands Civil Code in September 2017. In this annual report EBN reports on its application of this revised Corporate Governance Code.

6.2 Composition of the Supervisory Board

The following changes occurred in the composition of the Supervisory Board in 2020.

- Ms Kneppers-Heijnert and Mr Huijskes were re-appointed as of 1 January 2020 for a second period as member of the Supervisory Board. Mr Huijskes was reappointed as Chair of the Supervisory Board.
- Ms Dijksma was appointed as a member of the Supervisory Board of EBN with effect from 5 April 2020. The Supervisory Board appointed Ms Dijksma as deputy chair. As of 15 December 2020, she voluntarily stepped down as a member of the Supervisory Board due to her new position as Mayor of Utrecht. This position proved to be incompatible with her position as a member of the Supervisory Board of EBN. The Board thanks Ms Dijksma for her input during the meetings. The Board has started the recruitment process for this vacancy.
- Mr Wouter de Vries was appointed to the Supervisory Board of EBN for a second term as of 1 March 2021. He was also reappointed as chair of the Audit committee.

The profiles comprising part of the Supervisory Board's profile approved by the General Meeting of Shareholders in June 2015 are used for the purposes of vacancies on the board. The Board's profile has been published on the EBN website at: https://www.ebn.nl/ebn-over/rvc/.

The Supervisory Board's profile sets out the characteristics which its individual members and the Supervisory Board as a whole need to possess. The Supervisory Board needs to be made up of members who are capable of acting independently of and critically in relation to each other, the CEO and every subsidiary interest. For the purposes of the composition of the Supervisory Board consideration is given to the nature of EBN's operations, its mission and objectives, the Supervisory Board's duties and the expertise of the Board's other members.
The Supervisory Board chair, Mr Huijskes, serves as the first point of contact for the CEO. The full Supervisory Board bears joint responsibility. All of the Supervisory Board's members are members of the Remuneration committee and Selection and Appointment committee. With the exception of the Chair of the Supervisory Board, the other members of the Supervisory Board constitute the Audit committee. The governance table (Annex 10.3, page 165) lists the members and chairs of the Supervisory Board and its committees. The personal details, secondary positions, EBN tasks, terms of appointment and ages may also be found in that governance table. In addition, the personal details of and secondary positions currently held by the members of the Supervisory Board, along with the retirement schedule, have also been published on the company's website under Corporate Governance – Supervisory Board at (www.ebn.nl/over-ebn/raad-van-commissarissen/).

The members of the Supervisory Board do not maintain any other business relations with the company. There is no evidence of a conflict of interests between the members of the Supervisory Board and the company. The Supervisory Board satisfies the requirements for independence set out in the Corporate Governance Code (Best Practice Clauses 2.1.7 to 2.1.9).

6.3 Composition of the Management Board

On 1 March 2016 the General Meeting of Shareholders appointed Mr Van Hoogstraten to serve as the CEO. The Supervisory Board consulted with the shareholder as part of the appointment procedure and the Works Council was also involved in it. Simultaneously with the appointment of Mr Van Hoogstraten, the shareholder adopted the policy on the CEO's remuneration. The Supervisory Board decided on Mr Van Hoogstraten's remuneration and other terms of employment in accordance with that remuneration policy. The Works Council presented advice on the remuneration policy.
On 1 March 2020, Mr Van Hoogstraten was appointed to serve as the CEO for a second term, with the 2016 remuneration policy remaining unchanged.

The section of this annual report about corporate governance deals with the tasks of the CEO in greater detail.

6.4 Meetings of the Supervisory Board

The Supervisory Board met on six occasions. In addition to the four regular meetings, two additional meetings were held on Porthos and two informal consultations were held (a telephone consultation on the impact of the coronavirus measures on EBN and a workshop on Porthos). The meetings and other consultations took place at EBN's offices in Utrecht, online or a combination of these.

Apart from the members of the Supervisory Board, those of the EBN Executive Team attended these meetings. The external auditor attended the Audit committee's meetings in March and September 2020. EBN staff also attended a number of meetings at the Supervisory Board's request to explain projects in which they are involved. In this way, the Supervisory Board stays abreast of developments within EBN.

In 2020 the Supervisory Board attended two consultation meetings of the CEO and the Works Council.

The table below shows the attendance of the Supervisory Board members per meeting. The attendance of the Supervisory Board members at informal meetings is also listed below

Meeting	Mr Huijskes	Ms Dijksma	Ms Kneppers-Heijnert	Mr De Vries	Mr Weck
Audit committee, March 2020	A**	-	X	X	X
Supervisory Board, March 2020	X	-	X	X	X
Remuneration committee, March 2020	X	-	X	X	X
Supervisory Board, April 2020 (coronavirus update, informal consultations)	X	X	X	X	X
Supervisory Board, June 2020	X	X	X	X	X
Remuneration committee, June 2020	X	X	X	X	X
Supervisory Board, August 2020 (Porthos workshop)	X	X	X	X	X
Audit committee, September 2020	A**	X	X	X	X
Supervisory Board, September 2020	X	X	X	X	X
Remuneration committee, September 2020	X	X	X	X	X
Supervisory Board, October 2020 (Porthos)	X	A	X	X	X
Supervisory Board, November 2020 (Porthos)	X	X	X	X	X
Supervisory Board, December 2020	X	X	X	X	X
Remuneration committee, December 2020	X	X	X	X	X

(X = present, - = absent because not yet appointed as a Supervisory Board member, A = absent)
** absent due to the amendment of Supervisory Board regulations; Chair of Supervisory Board is no longer a member of the Audit committee

6.5 Supervisory Board approvals

In 2020, the Supervisory Board approved or issued a favourable recommendation on the following matters, among others:

- In December 2020 the Supervisory Board approved EBN's work programme and budget (including EBN Capital, EBN Geothermal energy and EBN CCS) for 2021, including the financing plan.
- In March 2020 the Supervisory Board concurred with a positive recommendation which the Audit committee had made in respect of the financial statements for 2019 and it recommended that the shareholder approve the financial statements for 2019 and that it discharge the CEO from liability in respect of the policy which it had pursued and the Supervisory Board in relation to its oversight.
- The Supervisory Board issued a favourable recommendation concerning EBN's key figures for the first half of 2020.
- The Supervisory Board approved the strategy update 2020 (strategic choices and strategic goals 2025).
- The Supervisory Board approved the internal audit work plan for 2020.
- The Supervisory Board issued a positive recommendation on the amendments to the articles of association of EBN, EBN Capital, EBN Geothermal Energy and on the establishment of EBN CCS B.V.
- The Supervisory Board approved an amended version of the Supervisory Board regulations (as a result of which the Chair of the Supervisory Board is no longer a member of the Audit committee) and an amendment of an appendix to the Executive Team's regulations.
- The Supervisory Board approved the appointment of a new internal audit manager.

6.6 Cooperation between EBN and the Ministry of Economic Affairs and Climate Policy

EBN and the Ministry of Economic Affairs and Climate Policy regularly consult each other. A distinction is drawn between issues concerning shareholdership and policy-related energy matters. EBN informs the Supervisory Board of contact involving both. In 2020 shareholder matters involved the financial implications for EBN of phasing out gas extraction in Groningen and the company's dividend policy, amongst other things.
The Chair of the Supervisory Board and the CEO met on several occasions with the Secretary General (since 1 September 2020 Ms L.M.C. Ongering) at the Ministry of Economic Affairs and Climate Policy in 2020, and they conducted so-called strategic talks with the Energy and Climate director-general on four occasions. Such strategic talks focus on the exchange of information and consultations concerning strategic issues and developments pertaining to energy policy in general. The policy and other objectives and priorities of the ministry and EBN during the year ahead are also discussed during these talks. The role of EBN in the energy transition has been a regular topic of discussion in these talks, as well as the reduction of gas production in Groningen, EBN's involvement in Porthos and other CCS projects, developments in geothermal energy and the small fields policy.
The Supervisory Board feels that the visits to the Ministry are important for the purposes of maintaining good relations.

6.7 EBN strategy

The Supervisory Board held an informal session in June 2020 on EBN's strategy and its implementation by theme. Based on EBN's mission and vision, the strategy is linked to EBN's eight material themes. The Supervisory Board discussed EBN's social drive (reducing 49% CO_2 equivalent emissions by 2030 compared to 1990). Emissions in the gas value chain and in internal operations were discussed. Using a base scenario and a plus scenario for 2025, the activities in the various themes within EBN were discussed. Finally, attention was paid to EBN's financial strength and its strategic risks including risk appetite.

After the informal session, EBN further elaborated on the strategy and presented the strategic choices for each theme for approval. The strategic goals for 2025 were also updated. The Supervisory Board approved the strategic choices and strategic goals for 2025.
For a further explanation of EBN's strategy, the Supervisory Board refers to page 16.

The Supervisory Board took note of the final version of the strategic risk analysis; it was also discussed at the informal session in June 2020.

6.8 Matters discussed during 2020

The CEO notifies the Supervisory Board of relevant developments within EBN with the aid of quarterly reports. These quarterly reports are sent out before the quarterly meetings. The quarterly reports contain updates on movements in sales and net profit, the production of gas, oil and condensate during the relevant quarter, recent price movements and other current issues. EBN provides an overview of its operations in relation to each theme in its quarterly reports (its successes, points requiring improvement and progress made in relation to its strategic objectives).

6.8.1 Gas extraction in Groningen: damage, reinforcement and phase-out

The Supervisory Board was informed about the developments in Groningen, both developments in the partnership and developments at GasTerra, at all meetings in 2020. GasTerra's wind-down plan was discussed and the Supervisory Board was also informed about the damage settlement and reinforcement operation by the IMG (Instituut Mijnbouwschade Groningen) and the National Coordinator Groningen as a result of the earthquakes in Groningen. The Supervisory Board is committed to the prudent settlement of obligations. The Supervisory Board also gained insight into the Groningen capacity reduction plan and how NAM will remove infrastructure, consisting of facilities, wells and pipelines, in Groningen including associated cost estimates.

The Supervisory Board took note of the fact that the State, Shell and Exxon are conducting negotiations on a follow-up to the 2018 Outline Agreement and the 2019 Interim Agreement on the Reduction of Gas Production in the Groningen Field (Interim Akkoord Afbouw Gaswinning Groningenveld) and that an arbitration procedure has been initiated in this regard.

6.8.2 CC(U)S

During the meetings of the Supervisory Board discussions were regularly held concerning initiatives for carbon capture, transport and storage of CO_2, in which EBN is involved, such as the Porthos project (Port of Rotterdam CO_2 Transport Hub & Offshore Storage). This project is aimed at the realisation of a storage and transport system for CO_2 storage in empty gas fields deep in the North Sea seabed. Various industries and companies in the Port of Rotterdam can join this project. EBN's participation in the Porthos project has been the subject of frequent discussions with the Ministry. EBN has informed the Supervisory Board about this. The Supervisory Board was pleased to learn that the Minister has granted EBN approval under Section 82(3) of the Mining Act for EBN's activities that are required for the realisation and execution of the Porthos project.

In the fourth quarter of 2020, the Porthos parties signed an agreement with the emitters (joint development agreement) to further develop a storage and transportation system. The Supervisory Board issued a favourable recommendation on the entering into this agreement by EBN (through the Porthos Development C.V.); the shareholder of EBN has also given the required approval to this agreement. In addition to the regular meetings in which this project is discussed, EBN organised a workshop for the Supervisory Board in August 2020 and additional meetings

were held in October and November 2020 to discuss the project in more detail with the project risks also being a subject of discussion. The Supervisory Board also approved a specific guarantee provided by the Porthos parties to the emitters.
The Supervisory Board took note of the envisaged joint venture structure and the Supervisory Board issued a favourable recommendation on the envisaged role of EBN in the technical system operator.

See page 46 for an additional explanation of this project.

6.8.3 Geothermal energy

The topic of geothermal energy was discussed. In March 2019, the Minister of Economic Affairs and Climate Policy informed the Lower House of Parliament that he intends to allow EBN to participate on a risk-bearing basis in geothermal energy projects, so that EBN can properly manage the quality of geothermal energy projects. In this way EBN has access to all relevant information and is able to focus on technical and financial risk mitigation and control. In anticipation of a statutory role for EBN in geothermal energy projects, EBN can participate in such projects on a voluntary basis with the Minister's consent. The Supervisory Board endorses the important role that geothermal energy has in making the gas value chain more sustainable. The Board recognises that for geothermal energy to make an adequate and decisive contribution, a rapid and integrated approach to the heat transition is vitally important. The Board was extensively informed about this – and all the associated challenges including, for example, the development of heat demand and district heating grids – as well as about the various roles of EBN aimed at improving, accelerating and developing the sector.

The Supervisory Board was also informed about the conduct of a seismic survey and geological studies of the subsurface in the Netherlands and the subsidy that has been provided for this. This programme is also referred to as the SCAN project (Seismic Campaign for Geothermal Energy in the Netherlands). Board members also conducted field visits to the SCAN project in 2020. The Supervisory Board refers to page 49 of this annual report for additional information about geothermal energy.

6.8.4 Other

In its meetings, the Supervisory Board also considered the initiatives undertaken by operators and EBN to reduce the operational costs of oil and gas production (through Nexstep and INSPIRE), EBN's exploration strategy (identifying all economically recoverable oil and gas fields offshore by 2025) and the stakeholder and reputation survey.

The implications of COVID-19 were, of course, also discussed at the meetings. EBN informed the Supervisory Board about the effect of COVID-19 measures on the EBN organisation (working from home) and about the effect on EBN's activities. EBN has based its coronavirus approach over the following four components: a crisis team, organisation and management, communication, and continuous adjustment and evaluation. A number of employees were infected with the coronavirus. EBN's operations, and therefore EBN's financial results, were hit hard by the coronavirus crisis due to low oil and gas prices. EBN's partners in oil and gas production partnerships have suffered the financial consequences and have been forced to reorganise.

6.9 Evaluation of the Board and self-assessment

The Supervisory Board conducted an ample externally guided self-assessment in 2019. In 2020, the Board conducted its own self-evaluation. This self-evaluation considered the performance of the Supervisory Board itself, of the separate committees and of the individual members of the Supervisory Board. The Supervisory Board members individually completed a questionnaire and the results were discussed at a meeting of the Remuneration committee. In addition to the Remuneration

committee, the CEO, the secretary and the HR manager attended this discussion. The HR manager processed the responses from the questionnaires and included the most salient issues in a presentation. The conclusions of the self-assessment will be followed up.

In 2020, the Supervisory Board also carried out an evaluation of the CEO (without a questionnaire, based on the experiences of the individual Supervisory Board members). Two of the Supervisory Board members shared the conclusions of the evaluation with the CEO. The conclusions of this evaluation will be followed up by the CEO.

6.10 Meetings of the Audit committee

The duties and modus operandi of the Audit committee are set out in the Regulations Governing the Supervisory Board's Audit committee (Reglement van de Audit Commissie van de RvC). Amongst other things, the Audit committee's duties include the exercise of oversight and control over the CEO and the provision of advice to the latter in relation to the operation of the internal risk management and control systems, and the exercise of oversight over the company's provision of financial information.

The Audit committee met twice in 2020. In addition to the members of the Audit committee, the Executive Team (without the CEO), the corporate controller and the secretary attended these meetings from EBN. The external auditor attended both of the meetings.

During the first meeting the Audit committee mainly devoted attention to the annual report and financial statements for 2019 and their audit. The auditor's report was discussed extensively with the external auditor. After discussing the annual report and financial statements for 2019, the Audit committee recommended that the Supervisory Board approve them.

At the same meeting, the Audit committee was briefed on the results of the previously conducted audits (procurement and monitoring management costs, data management, decommissioning security agreement and decommissioning security monitoring agreement processes and geo-energy internal processes), the main findings and recommendations and the follow-up of the audits. The structure and operation of the internal risk management and control systems were also discussed during those meetings. In addition, the internal audit plan for 2020 was discussed. The following audits were conducted: procurement process, HSE policy, treasury practices, cash management and payment process.

At the second meeting of 2020, the Audit committee focused on the following topics: the performance of the external auditor, the progress of internal audits, the strategic risk analysis and EBN's half-yearly report including the assessment report and its review. The Audit committee issued a favourable recommendation concerning EBN's key figures for the first half of 2020. The Supervisory Board concurred with this favourable recommendation. The Audit committee also issued a positive opinion on the strategic risk analysis.

During that meeting the external auditor also presented an explanation of the audit plan for 2020 (the plan for auditing EBN's financial statements for the 2020 financial year). Before the audit plan was presented to the Audit committee, the external auditor discussed the draft audit plan with the Executive Team. The external auditor discussed the audit plan with the Audit committee, devoting special attention to its scope and material nature, the accountant's fee and the most important risks pertaining to annual reporting, which the accountant has mentioned in the audit schedule. The Audit committee recommended that the Supervisory Board assign the auditing of the financial statements in accordance with the audit schedule. The Supervisory Board decided on this assignment in accordance with the Audit committee's proposal.

PricewaterhouseCoopers Accountants to serve as the external auditor

In 2019 the General Meeting of Shareholders engaged PricewaterhouseCoopers Accountants N.V. to audit EBN's financial statements for the 2020 to 2023 financial years.

EBN's credit rating

In 2020 EBN informed the Supervisory Board of Moody's credit rating of EBN. On 30 June 2020 Moody's set EBN's credit rating at Aaa/P-1 (with the prospect of 'stable').

Design and operation of risk management and control systems

The Supervisory Board has asked the CEO to issue it with a statement supporting the customary reports for the Executive Team in respect of 2020. The CEO issued such statement, which serves to support Clause 1.4.3 of the Corporate Governance Code. The Supervisory Board has discussed the following matters with the Executive Team in accordance with that clause: the company's strategy, the main risks associated with the business and the findings of the CEO's assessment of the structure and operation of the internal risk management and control systems. This matter is explained in greater detail in the section Risks and Corporate Governance.

6.11 Meetings of the Remuneration committee and the Selection and Appointment committee

The responsibility of the Remuneration committee are set out in the Remuneration committee Regulations (Reglement van de Beloningscommissie) and those of the Selection and Appointment committee are set out in the Regulations Governing the Supervisory Board's Selection and Appointment committee (Reglement van de Selectie- en benoemingscommissie van de RvC). These committees' responsibilities include, amongst other things, presenting a proposal for the remuneration of the CEO to the Supervisory Board, preparing selection criteria and appointment procedures for the CEO and the members of the Supervisory Board, and periodically evaluating the performance of the CEO and the members of the Supervisory Board. The meetings of these committees are held together and are then referred to as meetings of the Remuneration committee.

In 2020 the Remuneration committee met on four occasions in the presence of the CEO, the secretary and the HR manager. In 2020 the committee was involved in, amongst other things, deciding on the targets to be achieved by EBN and the Executive Team in 2020, the achievement of the targets for 2019 by EBN and the Executive Team, and the appointment of Ms Dijksma as a member of the Supervisory Board.

The General Meeting of Shareholders adopted the remuneration policy for the CEO simultaneously with the appointment of Mr Van Hoogstraten on 1 March 2016. After preliminary discussions in the Remuneration committee, the Supervisory Board nominated Mr Van Hoogstraten for reappointment; with Mr Van Hoogstraten's reappointment as of 1 March 2020, the remuneration policy remained unchanged (see page 167 for the remuneration report).

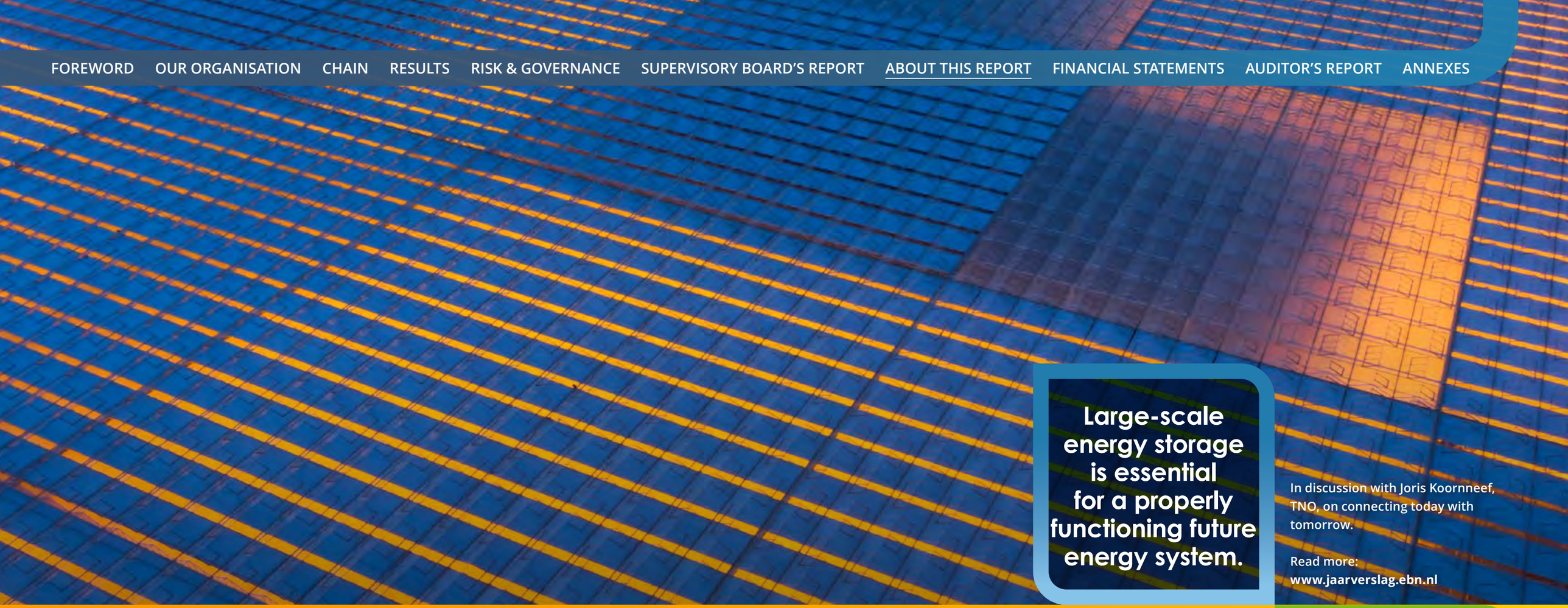
6.12 Financial statements

The Supervisory Board has taken note of the annual report, the financial statements, the declaration and the independent auditor's report. The Supervisory Board can reconcile itself with those documents and recommends that the General Meeting of Shareholders approve the financial statements accordingly. The Supervisory Board recommends that the General Meeting of Shareholders discharge the CEO from liability for the policy which he has pursued and the Supervisory Board for its oversight.

Supervisory Board, Utrecht, 8 March 2021

Mr J.G. Huijskes (Chair)
Ms E.M. Kneppers-Heijnert
Mr W.S. de Vries
Mr J.W. Weck

Mr J.G. Huijskes (Chair, left), Ms E.M. Kneppers-Heijnert, Mr W.S. de Vries, Mr J.W. Weck



Large-scale energy storage is essential for a properly functioning future energy system.

In discussion with Joris Koornneef, TNO, on connecting today with tomorrow.

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Thinking about this is not something you can do tomorrow, you must start today.

7. About this report

In this annual report, EBN reports on its financial and non-financial performance for the financial year 2020. The report is intended for every stakeholder that is directly or indirectly involved in our activities. In the section 'Dialogue with stakeholders' on page 55, we go deeper into the stakeholder dialogue on relevant themes.

7.1 Reporting policy and process

Reporting policy

EBN reports annually on its financial performance in accordance with IFRS. EBN reports on its social and sustainability performance in accordance with the Global Reporting Initiative (GRI Standards). This provides the transparency that our shareholder demands as well as clarifies our role in society. This EBN annual report has been compiled in accordance with the GRI Standards, Core option.

The EBN Annual Report for 2020 is an integrated report that brings together financial, operational, social and sustainability information. EBN's intention in producing an integrated annual report is to demonstrate how the organisation creates both financial and social value. Because of the importance we attach to transparency, we are also open about acquisitions and divestments. Should acquisitions and divestments have taken place during the reporting year, we will adjust the scope and delineation of both the financial and the social information in the annual report. Relevant acquisitions and divestments are disclosed in the Financial Results section or in the financial statements. However, there were no acquisitions or divestments in 2020. The scope and delineation of the financial and social information in this report therefore remained unchanged from the previous reporting year.

Reporting process

The reporting process for the social results was as follows: a kick-off meeting of the project team consisting of colleagues from the Communications & Public Affairs, Accounting & Reporting and Strategy departments took place at the beginning of October 2020. At the end of October, the plan of action was shared with the Executive Team members and the structure, theme, method of publication and schedule were discussed. The design of the connectivity matrix was also discussed. Subsequently, the Executive Team members agreed on the plan of action and the design of the connectivity matrix. This was shared with the colleagues involved.

The next step involved the internal collection of data for the static part of the annual report. The project team then processed and edited the input provided by colleagues.

At the end of November/beginning of December, information was collected internally for the dynamic part of the annual report, including the results section. Among other things, the programme managers of the themes within EBN were further included in structuring the annual report and the approach in this Transparency Benchmark theme year.

This year's annual report has once again been broken down into a static part (for which no year-end data are required) and a dynamic part (for which they are required). The information for both parts was collected by means of an internal survey. The annual report was written by the project team. The CEO and our shareholder provided feedback on the texts at various times, both in writing and orally in meetings in which the texts were discussed. Changes in the text based on this feedback were then submitted for verification to the EBN employees who had supplied the information, and subsequently approved. In this way, EBN has ensured the quality of the content of the annual report.

Finally, the static and dynamic parts of the annual report were merged into a complete core & more report consisting of this core report and various other details. The social part of the annual report has been assessed by an external auditor; the assurance report is included in this annual report on page 152. The external auditor has also audited the financial statements; the auditor's report can be found on page 140.

The final draft version was submitted to and discussed by the Supervisory Board, after which their comments were incorporated. The annual report was finally adopted at the General Meeting of shareholders, where, in the presence of the Executive Team, the shareholder and the Supervisory Board evaluated and approved the final version of the integrated financial and social annual report.

The reporting process is structured as follows:

Strategic review	CEO
Risk analysis	Departments
Materiality analysis	Internal and external stakeholders
Determination of material topics	CEO and employees
Determination of control framework	CEO
Check validity process/data	Internal auditor
Data collection	Topic owners/departments/themes
Drafting of synopsis	Project team
Static part of report	Project team
Dynamic part of report	Project team
Assurance	External auditor

7.2 Analysis and determination of materiality

The principle of materiality is the key element of both the Integrated Reporting (IR) framework and the GRI standards. EBN looks not only at the materiality of themes for its own organisation and activities, but also at its role and influence further down the energy chain.

The value creation model on page 12 provides a description of our core activities and our position in the energy chain.

EBN has a significant financial stake in oil and gas activities and in an increasing number of geothermal energy projects. The material aspects of these activities therefore have a place in EBN's reporting. However, it is important to note that EBN's role and position in the chain is not that of the operator in oil and gas production.

Determination of materiality

The three-yearly determination of materiality forms the basis for the content of the annual report. In the summer of 2018, we conducted a comprehensive materiality analysis, including by means of an online survey completed by internal and external stakeholders. Based on the results, a list of themes was created and validated by the EBN Executive Team.

This was followed up in 2019 and the material themes were further refined internally by the EBN Executive Team. The set of material themes concerns a list of eight themes with a clear connection to the mission and vision and to the strategic pillars and activities of EBN.

In 2020, EBN commissioned a survey of its stakeholders by an external consulting firm. A total of 154 of the 437 invited stakeholders participated in the survey via an online questionnaire. The participants in the survey included stakeholders from energy companies (mainly operators), industry associations, interest groups, knowledge-research institutions and government bodies. The respondents were mainly directors and managers of these organisations.

With the stakeholder survey, EBN quantitatively assessed its material themes. Stakeholders indicated that they found EBN's material themes relevant and felt it was appropriate for EBN to focus on these themes. The material themes that stakeholders find most appropriate for EBN coincide with EBN's strategic pillars - Our Dutch Gas, Return to Nature and New Energy (for the ranking of the themes, see the illustration on page 24). For the qualitative follow-up to the survey, the theme teams conducted in-depth interviews with a number of stakeholders.

Steering and reporting

The CEO is ultimately responsible for steering all material aspects that affect EBN's strategy and social policy. Our Strategy and Technology Director co-ordinates the process of determining annual strategic objectives and long-term goals. The Executive Committee is jointly responsible for policy and performance. The Supervisory Board assesses the strategic goals against the strategy.

The strategic annual objectives are formulated by the theme teams and departments themselves. These are the activities that contribute to the long-term goals linked to our material themes. More information on the actions and results in 2020 can be found in Chapter 4. Two progress monitors supervise progress on the strategic annual objectives and material issues. Each quarter, they interview each theme team and department and report to the Executive Team. The CEO evaluates this and makes any adjustments it considers necessary.

The material theme of 'creating combined strength' is relevant to all teams and departments within EBN because this is how EBN is shaping its role in the energy transition.

The connectivity matrix on page 28 provides insight into the links between the material themes and our strategic pillars and their connection to the long-term strategic goals. Objectives and one or more KPIs have been set for each material theme, and co-ordinated with the departments involved. How we manage and evaluate these themes is outlined in the GRI Standards content index (page 171). The impact our material themes have on society is described on page 14.

7.3 Transparency

Because of the importance EBN and its stakeholders attach to transparency, our ambition is to score well in the Transparency Benchmark. EBN participates in this biannual study into the content and quality of social reporting. In 2019, EBN's 2018 annual report scored 82.35 points out of a possible 98 and was ranked 7th nationally and 3rd in the sector (the target was at least 7th position in the sector). EBN applies the GRI Standards (Core option) and the revised Dutch Corporate Governance Code.

Disclaimer

This report concerns the efforts and achievements in meeting our objectives in 2020. In addition, we present our plans and vision for the future. Forward-looking information can be recognised from the use of words such as continue, wish, intend, predict, expect, target, objective, vision, planning, ambition, scenario, intention and forecast. Inherent to future expectations is that outcomes are subject to risks and uncertainties, and that their achievement is not assured.

Assurance of non-financial information

EBN asked PwC to assess the information on sustainability (in the sections Foreword, Key Figures, About EBN, Our position in the energy chain and Results 2020) and to issue an assurance report with a limited degree of certainty. The assurance report can be found on page 152.

GRI Standards Content index

The GRI Standards Content Index can be found in annex 171.

Publication date of 2020 Annual Report

EBN's annual report for 2020 was published on March 2021.

7.4 Scope

EBN's activities are confined to the Netherlands. The (indirect) economic performance relates to EBN and its share in participations. We report on this in the section on Results on page 40 and in the financial statements on page 95. The social performance primarily concerns EBN. These presentations are described in greater detail in the section 'The people of EBN' on page 59.

EBN's environmental performance in terms of emissions, energy consumption, waste, discharges and compliance relate mainly to our oil and gas participations (given the limited size of our organisation, EBN's environmental performance is not material). It is considered in relation to the performance of the entire sector operating on Dutch territory. The guidelines are provided by the individual environmental reports that oil and gas operators publish each year under the terms of the Ministry of Economic Affairs and Climate Policy's 'Declaration of Intent, Execution of Environmental Policy Oil and Gas Producing Industry'. The Dutch operators add the environmental and energy performances to the electronic Annual Environmental Report. These data constitute the basis for the performance presented in this report and the 2019 OPI report. The OPI report incorporates operational performance indicators, which EBN has supplemented with data from the electronic Annual Environmental Report. The figures for 2020 are not yet known at the time of writing, and are expected to be published on the EBN website via the OPI report in the summer of 2021.

7.5 Frameworks

The performances described in this report are all based on specific frameworks. For example, the relationship of certain indicators to annual oil and gas production is self-evident and, for a number of indicators, the relationship with the number of drillings is obvious. However, frameworks are also circumscribed by laws and regulations. Where relevant, those frameworks are described in more detail. The results provide an overview of EBN's share (unless otherwise stated) in the performance of the entire oil and gas production industry.

The figures for the production of gas, oil and condensate in the Netherlands represent the gas, oil and condensate production reported by the operators for tax purposes. The injection and production volumes in gas storage facilities are regarded as internal company activities. The gas is reported for tax purposes at the moment it is delivered to third parties.

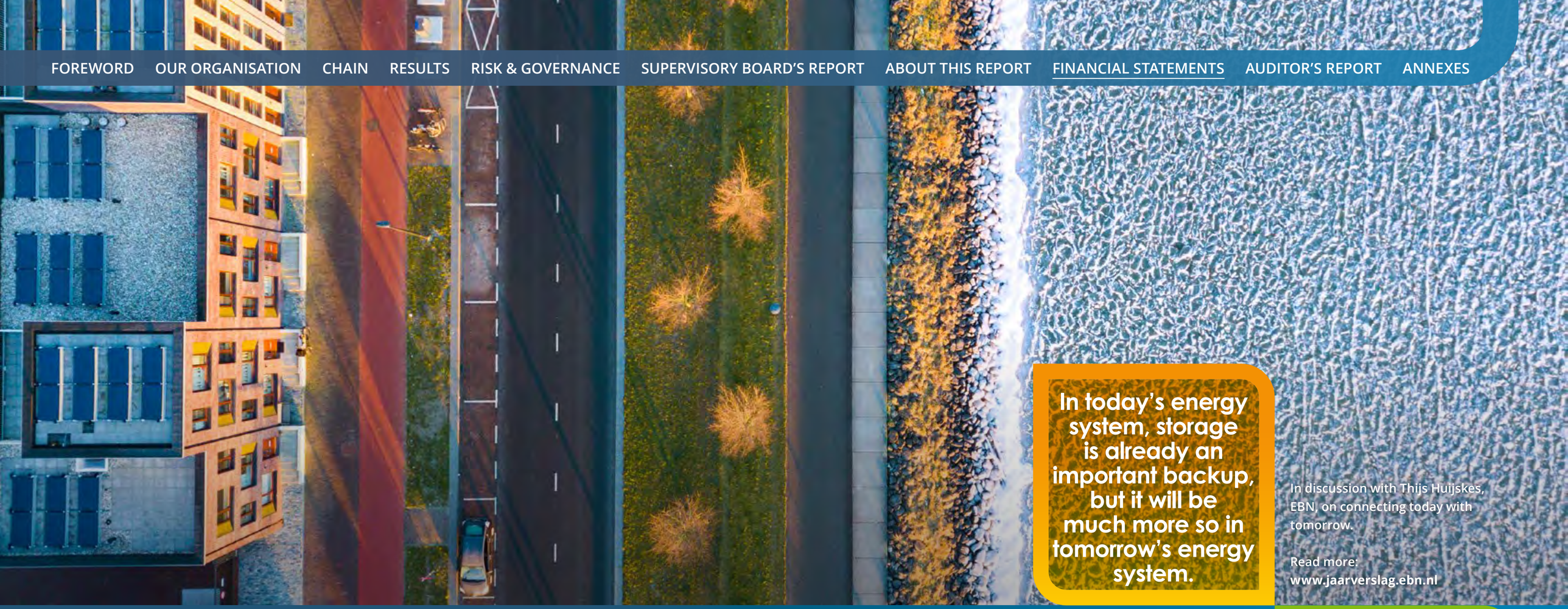
The energy consumption of drilling activities is not included, the CO_2 and CH_4 emissions from drilling activities are. EBN's share is calculated as its percentage of the production of gas, condensate and oil in total Dutch production in the environmental and economic performance results. For the social performance that relates specifically to the activities of the operators, the share of the entire industry (100%) is presented, since reporting EBN's share in these areas is irrelevant.

7.6 Measurement methods for material issues

Material issue	Indicator/KPI	Method of measurement
Promoting safety	Number of geo-energy investments tested for seismic risks	Number of assessed geo-energy investments tested for seismic risks in 2020.
	Occupational accidents resulting in sick-leave (expressed in Lost Time Accidents or LTA) at operators	The indicator relates to occupational accidents that occur in the operations in which we participate as a non-operating partner. The number of days' sick-leave in 2019 has been measured from the first day on which the occupational accident was reported.
Reducing emissions and discharges	Percentage change in CO_2 equivalent emissions per cubic meter extracted in 2019 compared to 2017 based on the conversion factor for network losses derived from the IPCC Fourth Assessment Report 'Climate Change 2007'	Dutch operators report their environmental and energy performance in the Annual Environmental Report (eMJV). These figures are drawn up by the Netherlands Enterprise Agency for EBN in order to provide an overview of EBN's participation.
Maintaining financial clout and resilience	Solvency	Shareholder's equity is divided by the total balance sheet total. Both data are taken from EBN's consolidated statement of financial position.
	Net debt (EUR million)	Calculated on the basis of the assets and liabilities balance sheet items at 31 December 2020 from EBN's consolidated statement of financial position. Balances of current and non-current liabilities are deducted from the cash and cash equivalents and derivatives.
	Profit after tax (EUR million)	This is taken from EBN's consolidated statement of comprehensive income.
Facilitating informed dialogue & knowledge development and sharing	Update of the annual infographic	Publication of infographic
	Number of km of SCAN research into suitability of geothermal heat extraction, completed (third parties can use this information)	The number of kilometres of SCAN research, measured on the basis of the field data supplied by the contractor. These data also contain the navigation data (of shot points and receiver points). The navigation data are used to determine the exact line length and calculate the number of kilometres of seismic research conducted.
Encouraging commitment of employees	Score in Great Place to Work employee survey (the so-called Trust Index)	Public rating of employee satisfaction survey conducted by the Great Place to Work organisation.
Stimulating and accelerating the exploration and production of small Dutch gas fields	Number of new natural gas wells drilled	Number of new natural gas wells drilled in the Netherlands with EBN participation in any year. The overall figure is consolidated according to the number of new production, exploration and evaluation wells.

Material issue	Indicator/KPI	Method of measurement
	OPEX unit in EUR ct/m^3 GE	Based on data from operators, the operating costs (or OPEX) are calculated and compared to the number of cubic meters of gas produced, measured in Groningen Equivalent (GE).
	SF production 100% billion m^3 TQ	Based on the latest data from operators, the 100% field production of small fields (SF production) is calculated, measured on the basis of the TQ measurement standard used in the sector.
The gas volume is reported in Nm^3 (0°C at 1.01325 bar), TQ refers to the field-specific Gross Heating Value of the extracted gas.	KV-Maturatie 100% miljard m^3 TQ	Based on the latest data from operators, the 100% field maturation of the reserves of small fields (SF maturation) is calculated on the basis of the standard measurement (TQ) used in the sector.
	SF maturation 100% billion m^3 TQ	Based on the latest data from operators, the 100% field maturation of the reserves of small fields (SF maturation) is calculated on the basis of the standard measurement (TQ) used in the sector. The gas volume is reported in Nm^3 (0°C at 1.01325 bar), TQ refers to the field-specific Gross Heating Value of the extracted gas.
	Number of natural gas storage facilities	Number of subsurface natural gas storage facilities in accordance with EBN's basic registrations and administration.
Strengthening, accelerating and improving the Dutch geothermal energy sector	Number of PJ developed	These are geothermal projects for which EBN, as co-investor and developer, and its partners have taken an FID (Final Investment Decision), or projects that are already further along in the path to realisation and operation. The number of PJ per project refers to the amount of heat that is expected to be delivered by the time the doublet is past any transitional phase.
	Percentage change (compared to 2017) in costs per GJ delivered	As part of the follow-up to the Geothermal Energy Master Plan in the Netherlands (2018), the Integral Geothermal Energy Cost Reduction Programme is now running. The aim of this is to reduce the cost per GJ of geothermal energy over time, with costs being expressed in the LCOE (Levelised Cost Of Energy); this variable captures both the impact of cost-reducing and return-enhancing improvements. EBN has commissioned the development of a model to quantify all this.
Responsible decommissioning and, where possible, re-use of infrastructure	Number of operational gas treatment sites	The number of gas treatment sites operational in the Netherlands on 31 December 2020 with the involvement of EBN is determined on the basis of the most recent data from operators. By gas treatment sites we mean the number of onshore locations that treat offshore gas. EBN is part-owner of these gas treatment sites.
	Number of re-used sites (site remains and is re-designated)	The number of sites in the Netherlands being re-used in 2020 with the involvement of EBN is determined on the basis of the most recent data from operators.
	Number of DSAs signed	Number of DS(M)As signed as at 31 December 2020. A DSA is an agreement whereby the licence holders agree with one another how to guarantee their share of the decommissioning obligation in a particular license when the residual value of the assets is lower than the expected decommissioning costs. A DSMA is an agreement in which the licence holders and EBN agree on the monitoring role of EBN in the DSA process.

Material issue	Indicator/KPI	Method of measurement
	Number of joint decommissioning campaigns included in operator WP&Bs 2020	On the basis of the operator WP&B, it is determined whether a budget has been set aside for a joint decommissioning campaign.
Using subsurface space to make the energy system more sustainable	Number of MT of CO_2 in storage per year in the Netherlands and in projects in which EBN participates	In 2020 there was no CO_2 storage in the Dutch subsurface, so there is no measurement method available. The measurement method is under development and will be included next year.
	Number of CCS projects brought to FID	Number of FIDs signed by the Executive Team for CCS projects
	Amount of operational energy storage in salt caverns	In 2020, there was no energy storage (with EBN involvement) in the Dutch subsurface, so there is also no measurement method available. The measurement method is under development and will be included next year.
Exploring and developing energy innovations to benefit system integrations in the Dutch energy transition	Number of tonnes of extra blue hydrogen produced in which EBN invests with partners	EBN did not produce blue hydrogen in 2020, so there is no measurement method available. The measurement method is under development and will be included next year.
	Number of m^3 of green hydrogen produced in projects in which EBN invests	EBN did not produce green hydrogen in 2020, so there is no measurement method available. The measurement method is under development and will be included next year.
	Number of pilot schemes for district heating with hydrogen co-firing	To be determined by adding together the number of partnership agreements signed in 2020 for pilot schemes for district heating with hydrogen co-firing.
	Completion of the green gas master plan	On 30 March 2020, the Minister of Economic Affairs and Climate Policy sent the Green Gas Roadmap (Routekaart Groen Gas) to the Lower House of Parliament. EBN contributed to this with information and its own analysis of the potential for reusing mining sites for green gas production.
	Number of BCM of green gas	EBN did not produce green hydrogen in 2020, so there is no measurement method available. The measurement method is under development and will be included next year.
	Number of participations in joint ventures for green gas innovation	To be determined by adding up the number of shareholder agreements signed in 2020 for participation in a green gas innovation joint venture.
	Number of participations in regional hubs for green gas	The number of regional hubs for which a cooperation agreement for the development of at least one green gas project has been signed by 2020.



In today's energy system, storage is already an important backup, but it will be much more so in tomorrow's energy system.

In discussion with Thijs Huijskes, EBN, on connecting today with tomorrow.

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Wind and sun alone will not get us there.

8. Financial Statements

Consolidated statement of comprehensive income

in EUR mln

	note	2020	2019
sales	2	1,198	2,194
other income	2	22	12
operating expenses			
levies		8	7
operational costs	3	1,161	1,264
depreciation	4	558	586
operating expenses		1,727	1,857
operating result		**- 507**	**349**
finance income	5	29	60
finance costs	5	- 60	- 106
share of profit from associates	6	33	29
profit/loss before income tax		**- 505**	**332**
income tax	7	141	- 76
profit/loss for the period	8	**- 364**	**256**
other comprehensive income		- 1	-
total comprehensive income for the period		**- 365**	**256**

Consolidated statement of financial position

in EUR mln

ASSETS	note	31-12-2020	31-12-2019
non-current assets			
property, plant and equipment	9	2,020	2,480
associates and other non-current assets	10	104	105
investments	11	853	-
deferred tax asset	7	94	40
derivatives	19	57	55
		3,128	**2,680**
current assets			
investments	11	1,666	2,609
inventories	12	27	30
trade receivables and other current receivables	13	173	210
tax receivables	7	305	140
derivatives	19	-	98
cash and cash equivalents	11	600	760
		2,771	**3,847**
total		**5,899**	**6,527**

LIABILITIES	note	31-12-2020	31-12-2019
shareholder's equity	14		
share capital		128	128
share premium		450	450
retained earnings		-186	197
		392	**775**
non-current liabilities			
borrowings	16	540	532
provision (non-current)	15	4,039	3,993
other non-current liabilities	17	89	117
		4,668	**4,642**
current liabilities			
borrowings	16	22	467
trade payables	18	118	70
provisions (current)	15	362	235
other payables	18	337	338
		839	**1,110**
total		**5,899**	**6,527**

Consolidated statement of changes in equity

in EUR mln

	share capital	share premium	retained earnings	total equity
balance at 1 January 2019	128	-	151	279
profit for the period	-	-	256	256
other comprehensive income	-	-	-	-
total comprehensive income for the period	-	-	**256**	**256**
special profit levy	-	-	-210	-210
capital contribution to the share premium	-	450	-	450
balance at 31 December 2019	**128**	**450**	**197**	**775**
profit for the period	-	-	-364	-364
other comprehensive income	-	-	-1	-1
total comprehensive income for the period	-	-	**-365**	**-365**
final dividend previous year	-	-	-18	-18
balance at 31 December 2020	**128**	**450**	**-186**	**392**

Consolidated statement of cash flows

in EUR mln

	note	2020	2019
Operating activities			
total result for the period	8	-364	256
adjustment for:			
- current and deferred tax	7	-141	76
- decrease/(increase) in property, plant & equipment (excluding investments)	21	598	299
- share of profit of joint ventures and associates	6	-33	-29
- decrease/(increase) in current receivables and inventories	12, 13	40	67
- (decrease)/increase in liabilities (excluding borrowings and payments to the State)	21	36	-37
- changes in provisions	15	173	754
- unrealized financial income and expenses	21	21	23
interest paid		-46	-32
interest received		28	7
paid minus received tax		-82	-221
		594	907
net cash from operating activities		**230**	**1,163**

in EUR mln

	note	2020	2019
Investing activities			
investments property, plant and equipment (excluding right of use asset)	9	-135	-220
dividend received from associates	10	34	30
net cash used in investing activities		**-101**	**-190**
Financing activities			
paid dividend and special profit levies	14	-36	-52
repayment of borrowings	16	-404	-328
settlement of derivatives of borrowings	16	87	-
proceeds from borrowings	16	4	3
investments in deposits, bonds and commercial paper	11	90	-342
increase/(decrease) in collateral derivatives	16	-30	13
net cash used in financing activities		**-289**	**-706**
Change in cash and cash equivalents		-160	267
Balance cash and cash equivalents at 1 January		760	493
Balance cash and cash equivalents at 31 December		600	760

Notes to the consolidated financial statement

(1) General information

EBN B.V. with its principal office at Daalsesingel 1, 3511 SV Utrecht in the Netherlands. The company is registered in the Chamber of Commerce with number 14026250. The consolidated financial statements for the year ended December 31, 2020 contains EBN B.V. and subsidiaries EBN Capital B.V., EBN Aardwarmte B.V. and EBN CCS B.V. (together referred to as 'EBN'). All shares of EBN B.V. are held by the Dutch State (the "State").

EBN focuses on the participation in oil and gas exploration and production activities in the Netherlands and the Dutch part of the continental shelf. EBN participates also in geothermal energy projects, underground gas storage facilities and in transport and gas processing facilities. In addition, EBN, with the mandate obtained in 2020 from the Ministry of Economic Affairs, is participating in CO_2 capture and storage projects.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable on December 31, 2020 and as endorsed by the European Union and, where applicable, with Part 9, Book 2 of the Dutch Civil Code applicable in the Netherlands.

The company income statement has been prepared using the exemption of Section 402, Title 9, Book 2 of the Dutch Civil Code. The financials statements of EBN B.V. as of December 31, 2020 were prepared by the Executive Board and authorised by the CEO and Supervisory Board on March 8, 2021. The financial statement will be submitted for adoption to the annual general meeting of Shareholders on 24 March 2021.

Basis for consolidation

The consolidated financial statements include the figures of EBN and the entities over which EBN has control. EBN has control of a subsidiary if based on its involvement in the entity, it is exposed to, or entitled to, variable results and has the ability to influence those results on the basis of its control over the entity. The subsidiary's financial statements are prepared based on the same accounting principles as EBN's. All transactions, balances, income and expenditure within the group are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income as of the date of acquisition of control respectively the date of disposal, as appropriate.

EBN Capital B.V. ("EBN Capital"), EBN Aardwarmte B.V. ("EBN Aardwarmte") and EBN CCS B.V. ("EBN CCS") located in Utrecht are the sole subsidiaries of EBN. EBN Capital (wholly-owned subsidiary) participates in pipelines for gas transportation (F3/A6 extension pipeline, K13-Den Helder pipeline, K13 extension pipeline, NGT-extensie and NOGAT) and in the underground gas storage Bergermeer. EBN Aardwarmte (wholly-owned subsidiary) participates in geothermal energy projects. EBN CCS (wholly-owned subsidiary) participates in the CO_2 capture and storage project "Porthos".

Collaborative ventures

EBN conducts its activities through partnerships that are set out in contractual arrangements (agreements of cooperation or 'Joint Operating Agreements'). EBN has assessed the control, voting rights, duties and obligations that arise from these agreements. The conclusion is that, except for NGT-Extensie, EBN has joint control with one or more partners in the agreements and defines these as joint operations. Together with the other parties in the joint agreement, EBN is entitled to the assets and is liable for the debts relating to the agreements. In EBN's financial statements, EBN's interest in the joint operations is recorded by including the assets, liabilities, income and expenditure for its share.

The most important joint operations based on the carrying value of the property, plant and equipment at 31 December 2020 are as follows:

Name	Interest	Operator	Operator's place of business
Groningen	40%	NAM	Assen
JDA Unit	40%	NAM	Assen
Schoonebeek	40%	NAM	Assen
A&B Unit	47%	PETROGAS	Rijswijk
L05a	40%	NEPTUNE	Zoetermeer
Bergermeer UGS	38%	TAQA	Alkmaar
Noord Friesland	40%	NAM	Assen
K04b/K05a	50%	TOTAL	The Hague
M07/L09	50%	NAM	Assen
K18b Golf unit	50%	WINTERSHALL	Rijswijk

Associates and joint ventures

EBN has a 40% share in GasTerra B.V. ("GasTerra") based in Groningen and with main activity trading in natural gas. In addition, EBN has a participation of 45% in NOGAT B.V. ("NOGAT") located in Zoetermeer and with main activity natural gas transport from the North Sea.

EBN has three geothermal energy companies together with partners: Warmtebron LEAN B.V. ("Warmtebron LEAN"; 40% participation) in Bunnik, Geothermie Plukmade B.V. ("Geothermie Plukmade"; 30% participation) in Breda and Geocombinatie Leeuwarden B.V. ("Geocombinatie Leeuwarden"; 30% participation) in Dokkum. The main activity of these three geothermal companies is research and development of geothermal energy in respectively Utrecht, Friesland and Noord-Brabant.

For the development of the CO_2 capture and storage project 'Porthos', EBN, together with partners, has set up the Porthos Development C.V. ("Porthos Development"; 33.3% participation) founded in Utrecht.

For the NGT-Extensie joint ventures EBN has no joint control as specified under IFRS 11; as a result its interest is recognised in accordance with IAS 28. Because facts and circumstances (including voting rights for decision making) lead to the conclusion that EBN exerts significant influence on NGT-Extensie, the 12% interest in NGT-Extensie is recognised according to the equity method and presented as an associate. NGT-Extensie is based in Zoetermeer and its main activity is the transport of natural gas from the North Sea.

Key accounting estimates and judgements

The preparation of the financial statements requires estimates and judgements. These have consequences for the amounts reported for assets and liabilities, income and costs items and the related reporting of contingent assets and liabilities at the date of the financial statements. The results can be influenced by such estimates and judgements. The paragraphs below explain the matters that management considers most important and which, due to intrinsic uncertainties, are often the most difficult to estimate. In addition we refer to the section 'Impairment' which also includes information about assumptions and estimation uncertainties underlying the recoverable amount of a non-current asset.

Decommissioning and restoration costs

The provision for decommissioning costs and the capitalisation of decommissioning and restoration costs on the balance sheet is based on information from operators. EBN assesses this information based on its own knowledge and experience and amends it where necessary. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary as a result

of numerous factors, such as market prices, changes in legal requirements, new decommissioning techniques or experience. The anticipated timing and scope of the costs can change as a result of, for example, changes in gas and oil reserves and changes to legal and regulatory requirements and their interpretation. Significant estimates and assumptions are made when establishing the provision for decommissioning and restoration costs. Substantial revisions of the provision can therefore influence future results (refer to note 15).

Reserves

The Unit of Production (UOP) depreciation is based on EBN's estimates of the gas and oil reserves and production profiles. EBN determines the gas and oil reserves in accordance with the definitions laid down by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE) in the Petroleum Resources Management System 2020 (PRMS). The reserves used for the depreciation are based on EBN's current estimations of proven and probable developed reserves (PRMS category 1) and the associated production profiles. Estimates of reserves are, by definition, inaccurate and based on interpretations that can, over time, change on the basis of new information obtained from drilling new wells, reservoir production behaviour and changes in economic factors (such as price expectations). This can result in upward or downward revisions to the reserves. Changes in reserves have an effect on the future depreciation and the recoverable amount of production assets (see also notes to the significant accounting policies of 'property, plant and equipment' in note 9).

Provision for earthquake-related costs

The provision for costs as a result of earthquakes in the province of Groningen is based on information from the operator and public information. This provision relates mainly to damage repair as a result of earthquakes, architectural reinforcements of buildings, strengthening the infrastructure, compensation measures and decline in value. The assumptions used for the estimates for the provision are based on payments already made, experience, statistical information and calculation models, internal and external investigations and information from the operator. The ultimate amount of the costs depends among other things on the extent of the damage and advice, valuation by experts and/or bilateral agreements and can therefore differ from the current expected cost (see also note 15).

Recoverable amount

The calculation of the recoverable amount of assets is partly based on estimates of reserves, production profiles, future selling prices, operating costs, exploration potential, expected future investments, and earthquake-related expenditure and the discount rate. Future events can have an impact on these predictions and estimates, with the result that the estimates of recoverable amounts can change (refer to note 9).

(2) Summary of significant accounting policies

The financial statements have been prepared in accordance with the historical cost convention, and on a 'going concern' basis, unless stated otherwise.

International Financial Reporting Standards (IFRS)

The following standards, amendments to standards and interpretations have been approved by the European Commission and are mandatory for the financial year starting on January 1, 2020.

Amendments to the references to the conceptual framework in the IFRS standards

The IASB has revised the Conceptual Framework. The IASB has also updated references in standards to refer to the new Framework, but it has not made consistent changes to standards to reflect changes in the framework, such as changing the definitions of assets and liabilities in the standards. This adjustment has no impact on EBN's financial statements.

Amendments to IAS 1 and IAS 8: Definition of Materiality

The IASB has made changes to the definition of materiality, information is material if it can reasonably be expected that its omission, misrepresentation, or obscuration will affect decision making of the primary users of the financial statements, which provide financial information about a specific reporting entity. Whether information is material depends on the nature or extent of the information, or both. An entity assesses, in the context of its financial statements, as a whole whether information, either on its own or in combination with other information, is material. Information is obscured if it is communicated in such a way that it has the same effect on primary users of the financial statements as the omission or misrepresentation of the information in question. This adjustment has no impact on EBN's financial statements.

Amendments to IFRS 3 Business Combinations

The IASB has amended and clarified the changes to the definition of business in IFRS 3 Business Combinations. A "business" is now defined as "an integrated set of activities and assets that can be operated to provide goods and / or services to customers, or to generate investment or other income from operating activities". A "business" consists of "inputs" and processes applied to those "inputs" that can contribute to the production of "outputs". This adjustment has no impact on EBN's financial statements.

Reform of the interest rate benchmark (amendments to IFRS 9, IAS 39 and IFRS 7)

The changes require qualitative and quantitative disclosures to enable users of financial statements to understand how an entity's hedging relationships are affected by the uncertainty arising from the interest rate benchmark reform. This adjustment has no impact on EBN's financial statements.

New and amended standards which are not yet effective

The new standards, amended standards and interpretations that are not yet effective or have not yet been ratified by the European Union are not applied by EBN. It is expected that this will not apply or have limited consequences for EBN's financial statements from the year of application.

Foreign currency translation

The functional currency and presentation currency of EBN is the euro. Commercial transactions and borrowings in foreign currencies are converted at the spot exchange rates as applicable on the transaction dates. Monetary balance sheet items denominated in foreign currencies are converted at the spot exchange rates applying on the balance sheet date. Differences in exchange rates resulting from settlement of these transactions and conversion of balance sheet items are charged to the result for the year.

Distinction between current and non-current assets and liabilities

An asset is classified as current if it is expected to be realised within 12 months after the balance sheet date. A liability is classified as current if it will be settled within 12 months of the balance sheet date. If an unconditional right to postpone payment for at least 12 months exists then such a liability is classified as non-current.

Property, plant and equipment

Property, plant and equipment are stated at the acquisition cost less depreciation and any impairment losses. Replacement investments are capitalised in accordance with the IAS 16 general capitalisation criteria.

The estimated costs for decommissioning, dismantling and removal of platforms and other underground installations are capitalised as part of the acquisition costs of the applicable property, plant and equipment.

Property, plant and equipment is no longer included in the balance sheet when it is disposed of or when no future economic benefits are expected from its further use, or in case the licence is relinquished or sold. Any profit or loss from the asset that is no longer included in the balance sheet is incorporated into the result.

Exploration and evaluation assets

Expenditure for the following activities is capitalised as part of the exploration and evaluation assets under construction: acquisition of exploration licences, exploration drilling including test, sampling and activities in relation to evaluation of the technical and commercial possibility of extracting hydrocarbons. If it turns out that an exploration well is dry, then costs incurred are charged to the consolidated statement of comprehensive income and disclosed under write-downs in the operating costs (note 3).

The following costs are not capitalised: topographical, geological, geochemical and geophysical surveys, unless they are related to existing and proven reserves.

Exploration and evaluation costs that are on the balance sheet for more than 12 months are charged to the consolidated statement of comprehensive income (note 3 operational costs) unless:

- they are in an area where substantial investments are required before production can start, or
- commercially recoverable quantities have been found, or
- further exploration or evaluation activities take place, i.e., additional exploration wells are drilled or firm plans to do so in the near future exist.

EBN regularly assesses whether activation of the expenditure for exploration drilling still meets the criteria listed above and whether the drilling activities can continue. Exploration wells that have been on the balance sheet for more than 12 months are re-evaluated to determine whether any facts or circumstances have changed and whether the above criteria still apply.

Exploration and evaluation costs under construction and investments under construction are categorised as drilling or production, transport and storage facilities from the start of production or commissioning.

EBN's reimbursements

EBN's reimbursements of 'farm in' costs in exploration licences are capitalised and depreciated based on the Unit of Production (UOP) method.

Depreciation

The tangible fixed assets are depreciated on the basis of the Unit for Production method or on a straight-line basis over the expected useful life. The depreciation method per category is as follows:

Categories	Depreciation method
Production, transport, storage facilities and other	Unit of production method and straight-line basis
Drilling	Unit of production method
Capitalisation of decommissioning and restoration costs	Unit of production method and straight-line basis
Exploration and evaluation drilling	Unit of production method

Property, plant and equipment for gas and oil drilling are depreciated based on the Unit of Production method. This method is based on EBN's estimates of the proven probable to be developed reserves (PRMS category 1) and production profiles in accordance with the definitions laid down by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE) in the Petroleum Resources Management System 2020.

The UOP rates for the financial year indicate the ratio between the production over the year and the proven and probable developed reserves (PRMS category 1) at the beginning of the year. These reserves are determined by increasing the reserves as established at the end of the financial year with the production for the year.

The other property, plant and equipment are depreciated over the estimated useful life on a straight-line basis. Twenty years is taken as the initial basis for main transport pipelines and thirty years for facilities for underground storage of natural gas. A ten-year useful life applies to industrial buildings. Land is not depreciated.

The estimated remaining useful life of property, plant and equipment is reviewed each year based on the future pattern of use. If changes occur, the depreciation method is adjusted in order to reflect the adjusted useful life and the associated future usage pattern. The effect thereof is incorporated in the consolidated statement of comprehensive income of the current and/or future periods (prospective).

Borrowing costs

Borrowing costs of projects are capitalised. The interest rate used for the financial year is based on the average interest rate applicable to non-current borrowings in the financial year under review.

Leases

For each lease agreement, EBN assesses whether it contains a lease component. A contract is, or contains, a lease if, in exchange for consideration, the contract grants the right to exercise control over the use of an identified asset for a specified period of time. For each lease agreement where EBN is a tenant, EBN calculates a right of use and a corresponding lease obligation, except for short-term lease agreements (defined as leases with a lease term of 12 months or less) and lease agreements with a value of € 5,000 or less. For these lease contracts, EBN recognizes the lease payments on a straight-line basis as operating costs in the profit and loss account.

The right to use a lease is initially valued at the present value of the lease payments and is amortized on a straight-line basis over the lease term. The right of use is presented under tangible fixed assets.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease. If this percentage cannot be easily determined, the tenant uses the marginal interest rate. The marginal interest rate is determined on the basis of the risk-free market interest rate, plus a specific risk premium for EBN for the same duration and with the same certainty as that at which EBN Group would finance the acquisition of a comparable asset.

Associates

An associate is an interest in an entity on which EBN has significant influence, but not control or joint control.

Investments in associates are accounted for using the equity method. This means that EBN's share in an associate is initially recognised at cost and adjusted thereafter to recognise EBN's share in the net assets of this entity, less any impairment.

EBN's share in the profit or loss of an associate is included in the consolidated statement of comprehensive income. When EBN's share in the loss of an associate exceeds the carrying amount of that associate - including any other long-term receivables that are part of the net investment – the carrying amount is reduced to nil. No further losses are accounted for unless EBN has assumed responsibility for the associate through a guarantee or other commitments. Unrealised gains and losses on transactions with associates are eliminated in proportion to EBN's share in these associates.

Impairment

Annually at balance sheet date an assessment is made as to whether the carrying amount of a non-current asset (property, plant and equipment or associates) exceeds its recoverable amount (higher of fair value less cost to sell and value in use). In that case, an analysis to identify possible impairment requirements is carried out.

When an asset does not generate sufficient independent cash flows, the recoverable amount (see also section

'Estimates and judgements') is determined for the cash flow generating unit to which the asset belongs. In general, EBN's cash-generating unit is a sales contract. In addition, 'hubs' (main platform and satellites) can be used as a cash generating unit. For value in use, estimated future cash flows are discounted at a rate before taxes, based on the market interest rate plus a mark-up for the risks specific to the asset. EBN uses the WACC (Weighted Average Cost of Capital) for this calculation and for exploration and production activities this is calculated at 6% after tax.

When the recoverable amount of an asset is less than the carrying amount, the carrying amount is written down to the recoverable amount. An impairment can be reversed, either wholly or partially, in the event of a change in the estimate that is of significance for determining the recoverable amount. Impairment is presented as a separate item in the consolidated statement of comprehensive income.

For more detail about the assumptions, uncertainties in estimates and a sensitivity analysis with respect to impairment losses we refer to note 9.

Financial instruments

Classification

All financial assets are stated at amortised cost, fair value through other comprehensive income or fair value through profit and loss. The classification depends on the business model that EBN uses for holding these financial assets and the characteristics of the cash flows generated with the financial assets.

Initial recognition

Purchases and sales of financial instruments are recognised on the transaction date. EBN no longer recognises a financial asset in the balance sheet if the contractual cash flows from the asset expire, or if EBN transfers the contractual cash flows from the financial asset, resulting in all ownership-related risk and benefit to be transferred. The initial recognition takes place at fair value.

Financial assets and liabilities at amortised cost

This category of financial instruments comprises deposits, money market funds, bonds (including commercial paper) trade receivables and other receivables, loans granted, loans taken out and other financing obligations, trade payables and other payable items. These financial instruments are recognised at fair value upon initial recognition. Subsequent measurement is based on amortised cost and on the effective interest method.

Financial assets and liabilities at fair value through other comprehensive income

EBN does not hold any interests that are classified at fair value through other comprehensive income.

Financial assets and liabilities at fair value through profit and loss

EBN only holds derivatives within this category.

Derivative financial instruments (derivatives)

EBN uses derivative financial instruments to hedge the risk of changes in future periodic interest cash flow payments or risks resulting from foreign currencies. These changes in cash flows can be the result of developments in the market interest rates or in the exchange rates of foreign currencies.

Valuation of derivatives takes place at fair value. The fair value of interest rate derivatives is determined by discounting future cash flows. The fair value of currency derivatives is determined by discounting future cash flows converted at market rates. The discount is determined based on the market interest rate at the end of the financial year. The cash flows are determined on the basis of the contractually agreed upon interest rates, due dates and nominal amounts.

Derivatives are classified under current or non-current other financial assets if the fair value is positive and under current or non-current financial liabilities if the fair value is negative.

Impairment losses

Any impairment losses are identified by the generic or simplified method. The generic method uses the following model:

- 12 months expected credit loss; or
- Lifelong expected credit losses for financial assets when the credit risk increases significantly due to circumstances. All expected credit losses are recognised for the life span of the asset; or
- Lifelong expected credit losses, where interest is calculated on the net receivable less impairment losses.

The expected credit loss is determined on the basis of a long-term average credit loss rating based on a risk profile assigned by credit rating agencies. The simplified method is applied to the debtors and receivables. The lifelong expected credit losses are immediately recognised, determined based on a historical set of average irrecoverable amounts (based on historical collection data).

Inventories

Underground gas inventories and supplies of materials are stated at the average purchase prices or lower net realisable value. The inventory of above-ground condensate and oil is stated at the average purchase prices or lower net realisable value.

Receivables

Receivables are recognised at amortised cost less any adjustment for doubtful debts. On first recognition, receivables are presented at fair value.

Investments

Investments are short-term and / or long-term in nature. Long-term investments are bonds and deposits that cannot be converted into cash within one year without additional costs and / or loss of return. Short-term investments are short-term money market instruments that can be converted into cash over 3 months but within one year.

Cash and cash equivalents

By cash and cash equivalents we mean cash, bank balances and short-term money market instruments that can be converted into cash in the short term (within 3 months), of which the amount is known.

Shareholder's equity

EBN's equity consists of share capital, share premium and retained earnings. The Dutch State is EBN's sole shareholder. The special profit levy payable to the shareholder is included as a liability in the period when it is due, in accordance with the EBN's Articles of Association. The exception to this is the proposed final dividend, which is only recognised as a liability after approval by the General Meeting of Shareholders.

Provisions

Provisions are recognised in the balance sheet if the following conditions are satisfied:

- there is a legal or constructive obligation as a result of a past event, and
- it is likely that cash outflow will be required to settle the present obligation, and
- a reliable estimate of the amount of the obligation can be made.

When the effect of the time value of money is material, provisions are determined by calculating the present value of the forecast cash flows at a discount rate before tax.

Once the present value has been calculated, any increase in provisions as a result of the passing of time is presented as interest expense. The provision for decommissioning and restoration costs is designed to cover the estimated costs of decommissioning, dismantling and site recovery based on the current requirements, technology and cost estimates. The amount of this provision is based on information from the operator, and any changes in estimates will, after EBN has made its own assessment, result in a corresponding change in the capitalised decommissioning and restoration costs of the relevant property, plant and equipment. The provision for ground subsidence is designed to cover certain additional liabilities arising during the production phase.

The provision for costs as a result of earthquakes in the province of Groningen is based on information from the operator, public information and EBN's information and insights. This provision relates mainly to damage repair, architectural reinforcements of buildings, strengthening the infrastructure, compensation measures and decline in value. The assumptions used for the estimates for the provision are based on payments made in the past, experience, statistical information and calculation models, internal and external investigations and information from the operator.

Pensions

The pension obligations of EBN are established at the pension fund: Stichting Pensioenfonds ABP ('ABP').

In line with IFRS this arrangement can be classified as a defined-benefit arrangement. However, as the pension fund is not able to break down the share of EBN in a consistent and reliable manner in the underlying pension obligation, plan assets and cost of the scheme, the arrangement is classified as a defined contribution plan.

The pension premium payable is a percentage of the premium base. The premium base is the pensionable income minus a franchise. The premiums are determined by ABP in accordance with the relevant applicable regulations in the manner as described in the Actuarial and Operating Memorandum ("ABTN") and at a cost-covering level.

If ABP has a coverage ratio below 126%, then there is a shortage. In this case, ABP must prepare and submit a recovery plan to the supervisor (De Nederlandse Bank). This recovery plan must show that the financial position will improve within a maximum of 10 years with the coverage ratio back above 126%. Any adjustment of pension premiums (surcharge) as a result of this recovery plan is applied prospectively and within a certain bandwidth.

The coverage ratio of ABP as at 31 December 2020 was 93.2% (2019: 97.8%). The expected pension costs for 2020 are EUR 2 million.

Operating Segments

The Executive Board has been identified as the highest-ranking officer or Chief Operating Decision Maker (CODM), responsible for resource allocation and the assessment of Company performance. EBN does not apply the principles of IFRS 8 segmentation because the CODM bases its decisions on consolidated information.

Contingent assets and liabilities

Contingent assets and liabilities are not included in the balance sheet.

Sales

Revenues from oil and gas production generated from assets in which EBN participates with other producers are accounted for in proportion to EBN's relative interest in these assets.

For its 'own' contracts, the transportation of natural gas is seen as inextricably linked to the supply of gas, as a result of which both obligations are treated as one performance obligation. Subsequent price corrections and settlement of more / less delivery can be considered as a variable component. The transaction price includes transport costs (net) and the sales will be disclosed net. Delivery of natural gas is characterised by a transfer at specific moments; the revenues from the sale of gas are therefore recognised at the time of delivery.

Other income

Grants from the government are other income and are recognised at the fair value where there is a reasonable assurance that the grant will be received, and EBN will comply with all attached conditions. Government grants are recognised as other income and matched with the same period as the costs are made.

Financial income and costs

Financial income and costs are recognised based on the effective interest method. Finance costs also include interest accrued on provisions.

Valuation at fair value

EBN recognises a number of financial instruments (such as derivatives) on the balance sheet date at fair value. The fair values of the interest-bearing liabilities are explained in note 19 "Risk management". The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the most important market for the asset or liability; or, if there is none,
- in the most advantageous market for the asset or liability.

The fair value of an asset or liability is determined using the assumptions that market participants would assume when valuing the asset or liability, assuming that market participants act in their economic interest. The valuation of a non-financial asset at fair value takes into account the ability of an economic market participant to generate economic benefits by using the asset to the maximum and optimally or by selling it to another economic operator that would maximise and optimally utilise the asset.

EBN uses valuation techniques that are appropriate in the given circumstances and for which sufficient data is available to determine the fair value, and whereas many relevant observable inputs as possible and as few unobservable inputs as possible are used. All assets and liabilities for which the fair value is determined or stated in the financial statements are classified in the following fair value hierarchy, based on the input of the lowest level that is significant for the entire valuation:

- Level 1: The fair value is equal to quoted prices in an active market.
- Level 2: The fair value is based on parameters that can be observed directly or indirectly in the market.
- Level 3: The fair value is based on parameters that are not observable in the market.

For assets and liabilities that are recognised on a recurring basis in the financial statements at fair value, EBN determines at the end of each reporting period by reassessment whether there are any changes in the level classification of the hierarchy (based on the input from the lowest level that is significant for the entire valuation).

For the purpose of reporting fair values, EBN has determined categories of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the level in the fair value hierarchy as explained above.

Share of profit from associates

The share in the profit from associates is recognised as the share of the profit for the year under review corresponding with EBN's interest, after deduction of taxes.

Income tax expense

Income tax expense is determined according to the 'balance sheet method'. Income tax expense is specified in the consolidated statement of comprehensive income except if it relates to an item included in other comprehensive income.

Current income tax expenses are taxes that are expected to be payable on the taxable profit for the year, based on the tax rates applying on the balance sheet date, net of any adjustments for taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognised based on the expected tax consequences of temporary differences between the carrying amounts of assets and liabilities relating to the ground subsidence and restoration costs for financial reporting purposes and their tax bases. Deferred tax assets and liabilities are calculated on the basis of the tax rates that are applicable or materially enacted on the

balance sheet date, and in accordance with the tax regulations expected to apply when the specific deferred assets and liabilities are settled.

(1) General information

All amounts in these explanatory notes are in millions of euros unless otherwise stated.

Notes to the consolidated statement of comprehensive income

(2) Sales and other income

EBN's sales are generated by one main activity in its partnerships, i.e. the exploration and production of natural gas and oil. All sales are realised in the Netherlands. The assets in which EBN participates are also located in the Netherlands. Information on the main debtors can be found in note 13.

The 2020 sales from operations amounted to EUR 1,198 million. Compared to 2019, this is a decrease of EUR 996 million (-45%). This decrease in sales was caused by lower volumes sold (-30%) and lower prices (-15%).

The table below shows the split of sales and other income by activities:

in EUR mln

	2020	2019
sales: exploration of natural gas and oil	1,198	2,194
other income: government grants	22	12
total	**1,220**	**2,206**

The government grants mainly relate to the SCAN project, Porthos project and consist of contributions from the European Union (CEF and INTERREG) and the Ministry of Economic Affairs and Climate.

(3) Operational costs

in EUR mln

	2020	2019
G&G costs	8	12
write-downs (unsuccessful wells)	61	53
earthquake related costs	563	678
production, transport and other costs	529	521
total	**1,161**	**1,264**

Geological and geophysical (G&G) costs comprise the cost of geological, geochemical and geophysical surveys and studies (including seismic surveys).

The write-down of dry wells is mainly caused by the closure of the F17 Rembrandt and Vermeer project.

The earthquake-related costs relate to both actual costs and additions to the provision as a result of earthquakes in the province of Groningen. For further explanation, see note 15.

The production, transport and other costs also include the labour costs of the operators from the cooperation agreements or "Joint Operating Agreements".

The total own salary costs as included under operational costs are as follows:

in EUR mln

	2020	2019
gross salaries	12	11
social securities	1	1
pension costs	2	2
other costs	1	1
total	**16**	**15**

The average number of FTEs in 2020 is 115.5 (2019: 108.8), of which 78.1 FTEs work in the themes and 37.4 FTEs work in the support departments, all working in the Netherlands.

(4) Depreciation

in EUR mln

	2020	2019
depreciation of property, plant and equipment	558	586
total	**558**	**586**

Refer to note 9 for further details regarding the depreciation of property, plant and equipment.

(5) Financial income and expense

in EUR mln

	2020	2019
interest income on cash and cash equivalents	2	-
interest income on derivatives	9	15
revaluation income on derivatives	15	41
other financial income	3	4
total finance income	**29**	**60**
interest costs on cash and cash equivalents	- 9	- 7
interest costs on borrowings	- 9	- 15
interest costs on derivatives	- 10	- 19
exchange differences on other financial instruments	- 15	- 33
unwinding of discount provisions	- 17	- 28
other financial expense	-	- 4
total finance costs	**- 60**	**- 106**
net finance costs	**- 31**	**- 46**

The revaluation income on derivatives and the exchange rate differences on bond loans mainly concerns the revaluation results on the long-term loans and the directly related derivatives. In 2020, this relates on balance to a neutral result of EUR 0 (2019: EUR 5 million positive), of which EUR 15 million revaluation income on derivatives and EUR 15 million exchange differences on other financial instruments. This balance of the result on revaluations of loans and related derivatives is mainly due to developments in the CHF yield curves against the EUR. See note 16 for an explanation of the applicable interest rates.

(6) Share of profit from associates

in EUR mln

	2020	2019
GasTerra B.V.	14	14
NOGAT B.V.	17	13
NGT-Extensie	2	2
total	**33**	**29**

See note 10 for further details regarding the result of associates.

(7) Tax

in EUR mln

	2020	2019
current tax on profits for the year	- 89	86
current tax	**- 89**	**86**
effect deferred tax arising from carry forward tax losses	- 19	-
effect deferred tax arising from temporary differences	- 27	- 9
effect enacted change in tax rate	- 6	- 1
deferred tax	**- 52**	**- 10**
total	**- 141**	**76**

The effective tax rate for 2020 is 27.8% (2019: 22.9%). The higher effective tax rate in 2020 is the result of, among other things, the effect of the reversal of the adjustment of the reduction in the tax rate in 2021. In 2019, the deferred tax asset was valued based on a reduction in the tax rate to 21.7% in 2021. In 2020, the Dutch government has decided not to lower the tax rate in 2021, maintaining the 25% tax rate

	2020		2019	
	EUR mln	%	EUR mln	%
result before income tax	- 505		332	
taxation based on Dutch tax rate	- 127	25.0	83	25.0
participation exemption	- 8	- 1.6	- 6	- 1.8
effect tax rate change	- 6	- 1.2	- 1	- 0.3
total	**- 141**	**27.8**	**76**	**22.9**

The balance of deferred tax assets and tax liabilities increased by EUR 54 million as a result of the following changes:

in EUR mln

	property, plant and equipment	provisions	carry forward tax losses	total
balance at 1 January 2019	- 19	49	-	30
charged to the statement of comprehensive income	- 64	73	-	9
effect future tax rate change	8	- 7	-	1
balance at 31 December 2019	**- 75**	**115**	**-**	**40**
prior year adjustment	2	-	-	2
charged to the statement of comprehensive income	34	-7	19	46
effect future tax rate change	- 12	18		6
balance at 31 December 2020	**- 51**	**126**	**19**	**94**

Deferred tax assets and liabilities are defined as future tax assets and liabilities that arise, among other things, from temporary differences between the assets calculated on the basis of business principles and the assets on the basis of tax principles. The deferred tax asset relates to the tax valuation of the provisions and the deferred tax liability relates to the tax valuation of the tangible fixed assets. In addition, a deferred tax asset arises from the part of the tax loss that cannot be set off carry-back against last year's taxable profit.

The tax assets included under current assets of EUR 305 million (2019: 140 million) rose on the one hand due to the loss incurred in the 2020 financial year and due to the 2020 prepaid corporate income tax, which was based on the expected budgeted taxable profit.

(8) Net result

In 2020 a net result from continuing activities of EUR 364 million was negative. That is EUR 620 million lower than in 2019. The impact of COVID-19 in this is very limited.

Notes to the consolidated balance sheet

(9) Property, plant and equipment

in EUR mln

2020	production, transport, storage facilities and other	drilling	capitalisation of decommissioning and restoration costs	assets under construction	total
cost					
balance at 1 January	9,193	4,418	1,955	135	15,701
investments	83	79	-	-24	138
revision/adjustment decommissioning and restoration cost	-	-	23	-	23
sale, decommisioning and other changes	-29	-	4	-61	-86
balance at 31 December	**9,247**	**4,497**	**1,982**	**50**	**15,776**
depreciation and impairments					
balance at 1 January	8,161	3,725	1,335	-	13,221
depreciation	241	140	177	-	558
decommissioning	-29	-	6	-	-23
balance at 31 December	**8,373**	**3,865**	**1,518**	**-**	**13,756**
carrying amount at 31 December	**874**	**632**	**464**	**50**	**2,020**

in EUR mln

2019	production, transport, storage facilities and other	drilling	capitalisation of decommissioning and restoration costs	assets under construction	total
cost					
balance at 1 January	9,449	4,466	1,615	119	15,649
investments	96	62	-	69	227
revision/adjustment decommissioning and restoration cost	-	-	340	-	340
sale, decommisioning and other changes	- 352	- 110	-	- 53	- 515
balance at 31 December	**9,193**	**4,418**	**1,955**	**135**	**15,701**
depreciation and impairments					
balance at 1 January	8,204	3,652	1,241	-	13,097
depreciation	309	183	94	-	586
decommissioning	- 352	-110	-	-	- 462
balance at 31 December	**8,161**	**3,725**	**1,335**	**-**	**13,221**
carrying amount at 31 December	**1,032**	**693**	**620**	**135**	**2,480**

Investments in 2020 of EUR 138 million were 39% lower than in 2019 (EUR 227 million). Investments on land amounted to EUR 25 million (2019: EUR 33 million). Investments at sea amounted to EUR 113 million (2019: EUR 194 million). The right of use asset (IFRS 16) with a carrying amount of EUR 10 million (2019: EUR 7 million) is presented under the asset category production, transport, storage and other and relates to an office building and cars.

The increase in the activation of the estimated decommissioning and restoration costs of installations amounted to EUR 23 million in 2020 (2019: increase of EUR 340 million). For a further explanation, see note 15.

The cumulative purchase value of the assets that have already been fully depreciated, but are still in use, amounts to EUR 1,944 million (2019: EUR 861 million).

As a result of the unforeseen reduction in production, due to the decision of the Minister not to extract more gas from the Groningen field than necessary, EBN performed analyses to identify impairments for the related assets of the Groningen gas field, including the assets of the Norg gas storage. For the calculation of the recoverable amount, the future cash flows are estimated on the basis of the most recent budgets, price scenarios, expected economically viable reserves, available gas storage capacity, production profiles, the compensation for the changed deployment of Norg, expected operational and earthquake-related costs and the value of long-term contracts and the discount rate. No impairment was found on the basis of the analysis performed.

No triggering events have been identified for all other assets.

(10) Associates and other non-current assets

By associates EBN understands the stake of 40% in GasTerra, the 45% stake in NOGAT, the 12% stake in the NGT-Extension joint venture, the 33.3% stake in the Porthos development CV, the 40% stake in Warmtebron LEAN, the 30% stake in Geocombinatie Leeuwarden and the 30% stake in Geothermie Plukmade. The CCUS and the 3 geothermal participations are still in the start-up phase and are of limited size and have not been further specified.

Associates are accounted for on the basis of the equity method. The result is distributed annually.

in EUR mln

	GasTerra	NOGAT	NGT-Extensie	2020	GasTerra	NOGAT	NGT-Extensie	2019
balance at 1 January	86	13	6	105	86	13	7	106
profit share	14	17	2	33	14	13	2	29
dividend received	- 14	- 17	- 3	-34	- 14	- 13	- 3	- 30
balance at 31 December	**86**	**13**	**5**	**104**	**86**	**13**	**6**	**105**

The following table provides summary financial information on the associates GasTerra, NOGAT, NGT-Extensie on a 100% basis.

in EUR mln

		GasTerra	NOGAT	NGT-Extensie	2020	GasTerra	NOGAT	NGT-Extensie	2019
assets	current	1,242	44	-	1,286	1,325	38	-	1,363
	non-current	5	53	41	99	7	46	49	102
liabilities	current	1,001	42	-	1,043	1,083	31	-	1,114
	non-current	30	27	-	57	33	25	-	58
net investments (100%)		216	28	41	285	216	28	49	293
EBN's share in associates		40.0%	45.0%	12.0%		40.0%	45.0%	12.0%	
carrying amount of the share in associates		**86**	**13**	**5**	**104**	**86**	**13**	**6**	**105**

in EUR mln

	GasTerra	NOGAT	NGT-Extensie	2020	GasTerra	NOGAT	NGT-Extensie	2019
net sales	5,454	69	38	5,561	8,832	56	32	8,920
net profit (100%)	36	38	19	93	36	28	18	82
other comprehensive income (100%)	-	-	-	-	-	-	-	-
total comprehensive income	36	38	19	93	36	28	18	82
EBN's share in total comprehensive income	**14**	**17**	**2**	**33**	**14**	**13**	**2**	**29**

(11) Investments and cash and cash equivalents

Part of the liquidity is intended for future long-term obligations, such as repaying long-term loans, decommissioning the mining installations and meeting earthquake damage obligations. The average term of these obligations is usually longer than one year. As of January 1, 2020, investments in bonds with a remaining term of more than one year begun in order to optimally align them with the term of the long-term obligations.

in EUR mln

	2020	2019
investments (non-current assets)	853	-
investments (current assets)	1,666	2,609
cash and cash equivalents	600	760
balance at 31 december	**3,119**	**3,369**

In order to provide more insight into the extent to which cash, bank balances and short-term money market instruments are immediately available (within 3 months) as cash, the definition of cash has been further refined. As a result of this definition change, the comparative figures have been adjusted: the 2019 cash and cash equivalents as presented last year at EUR 3,369 million have been split into investments (current assets) for EUR 2,609 million (2019: 2,267 million) and cash and cash equivalents for EUR 760 million (2019: 493 million). Cash and cash equivalents are without restrictions available.

(12) Inventories

in EUR mln

	2020	2019
materials	23	23
condensate and oil	4	7
balance at 31 december	**27**	**30**

(13) Trade receivables and other current receivables

in EUR mln

	2020	2019
trade receivable related associate	58	63
other trade receivables	4	3
total trade receivables	**62**	**66**
other receivables and deferred items	111	144
balance at 31 December	**173**	**210**

Trade receivable from associates refers to GasTerra, in which EBN has a 40% stake.

The fair value of the trade receivables and other current receivables is approximately equal to the carrying value. The other receivables mainly consist of deferred income.

The table below shows the aging of the trade receivables (all in the Netherlands); for the oil and gas activities the percentage for doubtful debt (taking into account forward looking information) is 0%. At year-end 2020 there is no provision for doubtful debts

oil and gas	provision matrix	current	>30 days	31-60 days	>90 days
31 December 2020	expected loss rate	0%	0%	0%	0%
	gross carying amount- trade receivables (EUR mln)	62	-	-	-
	loss allowance (EUR mln)	-	-	-	-
31 December 2019	expected loss rate	0%	0%	0%	0%
	gross carying amount- trade receivables (EUR mln)	66	-	-	-
	loss allowance (EUR mln)	-	-	-	-

(14) Shareholder's equity

in EUR mln

	2020	2019
balance at 1 January	**775**	**279**
net result	-364	256
other comprehensive income	-1	-
total result for the period	**-365**	**256**
dividend prior year	-18	-
special profit levy	-	-210
capital contribution to the share premium	-	450
balance at 31 December	**392**	**775**

Share capital

The authorised, issued and paid-up share capital amounted to EUR 128 million in 2020 (2019: EUR 128 million) and consists of 284,750 shares (2019: 284,750 shares), each with a nominal value of EUR 450.

Retained earnings

Retained earnings consists of the balance of accumulated results that have not been distributed to the shareholder. On the basis of Article 20 part 2 of EBN's Articles of Association, the net profit of EBN (after reduction by the statutory reserves and the special profit levy to the Dutch State) is made freely available to the General Meeting. The retained earnings reserve (2019: EUR 197 million) is reduced to EUR -186 due to the EUR -18 million dividend payment prior year, the EUR -1 million unrealized result on investments and the 2020 net loss of EUR 364 million.

Capital contribution to the share premium

In 2019, EBN's shareholder, the Ministry of Economic Affairs, decided to make a capital contribution to the share premium reserve of EUR 450 million in order to strengthen the equity and solvency of the company.

The total result per share for 2020 amounts to EUR -1.278 per share (2019: EUR 899 per share).

(15) Provisions

The provisions increased by EUR 174 million in 2020. This is the balance of the following changes:

An amount of approximately EUR 362 million is current (2019: EUR 235 million).

in EUR mln

	decommissioning and restoration	subsidence	earthquakes	total
balance at 1 January 2019	**2,416**	**165**	**893**	**3,474**
additions	22	8	536	566
amount used during the year	-29	-3	-119	-151
unused amounts reversed	-	-	-7	-7
revision	318	-	-	318
unwinding discount	28	-	-	28
balance at 31 December 2019	**2,755**	**170**	**1,303**	**4,228**
additions	9	60	476	545
amounts used during the year	-29	-4	-240	-273
unused amounts reversed	-	-	-130	-130
revision	14	-	-	14
undwinding discount	17	-	-	17
balance at 31 December 2020	**2,766**	**226**	**1,409**	**4,401**

Provision decommissioning and restoration

The provision for decommissioning and restoration costs covers obligations with a term depending on the useful life of the fields. The provision for decommissioning and restoration costs is based on information from the operators at 31 December 2020 and own analyses and is determined by estimating the costs on the basis of the current price level, taking into account an inflation rate of 1.2% (2019: 1.6%), and discounted at a nominal interest rate of 0.04% (2019: 0.56%). The equivalent of the provision stated at the present value is recognised under property, plant and equipment and depreciated based on the UOP method and straight-line basis. Nominal interest is added to the provision at 0.6% (2019: 1.2%).

The revision in the provision for decommissioning and restoration is mainly caused by an adjustment of the discount rate and inflation (impact: EUR 36 million). Additionally, the estimated costs for decommissioning and removing installations have been updated resulting in an increase of the estimated costs and new insights regarding cut-off production dates.

Provision subsidence

The provision for ground subsidence also includes obligations with a duration depending on the lifespan of the gas fields. The Soil subsidence commission was established in 1984 as a result of an agreement between the province of

Groningen, the State and NAM with the aim of regulating the compensation for damage resulting from subsidence caused by gas extraction in the province of Groningen. The accelerated phasing out of the Groningen gas field results in an additional addition of EUR 60 million for this provision, which is formed in proportion to the Unit of Production method per field.

Provision earthquakes

The provision for costs as a result of earthquakes in the province of Groningen is based on information from the operator and public information. This provision relates to damage repair as a result of earthquakes related to production up to and including the balance sheet date (including the Remweg provision), structural reinforcements of buildings, reinforcement of the infrastructure, compensation measures and depreciation. The provision for costs as a result of earthquakes is expected to run until 2030.

The portion of the provision for damage claims is based on the number of outstanding claims as at 31 December 2020 as specified by the TCMG and an estimate of the expected claims based on e.g. historical information and internal models. The expected average pay-out amount is based on historical data. The provision for damage claims decreased due to payments for an amount of EUR 123 million. The provision for damage claims has been allocated for an amount of EUR 342 million for new damage claims and handling costs of the executive body.

The part of the provision for 'remweg'is based on the estimate of possible future claims related to the production up to and including 31 December 2020. An estimate is made of the delay ('remweg') between production and the earthquake and an estimate of the time required to submit a claim.

The part of the provision for strengthening is based on an estimate of the costs for the number of objects to be strengthened. Based on the 2018 Outline Agreement ('Akkoord op Hoofdlijnen'), the State has set up an independent body for the strengthening. Following the advice of the Mining Council (Mijnraad), the NCG presented an action plan (basis for the number of addresses).

The part of the provision for compensation measures, including depreciation and compensation for immaterial damage and loss of living enjoyment, is based on the expected number of households that are entitled to the compensation. The estimate of the expected compensation amount is based on internal and / or external information.

In view of the range of the various scenarios that could lead to a possible positive or negative effect on the amount to settle the obligations, EBN has assessed that the provision as included in the annual accounts is the most plausible and substantiated outcome based on the currently available information.

(16) Current and non-current borrowings

in EUR mln

	2020			2019		
	total	non-current part	current part	total	non-current part	current part
debenture loans	533	533	-	944	529	415
private loans	7	7	-	3	3	-
total borrowings	**540**	**540**	**-**	**947**	**532**	**415**
cash loans	-	-	-	-	-	-
collateral on derivatives	22	-	22	52	-	52
balance at 31 December	**562**	**540**	**22**	**999**	**532**	**467**

Collateral has not been provided for the loans taken out. The bond loan agreements contain clauses limiting the provision of collateral. EBN has a commercial paper program of EUR 2,000 million. This is unchanged from 2019. At year-end 2020, as at year-end 2019, no commercial paper was issued.

In 2019, a loan facility was agreed upon with the Ministry of Economic Affairs, for a maximum private loan of EUR 48 million. This loan facility is specifically intended for investments in geothermal energy projects. This loan facility can be withdrawn in instalments in the coming years. Drawdowns on this loan facility are transferred by EBN as capital contributions to the share premium reserve of EBN Aardwarmte B.V. A first instalment of EUR 3 million was withdrawn and received in 2019 and a second instalment of EUR 4 million was withdrawn and received in 2020. Collateral has not been provided for this facility and the relevant agreement does not include financial ratio covenants. The fixed interest rate is 0% per year. Redemption will take place in six annual instalments from 2027.

In 2020, a loan facility was agreed upon with the Ministry of Economic Affairs, for a maximum private loan of EUR 53.4 million. This loan facility is specifically intended for investments in the CCS project Porthos. This loan facility can be withdrawn in total in 2022. This withdrawal will then be paid by EBN as a capital contribution to the share premium reserve of EBN CCS B.V. Collateral has not been provided for this facility and the relevant agreement does not include financial ratio covenants. The fixed interest rate is 1.89% per year. Redemption will take place in twelve annual instalments from 2027.

The cash loans are deposits from GasTerra. These are based on a Deposit and Loan Facility Agreement that was concluded in 2014 together with Nederlandse Aardolie Maatschappij B.V. (NAM) entered into with GasTerra, which was last revised in March 2019. On the basis of this agreement, GasTerra can propose to EBN and NAM (as joint parties) to place a sum of money for a term of 3 days to 3 months as a term deposit with EBN and NAM. GasTerra can also submit a request for a loan to EBN and NAM (as joint parties) for the same term on the basis of this agreement.

The collateral on derivatives concerns money deposited by banks in the amount of the difference between the market value of the portfolio concerned and the limit amount agreed per bank. This collateral deposited is interest-bearing and is included in cash and cash equivalents and will not be used for commercial purposes. Agreements on the exchange of collateral are set out in Credit Support Annexes (CSAs) as an addendum to the International Swaps and Derivatives Association (ISDA) agreements with the relevant banks. CSAs have been agreed with all banks with which current derivatives have been concluded.

On August 18, 2015, a committed revolving credit facility was agreed with three banks (ING Bank, BNP Paribas and Rabobank) for an original period of 5 years. This facility offers EBN the possibility to make withdrawals up to EUR 400 million in credit for general businesses purposes. From the start this facility has not been used. The interest costs on any used part of the credit facility depends on the relevant Euribor rate that applies for the respective credit period, increased with a margin.

As compensation for the provision of this facility, an annual commitment fee on the outstanding and unused part of the facility is payable to the banks. No collateral is provided to the banks for this facility, and no financial ratio covenants are included. Clauses are recorded in the respective agreement that restrict the provision of security. In both 2016 and 2017, an option was used for renewal and the facility was extended by twice a year, until August 2022. There are no further extension options.

The non-current borrowings, including those with a maturity within 1 year, are composed as follows:

in EUR mln

					2020	2019
CHF	325 mln	2.125%	debenture loan	2010/2020	-	300
CHF	125 mln	2.125%	debenture loan	2010/2020	-	115
CHF	150 mln	1.625%	debenture loan	2011/2023	139	138
CHF	125 mln	1.125%	debenture loan	2012/2024	116	115
CHF	175 mln	0.500%	debenture loan	2014/2022	162	161
CHF	125 mln	0.875%	debenture loan	2014/2026	116	115
EUR	48 mln	0.000%	private loan	2019/2032	7	3
balance at 31 December					**540**	**947**

The difference in the amounts of outstanding non-current borrowings at year-end 2020 compared to year-end 2019 relates to exchange differences, which are included in the profit and loss account, as exchange differences on other financial instruments under financial income and expenses (see note 5). For an overview of the estimated fair value, see note 19.

By contracting derivatives for these borrowings, the currency and interest rate risk is hedged by means of an economic hedge. The average interest rate of all non-current borrowings outstanding at year-end, including the effects of the cross currency interest rate swaps, is 1.33% (2019: 2.18%).

With the exception of the cross currency interest rate swaps related to the CHF 2014/2022 and CHF 2014/2026 loans, the interest type of the cross currency interest rate swaps is fixed. At year-end 2020, 52% (year-end 2019: 29%) of the loans had a variable interest rate after hedging by means of cross currency interest rate swaps.

The following table provides an overview of the private and listed bond loans drawn down by maturity date.

in EUR mln

	2020	2019
within 1 year	-	415
within 1 to 2 years	162	-
within 2 to 3 years	139	161
within 3 to 4 years	116	138
within 4 to 5 years	-	115
after 5 years	123	118
balance at 31 December	**540**	**947**

Of the total of these borrowings, 44% has a remaining term of more than 3 years. Loans due within 1 year are included under current liabilities.

(17) Other non-current liabilities

Other long-term debt concerns, on the one hand, the long-term lease obligation for the 'right of use asset' (IFRS 16) for an amount of EUR 10 million (2019: EUR 7 million) and, on the other hand, the reservation for the payments for the National Program Groningen following the agreement between the State and NAM and is included under non-current liabilities for EUR 80 million (2019: EUR 110 million). EUR 30 million is recognized under current liabilities (2019: EUR 30 million).

(18) Trade payables and other current liabilities

Trade payables of EUR 123 million (2019: EUR 70 million) are joint interest billings from operators for the month of December

The other current liabilities consist of:

in EUR mln

	2020	2019
payments to the State	-	110
interest payments due	5	17
other liabilities	332	211
balance at 31 December	**337**	**338**

Under the debt to the State, an amount of EUR 90 million received in advance in 2019 relating to the payment from the interim agreement on the additional deployment of Norg for the accelerated phasing out of the Groningen field is included, as well as the special profit distribution of EUR to be paid for 2019 20 million. Due to the loss, no special profit levy was made in 2020.

The other liabilities include short-term debt of EUR 30 million relating to the National Program Groningen, EUR 38 million of government grants received in advance and EUR 221 million of operator accruals.

Policy to control financial risks

(19) Risk management

General information

The main financial risks for EBN are liquidity and (re-) financing risk, credit risk, interest rate risk, currency risk and market price risk. EBN's financial policy focuses on limiting the effects of currency and interest rate fluctuations on assets and liabilities. EBN uses financial derivatives to manage interest and currency risks, specifically those relating to the funding of its operations. The company does not take any speculative positions using financial derivatives.

Liquidity and (re)financing risk

Liquidity and (re)financing risk is the risk that EBN does not have, or cannot raise, sufficient financial resources to meet its financial obligations. The objective for EBN is that it will, under normal circumstances at all times, have at its disposal the required cash for operational processes.

The selection of the (duration of) cash management and financial instruments ensures that at all times sufficient immediately retrievable liquidity is present or can be made available to meet financial obligations.

High trust in EBN by the capital and money markets, and financial institutions, is crucial for optimal funding. Important tools are:

- optimal management of all financial stakeholders, and
- maintaining EBN's high level of creditworthiness in the long and short term, among others by a focused credit rating and dividend policy, and
- continuously monitoring and controlling financial credit ratios.

EBN has a commercial paper programme of EUR 2,000 million. EBN also has a committed revolving credit facility at reputable and creditworthy banks in the amount of EUR 400 million. For further information, please see note 16. This enables quick and sufficient short-term funding where necessary. In determining the duration of new non-current borrowings an endeavour is made to prevent the concentration of redemptions in a certain future year and so to spread the maturity profile.

The EBN target for solvency is in line with the 'standard solvency requirement' of the Dutch government at 30%. In 2020, due to the loss in the financial year, reserves were reduced by EUR 366 million and solvency fell from 12% to 7%. EBN does not foresee a further decrease in solvency in subsequent financial years.

The following table shows the expected annual contract-based cash flows from the repayments and interest payable on the borrowings and the associated derivatives:

in EUR mln

			2020		2020
	Borrowings	Net interest loans & derivates	Payment at	Cash flow	Total
within 1 year	22	-6	-22	-	-28
within 1 to 2 years	162	-6	-162	17	-151
within 2 to 3 years	139	-7	-139	14	-132
within 3 to 4 years	116	-2	-116	12	-106
within 4 to 5 years	-	-	-	-	-
after 5 years	123	-	-123	12	-111
total	**562**	**-21**	**-562**	**55**	**-528**

in EUR mln

			2019		2019
	Borrowings	Net interest loans & derivates	Payment at	Cash flow	Total
within 1 year	467	-17	-467	98	-386
within 1 to 2 years	-	-6	-	-	-6
within 2 to 3 years	161	-6	-161	17	-150
within 3 to 4 years	138	-7	-138	14	-131
within 4 to 5 years	115	-2	-115	12	-107
after 5 years	118	-	-118	12	-106
total	**999**	**-38**	**-999**	**153**	**-886**

In addition to the above cash flows from borrowings and related derivatives there are cash flows from trade creditors and other current liabilities. These expire within one year.

Credit risk on financial instruments

Credit risk is the risk for EBN that a counterparty does not fulfil its contractual financial obligations. As a result of cash management transactions credit risk at counterparties occurs. This can relate to bank balances, deposits, bonds (including commercial paper), money market funds and derivatives. As a result of the high liquidity position and market values of derivatives too much of a concentration of funds at a too limited number of parties would mean a significant financial risk for EBN. The policy is therefore focused on reducing counterparty risk by only doing business with parties with a high credit rating to a level deemed acceptable in relation to the creditworthiness of the relevant counterparty.

The allowed limits per counterparty that apply to the total of balances on bank accounts, deposits and (short-term) bonds (including commercial paper) plus the market value of derivatives minus associated collateral, depend on the credit rating of the counterparty. To be able to place funds in these instruments at least a P-1, A-1 and F1 short term rating from Moody's, Standard and Poor's and Fitch respectively and a minimum long-term rating of A2 from Moody's and A from Standard & Poor's and Fitch applies. In addition, there is the possibility, under additional conditions, to place funds at fully public companies that have a long-term and short-term credit rating that is one level lower than the level shown above.

Money market funds have a minimum credit rating of AAA from Moody's and AAA from Standard & Poor's and Fitch and EBN's participation per money market fund is a maximum of 5% of the relevant fund. If derivative transactions are carried out in the context of long-term financing, this will only be done with counterparties that have at least an A2, A or A long-term rating from Moody's, Standard & Poors and Fitch respectively and with which EBN has an 'International Swaps and Derivatives Association' (ISDA) agreement. New long-term derivatives are concluded with a Credit Support Annex (CSA). This is an agreement in which it is agreed with the counterparty to deposit collateral if a derivatives position has a substantial value, in order to reduce the counterparty risk.

As in 2019, no credit losses on financial instruments occurred in 2020.

With regard to all cross currency interest rate swaps with a nominal value of EUR 477 million (CHF 575 million) outstanding as at December 31, 2020, CSAs have been agreed with the relevant counterparties. For this reason, on balance EUR 22 million in collateral had been placed by banks with EBN at year-end 2020 (year-end 2019: EUR 52 million). The collateral on derivatives concerns funds deposited by banks in the amount of the difference between the market value of the relevant portfolio and the limit amount agreed in the CSA. Most of this collateral is interest-bearing and is included in cash and cash equivalents and will not be used for commercial purposes. The corresponding liability is included under current liabilities as part of borrowings. The maximum credit risk on the outstanding derivatives at year-end 2020 is EUR 35 million (consisting of EUR 57 million market value of derivatives minus EUR 22 million collateral).

In the valuation of the derivatives, account is taken of the credit risk on counterparties in the event of a positive market value and the credit risk for the banks on EBN in the event of a negative market value. In case of a positive or negative market value of the total of derivatives per counterparty (IFRS 13.48 portfolio exception), a Credit Valuation Adjustment (CVA) or a Debit Valuation Adjustment (DVA) is included in the valuation. These adjustments are based on Credit Default Swap (CDS) spreads related to the weighted average remaining term of the portfolio and the market value of the derivatives per counterparty. On balance, the valuation of the derivatives at year-end 2020 was reduced by EUR 0.4 million for this purpose (the decrease in 2019 was: EUR 0.6 million).

Credit risk on receivables

The credit risk on receivables from sales is low. EBN mainly sells to highly creditworthy counterparties. 38% of the receivables are from GasTerra (long-term credit rating Standard & Poor's AA +) and 59% of the receivables are from NAM (Joint Venture Shell and ExxonMobil). In 2019 this was 33% and 66% respectively. EBN periodically monitors the creditworthiness of all customers and applies credit limits per customer.

Interest rate risk

The interest rate risk is the risk of financial results or changes in the balance sheet due to fluctuations in market interest rates. EBN's interest rate risk policy is aimed at limiting interest rate risks associated with the financing of the company and at the same time achieving minimal net interest charges. In accordance with internal guidelines, a maximum of 60% of long-term loans and financial derivatives is held as variable interest. At year-end 2020, 52% (2019: 29%) of the loans had a variable interest rate after hedging.

The table beside shows the interest rate sensitivity of the financial instruments on shareholders' equity and the result. The analysis of the sensitivity of borrowings and related financial derivatives to interest rate movements assumes an immediate 1% point change in interest rates compared to the level on 31 December 2020. All other vari-

in EUR mln

2020	carrying amount	fair value	effect of the change in interest rate +1%	effect of the change in interest rate -1%
cash and cash equivalents	600	600	-	-
investments (current assets)	1,666	1,666	-	-
receivables	173	173	-	-
investments (non-current assets)	853	853	-	-
current borrowings	-22	-22	-	-
other current and non-current liabilities	-544	-544	-	-
non-current borrowings	-540	-565	-	-
cross currency swaps positive used for non-current borrowings	57	57	-10	10
total	**2,243**	**2,218**	**-10**	**10**

in EUR mln

2019	carrying amount	fair value	effect of the change in interest rate +1%	effect of the change in interest rate -1%
cash and cash equivalents	760	760	-	-
investments (current assets)	2,609	2,609	-	-
receivables	210	210	-	-
current borrowings	-467	-471	-	-
other current and non-current liabilities	-525	-525	-	-
non-current borrowings	-532	-560	-	-
cross currency swaps positive used for non-current borrowings	55	55	-13	13
cross currency swaps positive used for current borrowings	98	98	-	-
total	**2,208**	**2,176**	**-13**	**13**

ables are kept constant. A decrease in interest rates by 1 percentage point would result in an estimated decrease in net finance costs of EUR 10 million based on the portfolio of financial instruments as at December 31, 2020. An increase in interest rates by 1 percentage point would result in an estimated increase in net finance costs of EUR 10 million. These effects will mainly arise because the change in the market value of the derivatives caused by an interest rate change is directly recognized in the result.

Currency risk

The currency risk is the risk of financial results or changes in the balance sheet due to fluctuations in a currency exchange rate on the currency market. EBN's objective is to eliminate or reduce these fluctuations.

The tools for foreign currency management include spot currency transactions, forward currency transactions as well as currency swaps. EBN fully hedges currency risks arising from sales and purchases when the trade receivables or trade obligations arise. Expected transactions that have not yet taken place are not hedged. If investments or financing are made in a foreign currency, the currency risk is fully hedged immediately after the moment of the investment or financing transaction. With financing in foreign currencies, the currency risk is fully hedged in terms of both principal and all future interest obligations.

Currency risks on short-term loans in foreign currencies are hedged with forward exchange contracts. At yearend 2020, there were no ongoing foreign exchange forward contracts related to foreign currency issued short-term loans (year-end 2019: nil).

Currency risks on long-term loans in foreign currencies are hedged with cross currency interest rate swaps (see note 19).

The table below shows the sensitivity of the financial instruments to exchange rate changes on shareholders' equity and the result. This assumes a 10% change in all exchange rates versus the euro based on the rates as at 31 December 2020, with all other variables held constant. A change of +10% means that the foreign currency becomes stronger versus the euro. A change of -10% means a weakening of the foreign currency versus the euro.

in EUR mln

2020	carrying amount	fair value	effect movement in exchange rate +10%	effect movement in exchange rate +10%
cash and cash equivalents	600	600	-	-
investments (current assets)	1,666	1,666	-	-
receivables	173	173	-	-
investments (non-current assets)	853	853	-	-
current borrowings	-22	-22	-	-
other current and non-current liabilities	-544	-544	-	-
non-current borrowings	-540	-565	-63	51
cross currency swaps positive used for non-current borrowings	57	57	63	-51
total	**2,243**	**2,218**	**-**	**-**

in EUR mln

2019	carrying amount	fair value	effect movement in exchange rate +10%	effect movement in exchange rate +10%
cash and cash equivalents	760	760	-	-
investments (current assets)	2,609	2,609	-	-
receivables	210	210	-	-
current borrowings	-467	-471	-47	39
other current and non-current liabilities	-525	-525	-	-
non-current borrowings	-532	-560	-63	51
cross currency swaps positive used for non-current borrowings	55	55	63	-51
cross currency swaps positive used for current borrowings	98	98	47	-39
total	**2,208**	**2,176**	**-**	**-**

Fair value of financial instruments

Derivatives that serve to hedge long-term instruments (and are therefore also long-term) classified under fixed assets or long-term liabilities.

The table beside provides an overview of the carrying amount and estimated fair value of financial instruments.

The fair values of listed long-term loans are based on published prices (level 1 according to IFRS). The other fair values are calculated on the basis of available market information, including interest and price levels (level 2 according to IFRS). All financial assets and liabilities at fair value through profit or loss are classified according to level 2. These valuation techniques are assessed annually. The valuation techniques have not been adjusted in 2020.

in EUR mln

	31 December 2020		31 December 2019	
	carrying amount	fair value	carrying amount	fair value
assets				
investments	2,519	2,519	2,609	2,609
current receivables	173	173	210	210
non-current financial derivatives	57	57	55	55
current financial derivatives	-	-	98	98
cash and cash equivalents	600	600	760	760
liabilities				
non-current debenture loans	533	558	529	560
other non-current borrowings	7	7	3	3
current debenture loans	-	-	415	419
other current borrowings	22	22	52	52
other current and non-current liabilities	544	544	524	524

The fair value of the long-term loans amounts to EUR 558 million as at December 31, 2020 (2019: EUR 560 million). The valuation is in accordance with level 1 (as in 2019). The carrying amount of the aforementioned long-term loans is EUR 533 million (2019: EUR 529 million). Long-term loans in foreign currencies are included at mid-market rates as published by Reuters. The associated derivatives are included at market value. As a result, fluctuations in market interest rates of the different currencies against each other may create temporary unrealized results in the income statement.

Short-term receivables, cash and cash equivalents and current liabilities are stated at amortized cost. Given the short term of these instruments, the amortized cost approximates the fair value.

The table below provides an overview of the book value of financial derivatives, broken down by type and purpose:

in EUR mln

financial derivatives in relation to borrowings	assets	liabilities	total
cross currency interest rate swaps	57	-	57
forward currency contracts	-	-	-
balance at 31 December 2020	**57**	**-**	**57**
cross currency interest rate swaps	153	-	153
forward currency contracts	-	-	-
balance at 31 December 2019	**153**	**-**	**153**

Market price risk

EBN's has a no hedging policy regarding the risk of fluctuations in oil and gas prices on the oil or gas markets. These market price fluctuations can have a significant impact on EBN's results. However, since these risks arise directly from EBN's core activities, this risk is not hedged.

Other notes

(20) Contingencies

As indicated in the principles for valuation and profit determination, EBN participates in a multitude of joint ventures. The basis of these partnerships is laid down in cooperation agreements or Joint Operating Agreements from which multi-year financial rights and obligations arise. The investment obligations at year-end 2020 amount to EUR 229 million (2019: EUR 445 million), with these obligations being largely due and payable within 1 year.

Furthermore, EBN's (in) direct share in the proven and probable gas reserves of fields in which EBN participates amounts to 38 billion Nm^3 GE as at 31 December 2020 (2019: 61 billion Nm^3 GE).

As is customary in the industry, through the associate GasTerra, among others, continuous renegotiations are taking place about the pricing of sales contracts. The results of this can have a significant positive or negative influence on EBN's future results. It is not possible to reliably estimate the outcome of these renegotiations or related arbitration proceedings.

As a result of the earthquakes in Groningen caused by gas production, future obligations arose. These obligations mainly relate to damage repair, preventive reinforcement of buildings and infrastructure, compensation measures to increase safety and the liveability of the earthquake area.

A provision has been included for damage claims, a number of structural strengthening to buildings and infrastructure, compensation measures, loss of value and compensation for immaterial damage and loss of a resident (see note 15). The costs involved in the structural strengthening of buildings and compensation measures cannot always be reliably estimated, as a result a provision is only included when concrete agreements are under negotiation or in the case of ongoing legal proceedings of which the chance that EBN will payment of earthquake costs is greater than 50%. The total amount of the costs could therefore be higher. EBN will contribute 40% to these costs by virtue of its participation in the Groningen license.

(21) Notes on the statement of cash flow

In the preparation of the cash flow statement the indirect method was applied with a comparison of opening balance sheet and closing balance sheet. Movements not resulting in an inflow or outflow of cash were subsequently eliminated. Information on movements in the statement of cash flows can largely be derived from the statements of movements in the relevant balance sheet items.

Explanation of the change in property, plant and equipment (excluding investments):

in EUR mln

	note	2020	2019	Delta
balance sheet decrease / (increase)				
property, plant and equipment	9	2,020	2,480	460
excluding investments	9			138
total				**598**

Explanation of the change in cash flows from the liabilities (excluding loans and debt to the State):

in EUR mln

	note	2020	2019	Delta
balance sheet (decrease) / increase				
other non-current borrowings	17	89	117	- 28
trade payables	18	118	70	48
other short-term loans	18	337	338	- 1
total				**19**
excluding non-cash items				
right of use liability		- 10	- 7	- 3
special levy payment	19	-	- 20	20
total				**17**
total				**36**

Explanation of unrealised financial income and expenses:

in EUR mln

	non-current	current	cash and cash equivalents, investments and derivatives	total
net debt				
1 January 2019	911	380	-2,887	-1,596
cash flows	-	-	-594	-594
other changes	-379	87	-41	-333
net debt at 31 December 2019	**532**	**467**	**-3,522**	**-2,523**
cash flows	4	- 434	270	-160
other changes		- 11	76	69
net debt at 31 December 2020	**540**	**22**	**-3,176**	**-2,614**

in EUR mln

	note	2020	2019
revaluation income on derivatives	5	15	41
exchange differences on other financial instruments	5	- 15	- 33
other financial income and expense		21	15
total		**21**	**23**

(22) Related parties

GasTerra and EBN are related parties. EBN has 58 active (2019: 56) gas sales contracts with GasTerra. Of the sales of EUR 1,198 million, EUR 386 million was realized through GasTerra (2019: EUR 651). The receivables in 2020 include an amount of EUR 58 million (2019: EUR 63 million) for supplies to GasTerra.

Together with the Nederlandse Aardolie Maatschappij B.V. (NAM) EBN entered into a Deposit and Loan Facility Agreement with GasTerra. Under this agreement, GasTerra can propose to EBN and NAM (as joint parties) placing a sum of money for a term of 3 days to 3 months as a fixed term deposit with EBN and NAM. GasTerra can also request a loan to EBN and NAM (as joint parties) for a similar term under this agreement. For further information, reference is made to note 16.

The State as a shareholder is classified as a related party. The levies, corporation tax and distributions of the result after tax are remitted to the State. Reference is made to notes 7 and 14 in the financial statements. In addition, EBN received a loan in accordance with market conditions from its shareholder (see note 16).

NOGAT and NGT-Extensie, as associates, can be classified as related parties. EBN pays transport costs to NOGAT and NGT-Extensie within the framework of its joint operations. This takes place in normal business operations and in accordance with market conditions.

Geothermie Plukmade, Geocombinatie Leeuwarden, Heat source LEAN and Porthos development, companies in start-up phase, are also related parties.

(23) Key management

The total charge for remuneration, pensions and other salary costs of the key management (3 members of the executive team, of which 1 is a statutory director (the CEO) and 5 Supervisory Board members) amounted to EUR 0.9 million as at 31 December 2020 (2019: EUR 1.0 million). The periodic benefits for as included in the table above include compensation for the capping of the pension accrual.

The total salary costs of the management team members can be specified as follows:

In EUR

	2020	2019
regular remunerations	760,229	858,671
pensions	58,741	50,430
total	**818,969**	**909,101**

The gross remuneration of the supervisory directors (excluding VAT) can be specified as follows:

In EUR

	2020	2019
Ms S.A.M. Dijksma (starting 5 April 2020 until 15 December 2020)	13,947	-
Mr J.G. Huijskes	24,500	24,500
Ms E.M. Kneppers-Heijnert	20,000	20,000
Mr D.M. Samsom (starting 22 March 2018 until 31 October 2019)	-	16,667
Mr W.S. de Vries	20,000	20,000
Mr J.W. Weck	20,000	20,000
total	**98,447**	**101,167**

The following change took place in 2020. Ms. Dijksma was appointed as a member of the Supervisory Board of EBN on 5 April 2020 and stepped down on 15 December 2020 due to her appointment as Mayor of Utrecht on 17 December 2020.

In addition to their gross remuneration, each member of the Supervisory Board receives an expense allowance of EUR 2,400 per year.

(24) Events after the balance sheet date

No events after balance sheet date have taken place.

Utrecht, 8 March 2021

CEO
Mr J.W. van Hoogstraten

Supervisory Board
Mr J.G. Huijskes
Ms E.M. Kneppers-Heijnert
Mr W.S. de Vries
Mr J.W. Weck

Company statement of comprehensive income

in EUR mln

	2020	2019
share of profit from associates, after tax	61	36
other results, after tax	- 425	220
result for the period	**- 364**	**256**
other comprehensive income	- 1	-
total comprehensive income for the period	**- 365**	**256**

Company balance sheet (before profit appropriation)

in EUR mln

ASSETS	note	31-12-2020	31-12-2019
non-current assets			
property, plant and equipment	9	1,901	2,355
associates and other non-current assets	A	339	284
investments	11	853	-
deferred tax asset	7	94	40
		3,187	**2,679**
current assets			
investments	11	1,666	2,609
inventories	12	26	29
trade receivables and other current receivables	13	167	215
tax receivables	7	305	140
derivatives	19	-	98
cash and cash equivalents	11	462	667
		2,626	**3,758**
total		**5,813**	**6,437**

LIABILITIES	note	31-12-2020	31-12-2019
shareholder's equity	B		
share capital		128	128
share premium		450	450
retained earnings		-186	197
		392	**775**
provisions			
provisions	15	4,341	4,167
		4,341	**4,167**
non-current liabilities			
borrowings	16	540	532
other non-current liabilities	17	89	117
		629	**649**
current liabilities			
borrowings	16	22	467
trade payables	18	123	70
other payables	18	306	309
		451	**846**
total		**5,813**	**6,437**

Notes to the company financial statements

General information

EBN's separate financial statements are prepared in accordance with the principles for financial reporting generally accepted in the Netherlands and the legal stipulations regarding the financial statements as defined in Part 9, Book 2 of the Dutch Civil Code. The company income statement is presented in accordance with the exemption of Section 402, Title 9, Book 2 of the Dutch Civil Code.

For the determination of the basis for the valuation of assets and liabilities and determination of results of the separate financial statements the option provided for in Section 2:362(8) of the Dutch Civil Code is used. The principles for the valuation of assets and liabilities and determining the result of the separate financial statements are therefore the same as those used in the consolidated financial statements. Participations where any significant influence is exerted on the commercial and financial policy are valued based on the net asset value.

The consolidated financial statements are prepared in compliance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

For a description of the principles applied, please refer to pages 100 to 113.

A) Associates and other non-current assets

Associates and other non-current assets comprise derivatives of EUR 57 million (for details of derivatives please see note 19) and the following items:

in EUR mln

	group company	associates	loans	receivables	2020 total
balance at 1 January	105	86	38	-	229
changes	-	-	-8	-	-8
profit share	61	14	-	-	75
dividend paid	-	-14	-	-	-14
balance at 31 December	**166**	**86**	**30**	**-**	**282**

in EUR mln

	group company	associates	loans	receivables	2019 total
balance at 1 January	69	86	89	4	248
changes	-	-	-51	-4	-55
profit share	36	14	-	-	50
dividend paid	-	-14	-	-	-14
balance at 31 December	**105**	**86**	**38**	**-**	**229**

Reference is made to note 10 for more details.

In 2020 the group company EBN CCS B.V. established with registered office in Utrecht. All shares are held by EBN B.V.

Loans relates to a loan granted to EBN Capital B.V. for the investments in the Bergermeer underground gas storage. This loan facility has a maximum of EUR 200 million and a duration from 1 January 2013 to 31 December 2041. Collateral has not been granted. The interest percentage is calculated annually based on the 12-month Euribor and an additional fee of 250 basic points.

B) Shareholder's equity

The result after tax over 2020, after deduction of the interim special profit levy, is included in the item retained earnings of shareholder's equity. For a further explanation of shareholder's equity we refer to note 14 of the consolidated financial statements.

Profit distribution proposal

No net profit was realized in 2020. The net loss for 2020 is charged to shareholders' equity.

Other notes

The non-current assets in the separate balance sheet include the valuation of the 100% participation EBN Capital B.V., which is consolidated in the consolidated financial statements. The differences in the other items between the consolidated and separate financial statements mainly concern the balance sheet positions of EBN Capital. The primary balance sheet positions within EBN Capital are property, plant and equipment (EUR 120 million) and the provision for decommissioning and restoration costs (EUR 60 million).

Given the minimal differences between the other balance sheet items included in the consolidated financial statements and the separate financial statements for further information, please refer to the explanatory notes to the consolidated financial statements. These are set out on page 100 to 138.

Security

EBN has issued a liability statement for EBN Capital B.V. and Aardwarmte B.V. in compliance with Section 2:403 of the Dutch Civil Code.

Fiscal unity

EBN forms a fiscal unity with EBN Capital B.V., EBN Aardwarmte B.V. and EBN CCS B.V. for corporate income tax and value added tax. EBN and its subsidiaries together are jointly and severally responsible for the taxes payable by the fiscal unity. In the financial statements of the subsidiaries the tax charges are calculated based on the commercial result. EBN B.V. settles this tax charges with EBN Capital B.V., EBN Aardwarmte B.V. and EBN CCS B.V. via the current account.

Events after the balance sheet date

For more information, please refer to note 24 of these financial statements.

Fees paid to external auditors

The cost of external auditors, PricewaterhouseCoopers Accountants N.V., for 2020 were EUR 335,000 for statutory audit services (2019: EUR 354,000) and EUR 405,000 for other audit services (2019: EUR 345,000). There are no tax services and no audit services provided by PricewaterhouseCoopers Accountants N.V.

Directors' remuneration

The remuneration of the CEO of the company is as follows:

In EUR

J.W. van Hoogstraten	2020	2019
regular remuneration	281,517	268,448
variable remuneration	31,734	46,433
pension	19,580	19,146
total	**332,831**	**334,027**

The benefits as included in the table above include compensation for the capping of the pension accrual.

In 2020 the remuneration to the supervisory directors amounted to EUR 98.447 (2019: EUR 101,167). See note 23 for further details on the remuneration of the individual supervisory board members.

Utrecht, 8 March 2021

CEO
Mr J.W. van Hoogstraten

Supervisory Board
Mr J.G. Huijskes
Ms E.M. Kneppers-Heijnert
Mr W.S. de Vries
Mr J.W. Weck

Other information

Profit appropriation

The profit appropriation takes place in accordance with the provisions laid down in Section 20(2) of the Articles of Association of the Company and in accordance with current agreements with the shareholder.

From barrel hunting to well hunting.

In discussion with Carolien Gehrels, Arcadis/chair of Industrietafel Energieakkoord, on connecting today with tomorrow.

Read more:
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With a different mindset and creative thinking, we are not only able to make a difference today, but most certainly tomorrow.

9. Independent auditor's report

This assurance report is an unofficial translation of the original assurance report accompanying the original annual report 2020, both stated in Dutch. In case of any conflict between this translation and the original assurance report, the latter will prevail. The original assurance report can be found on the website of EBN B.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of EBN B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of EBN B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of EBN B.V., Utrecht. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet (before profit appropriation) as at 31 December 2020;
- the following statements for 2020: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet (before profit appropriation) as at 31 December 2020;
- the company statement of comprehensive income for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of EBN B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

As stated in the annual report EBN B.V. is a company that invests in the exploration, extraction and storage of gas and oil on behalf of the Dutch State. EBN is a partner in participation with various oil and gas companies. EBN's share in these *joint arrangements* is generally 40%, in some cases 50%, and comprises *non-operates ventures* (NOV's). As partner EBN is involved in projects in which they invest, however the operator is responsible for the day to day operations. EBN's core activities are investing in and managing NOV's and the development and application of knowledge for these NOV's. EBN also has holdings in infrastructure: offshore pipeline systems and gas storage, as well as a 40% interest in Gasterra B.V. Via this gas wholesaler the gas production of EBN is sold.

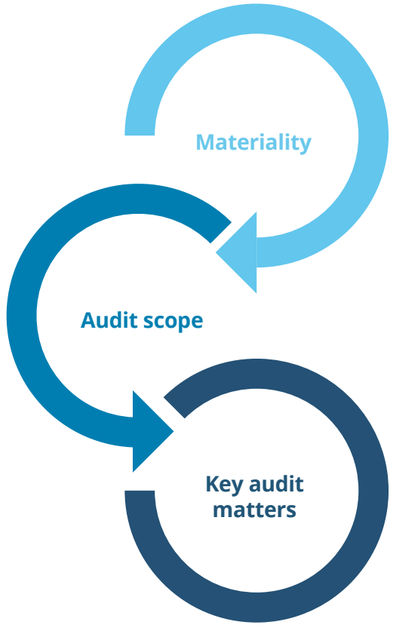
EBN is dependent on the development of oil- and gas prices, as a result of which volatility in the annual results can occur. In addition, the results are impacted by (reversals of) impairments of property, plant and equipment and earthquake related expenses. At the same time the volume and scale of the operations are mainly determined by the number of participations and finance activities. This is reflected in the company's financial performance in its total fixed assets. These aspects have influenced the determination of our materiality as described in the section 'Materiality' of this audit opinion. The financial statement line items related to property, plant and equipment and earthquake related expenses that cause volatility of the results have been subject to specific focus in our audit, reference is made to the section 'Key audit matters' of this audit opinion.

The group comprises of four components, EBN B.V. and EBN Capital B.V., EBN CCS B.V. and EBN Aardwarmte B.V. Our group audit scope is set out in the scope of our group audit section.
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 'key accounting estimates and judgements' of the financial statements the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty in the impairment assessment of assets and the determination of the provision for decommissioning and restoration and costs as a result of earthquakes we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Boards that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a company operating in the energy industry with non-operated venture interests. We therefore included specialists in the areas of the oil & gas industry, treasury, IT and taxation in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €29,475,000 based on 0.5% of total assets.

Audit scope
- We have performed audit procedures on both EBN B.V. and EBN Capital B.V. This resulted in the fact that two out of four components were audited. The activities of EBN CCS B.V. and EBN Aardwarmte B.V. are not deemed material.

Key audit matters
- Valuation of property, plant and equipment and the underlying triggering event analysis include significant management estimates
- Determination of the provision for decommissioning and restoration and costs as a result of earthquakes include significant management estimates

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	**€29,475,000 (2019: €42,000,000)**
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.5% of total assets.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis we believe that a benchmark based on a three-year average profit before tax adjusted for items with an incidental character, as applied in previous years, is no longer appropriate to the current situation of EBN. EBN was confronted in 2020 with external factors as fluctuating oil- and gas prices and the decision to further close in the Groningen gas field. This resulted in a negative turnaround of the results and the results booked in previous years included in the average of this benchmark are no longer representative. At the same time, we see an increase of new activities in EBN's business operations as evidenced by the expansion of the organizational structure, and by the increase of the number of joint ventures, the number of types of transactions and financing activities. The volume and scale of business operations are largely determined by the number of participations. The financing activities are reflected in the financial performance of the company in the total fixed assets. The participations and financing activities are not directly affected by price or volumes produced. Based on an increasing level of activity and the common information needs of the users of the financial statements, we therefore consider a benchmark based on total assets more appropriate to EBN's current situation.
Component materiality	The financials of EBN Capital B.V. are audited using the materiality allocated to this component, being €3.95 million and report misstatements identified during our audit above €197,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €1.473.000 (2019: €2.100.000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

EBN B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of EBN B.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

The group audit primarily focussed on the significant component EBN B.V. Based on the statutory audit requirement of subsidiary EBN Capital B.V., an audit of the complete financial information of this component is performed. These audit procedures, as well as the audit of the complete set of financial information of EBN B.V., are performed by the group audit team. EBN Aardwarmte B.V. and en EBN CC B.V. which was not subjected to audits of their complete financial information represented together not more than 0,5% of the consolidated revenue or consolidated assets.

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit are in respect to fraud and non-compliance with laws and regulations:

- to identify and assess the risks of material misstatement of the financial statements due to fraud and non-compliance with laws and regulations;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the board of directors with the oversight of the supervisory board.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters, that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgments.

Our response to the risks identified

We performed the following audit procedures to respond to the assessed risks:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by EBN B.V., including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- Assessment of matters reported on the (Group's) whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- We incorporated an element of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we reevaluated our

assessment of fraud risk and its resulting impact on our audit procedures.

- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements. As to the other laws and regulations, we inquired with the board of directors and/or the supervisory board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

No Identified (indications) of fraud or non-compliance with laws and regulations

During our audit, we identified no (indications of) fraud or non-compliance with law and regulations.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter

Valuation of property, plant and equipment and the underlying triggering event analysis include significant management estimates

Refer to 'Key accounting estimates and judgement' and Note 9 'Property, plant and equipment'

During the annual review process of the valuation of assets, management did not identify a triggering event for impairments. As a result of the unforeseen reduction of the production, based on a decision of the minister to not produce more gas from the Groningen gas field than necessary, EBN performed analyses to identify potential impairment for the related assets to the Groningen gas field, including the assets for underground storage Norg.

Each analysis includes various variables that are subject to (significant) estimates, including the determination of a cash generating unit, the most recent budgets, price scenarios, expected recoverable reserves, available gas storage capacity, production profiles, compensation for the changed deployment of Norg, expected operational and earthquake-related costs, long-term contracts, the discount rate and when applicable capital expenditures.

The available gas reserves include a certain amount of estimation uncertainty. Estimates of reserves are by definition inaccurate and based on interpretations that can, over time, change, on the basis of various factors. Critical assumptions used in these estimates are the development of gas prices and production profiles. In addition to the impact on the recoverable amount of the asset, available reserves also impact the Unit of Production (UoP), the basis for depreciations.

We have marked this area as key audit matter due to the material importance of the property, plant and equipment and given the analysis of potential valuation adjustments and the assessment of available oil and gas reserves require significant estimates.

Our audit work and observations

In our audit we have given attention to managements' analyses to identify a potential impairment.

We have performed substantive audit procedures to verify the information used by management in the analysis to identify a potential impairment. We have, using internal valuation experts, discussed and tested the reasonableness of estimates and assumptions made by management. We have received sufficient and appropriate audit evidence supporting these assumptions and estimates.

Based on current contracts and agreements we have verified that there are no changes to the determination of the cash generating unit compared to previous year. We have assessed with the help of internal valuation experts that EBN's price scenarios are in line with the market and are within the accepted bandwidth. Among others we have agreed the expected volumes to the determination decision ('het Vaststellingsbesluit') (for gas year 2020/2021) and to internal reserve information.

We have analysed the process related to the estimation of available gas reserves and production profiles, and have evaluated whether these are classified in accordance with Petroleum Resources Management System. We have compared the production and cost statements from operators with authorised budgets. We have evaluated the reasonableness of the production expenses and compared these against the production profiles.

We have verified the discount rate. The value of the long-term contracts, the available gas storage capacity, compensation for the changed deployment of Norg are assessed based on relevant letters to the parliament, accompanying appendices and other relevant correspondence between involved parties
Next to that we have re-calculated management calculations and compared to generally accepted valuation techniques. Finally, we have assessed the reasonableness of the disclosures and the uncertainties included in those disclosures.

Key audit matter

Determination of the provision for decommissioning and restoration and costs as a result of earthquakes include significant management estimates

Refer to 'Key accounting estimates and judgement' and Note 15 'Provisions'

The valuation of provisions for decommissioning and restoration and costs as a result of earthquakes is complex. Provisions related to these costs are 75% (EUR 4.401 million) of EBN's balance sheet total. Significant estimates and assumptions of management are needed to determine these provisions.

The main estimates in the provision for decommissioning and restoration are the expected costs per individual asset and the timing of the decommissioning activities; which is dependent on the expected end date of the production of the field to which the asset is related.

Estimates and assumptions for costs as a result of earthquakes comprise the total number of expected claims and the amount of these claims, the expected payment of compensation for the decrease in value of real estate and immaterial damage, the expected amount that needs to be paid for building new / strengthening of schools and infrastructure and the expected amount that needs to be paid for strengthening of houses. Expected costs as a result of earthquakes are dependent on cost estimations from various sources and the outcome of ongoing legal procedures.

We have marked this area as key audit matter due to the material importance of the provisions compared to the balance sheet total and given the valuation requires significant estimates.

Our audit work and observations

Our audit procedures for the provision for decommissioning and restoration comprise amongst others the evaluation of estimates and assumptions of management. We have done this by reconciling the information used by management to information received from operators for estimated costs, comparing cost estimates between operators and reconciling to information with regards to oil and gas reserves. We have assessed the reasonableness of the used discount rate and have evaluated managements process for adjusting operator information and obtained audit evidence for adjustments made.

We have verified cost estimates for earthquake damages, based on the operator information, but where management determines her own position, to external available information from other sources. Next to that we have analysed the process related to the assurance engagement on the estimation of costs as a result of earthquakes as reported by the operators and evaluated the results of this assurance engagement. We have assessed the acceptability of the supporting information from operators and deviations made by EBN. Next to that we have re-performed managements' calculations and assessed whether these are performed in accordance with the standards and consistent with prior periods. Finally, we have assessed the reasonableness of the disclosures and the uncertainties included in those disclosures.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Foreword annual report 2020
- Our organisation
- Our position in the energy chain
- Results
- Risk & Corporate Governance
- The Supervisory Board's report
- About this report
- The other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.
The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of EBN B.V. on 16 November 2015 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 16 November 2015. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 5 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
A more detailed description of our responsibilities is set out in the appendix to our report.

The Hague, 8 March 2021
PricewaterhouseCoopers Accountants N.V.
I.J.C. Lefebure RA

Appendix to our auditor's report on the financial statements 2020 of EBN B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

This assurance report is an unofficial translation of the original assurance report accompanying the original annual report 2020, both stated in Dutch. In case of any conflict between this translation and the original assurance report, the latter will prevail. The original assurance report can be found on the website of EBN B.V.

Assurance report of the independent auditor

To: the Executive Board and Supervisory Board of EBN B.V.

Assurance report on the sustainability information 2020

Our conclusion

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2020 of EBN B.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 31 December 2020

In accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'reporting criteria'.

What we have reviewed

We have reviewed the sustainability information included in the annual report for the year ended 31 December 2020, as included in the following sections in the annual report (hereafter: "the sustainability information"):

- Foreword annual report 2020;
- Our organisation;
- Our position in the energy chain;
- Results.

The sustainability information comprises a representation of the policy and business operations of EBN B.V., Utrecht (hereafter: "EBN") with regard to sustainability and the thereto related business operations, events and achievements for the year 2020.

The basis for our conclusion

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports'), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This review is aimed at obtaining a limited level of assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of this assurance report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of EBN in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria
The sustainability information needs to be read and understood in conjunction with the reporting criteria. The Executive Board of EBN is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in section 7 'About this report' of the annual report 2020. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review
The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherently, the actual results are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and the achievability of prospective information in the sustainability information.

The links to external sources or websites in the sustainability information are not part of the sustainability information reviewed by us. We do not provide assurance over information outside of this the annual report.

Responsibilities for the sustainability information and the review

Responsibilities of the Executive Board and the Supervisory Board
The Executive Board of EBN is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in section 'reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in section 7 'About this report' of the annual report 2020. The Executive Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information
Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements is therefore substantially less than the assurance obtained in audit engagements.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our procedures included amongst others:
- Performing an analysis of the external environment and obtaining insight into relevant social themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the eval-

uation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends.
- Reconciling the relevant financial information with the financial statements.
- Reconciling the operational performance indicators to statements of the operators and consolidation by the Netherlands Enterprise Agency;
- Evaluating the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board on the planned scope and timing of the engagement and on the significant findings that result from our engagement.

Rotterdam, 8 March 2021
PricewaterhouseCoopers Accountants N.V.

To achieve our climate goals tomorrow...

In discussion with Hans Warmenhoven, EBN, on connecting today with tomorrow.

Read more:
www.jaarverslag.ebn.nl

we will have to start thinking more in terms of chains today.

10. **Annexes**

10.1 Interaction with our stakeholders

Stakeholder	Organisation	Form of interaction	Discussion points
National government	Shareholder: Ministry of Economic Affairs and Climate Policy / Secretary General	Annual General Meeting of shareholders Informal consultations Six-monthly coordination & strategy update Stakeholder monitor	Annual report, results, dividend Corporate governance Current developments
	Policy maker: Ministry of Economic Affairs and Climate Policy / (Director-General of Climate and Energy)	Regular: Strategic consultation and Executive Team consultation Mining and Gasgebouw consultation Ad hoc Stakeholder monitor	Information to assess feasibility with respect to planned energy policy Cooperation Collaborative ventures Current developments Decommissioning and re-use
	Policy maker: Ministry of Infrastructure and Water Management	Workshops Ad hoc	Structural vision, Subsurface Decommissioning and re-use Mining and water protection
	Policy maker: Ministry of Economic Affairs and Climate Policy and Ministry of the Interior and Kingdom Relations	Ad hoc consultations	Development of geothermal energy and district heating grids in the Netherlands Master plan, Geothermal energy in the Netherlands
	Ministry of Finance	Ad hoc consultations	Current developments
Local authorities	Provinces / Inter-provincial Consultative Committee (IPO)	Ad hoc consultations Networking Meetings Conferences / symposiums Stakeholder monitor	Development of geothermal energy in the Netherlands Collaboration Geothermal potential Geothermal energy as part of RES Execution of SCAN programme
	Water boards	Ad hoc consultations Meetings	Development of geothermal energy in the Netherlands Execution of SCAN programme

Stakeholder	Organisation	Form of interaction	Discussion points
	Municipalities / Association of Netherlands Municipalities (VNG)	Ad hoc consultations Meetings VNG Conference Conferences / symposiums Stakeholder monitor	Development of geothermal energy in the Netherlands Geothermal potential Execution of SCAN programme (geothermal seismic survey of the Netherlands)
Regulatory agencies	State Supervision of Mines	Regular meetings Ad hoc Stakeholder monitor	Safety, efficient production, decommissioning and re-use Development of (ultra-deep) geothermal energy, HSE benchmark, execution of SCAN programme, development of CO_2 storage
	Authority for Consumers and Markets	Ad hoc	Competition
Operators/ licence holders	Oil and gas companies operating in the Netherlands Foreign (non-) operators	Regular meetings (TCMs, OCMs) Processing of investment proposals Strategic meetings Informal contacts Workshops Conferences Ad hoc consultations Stakeholder monitor	Projects Collaboration Investments Cost management Reserves Decommissioning and re-use Long-term strategies of operators Public support Promotion of exploration potential in the Netherlands HSE benchmark
	Geothermal energy companies operating in the Netherlands	Strategic meetings Informal consultations Ad hoc consultations Workshops Conferences Stakeholder monitor	Geothermal energy development in the Netherlands Collaboration Implementation of the Master Plan Geothermal Energy in the Netherlands
North Sea Consultation (Noordzeeoverleg)	Greenpeace, TenneT, NWEA, Visned, Nederlandse Vissersbond, Port of Rotterdam, EBN, WNF, Vogelbescherming Nederland, NOGEPA, Natuur & Milieu, Stichting De Noordzee, KNAW, and the ministries of Economic Affairs and Climate Policy of Agriculture, Nature and Food Quality and Infrastructure and Water Management	Stakeholder monitor	The North Sea Consultation (NZO), which is made up of the national government and representatives from society at large, has the objective of drafting an agreement for the North Sea. This shall cover options and agreements with broad support on the challenges relating to food, nature and energy, taking into account the interests of other users, such as shipping and sand extraction.

Stakeholder	Organisation	Form of interaction	Discussion points
Trade associations/ industry organisations	NOGEPA trade association	Regular meetings Informal contacts Reports Workshops Conferences Stakeholder monitor	Collaboration Cost management Decommissioning and re-use Public support Role of natural gas Energy transition Communication
	KVGN (Netherlands Royal Society for Natural Gas Producers)	Regular working groups (communications & PA) CEO dinners Symposiums Steering group Stakeholder monitor	Role of natural gas in the energy transition Industry-wide collaboration Knowledge sharing Future prospects for the Dutch natural gas industry
	Nexstep	Regular meetings Supervisory Board Committee seats Workshops Stakeholder monitor	Decommissioning and re-use of onshore and offshore oil and gas infrastructure in the Netherlands Innovation Cost reduction in decommissioning and re-use
	Geothermie Nederland	Regular meetings Informal contacts Workshops Ad hoc consultations Stakeholder monitor	Development of geothermal energy in the Netherlands Projects Collaboration Public support Communications and stakeholder management Implementation of the Master Plan Geothermal Energy in the Netherlands
	NVDE (Dutch Association for Sustainable Energy)	Working group	Sustainable development
Gasgebouw	NAM, GasTerra, Shell, ExxonMobil	Regular meetings (CVG, RVC, AGM, AC, CBM, Budget Committee) Expert meetings Informal contacts Stakeholder monitor	Collaboration Investments Cost management Role of natural gas Energy transition Earthquakes

Stakeholder	Organisation	Form of interaction	Discussion points
Financial institutions	Credit providers: ING, Rabobank and BNP Paribas	Annual meetings Ad hoc	Financing needs Credit conditions
	Capital market: banks and advisers	Ad hoc	Financing needs Capital market developments
	Money market: banks, commercial paper dealers and money market traders	Ad hoc	Investment opportunities Money market developments
	Moody's credit rating agency	Annual review meeting Ad hoc	Financial and operational developments and expectations
Insurance	Insurance brokers and companies	Ad hoc	Damage claims Inspections of installations
Wholesale	GasTerra (gas buyer)	Regular meetings (CVG, RVC, AC, AGM) GILDE, KVGN (Dutch gas industry association) Ad hoc Stakeholder monitor	Sales prices Processing and transportation Liability Warranties Public support Role of natural gas Energy transition
Natural gas transport	Gasunie/GTS	Regular meetings GILDE, KVGN (Dutch gas industry association) Ad hoc Stakeholder monitor	Import conditions Public support Role of natural gas Energy transition
Natural gas storage	TAQA (Bergermeer)	Regular meetings (TCMs, OCMs) Ad hoc	Projects Collaboration Investments HSE benchmark
	Gasgebouw (Norg, Grijpskerk, Alkmaar)	Regular meetings	Projects Collaboration Investments

Stakeholder	Organisation	Form of interaction	Discussion points
Buyers	Oil/condensate: Oil and petrochemicals companies (midstream)	Regular meetings Ad hoc	Sales prices Processing and transportation Liability Warranties
	Natural gas: Energy companies	Via wholesale (GasTerra)	Sales prices Processing and transportation Liability Warranties
Supply	E&P service companies oil and gas industry IRO trade association	Project basis (Joint Industry Projects or JIPs) Workshops Conferences	Projects Cost management Decommissioning and re-use
CCS	Gasunie and Port of Rotterdam (joint venture partners in Porthos project), emitters	Project basis Regular meetings (steering group, CEO meeting, consultation with emitters)	JV terms Customer acquisition (emitters) Project execution Agreements with operator(s), service providers, e.g. TAQA
	Gasunie, Tata Steel and Port of Amsterdam (partners in Athos project), emitters	Project basis Regular meetings (steering group, consultation with emitters, consultation with offshore operators)	
		Stakeholder monitor	
Advisory bodies	Berenschot Deloitte McKinsey PwC Royal HaskoningDHV EY Darel TNO	Sporadic and upon request Stakeholder monitor	Consultancy Support Research

Stakeholder	Organisation	Form of interaction	Discussion points
Social organisations	NGOs Stichting Natuur en Milieu (Nature and Environment foundation)	Sporadic Stakeholder monitor	EBN's role and strategy Natural gas in the energy transition Decommissioning and re-use Geothermal energy development in the Netherlands
Residents	Local residents' involvement groups Interest groups	Via operators Or via municipalities / provinces	Impact on surroundings of drilling and production sites Safety and possible damage Usefulness and need Involvement in decision making Local concessions Information sessions for local residents Geothermal energy development Execution of SCAN programme (geothermal seismic survey of the Netherlands)
Research and educational institutions	Research institutions: CIEP, NEC, TNO, TKI, ESTRAC	Management of TKI Gas Supervisory Board Strategic Advisory Board (NEC) Regular meetings JIPs (TNO) Ad hoc Stakeholder monitor	Collaboration Consultancy Support Research, including TKI projects
	Educational institutions: Universities Training institutes Students	Student conference EBN internships 3TU's, UU, VUA, RUG Workshops	University career fairs Social trade-offs around projects Career opportunities Decommissioning and re-use

Stakeholder	Organisation	Form of interaction	Discussion points
Employees	HR: GPTW, InContext, Arbobutler, AWVN (trade assoc.), Lawyers, tax advice, training and educational institutions Berenschot	Surveys, off-site retreats, personality tests Absenteeism guidance, coaching, advice, PMO, workstation assessment Development of labour markets Consultancy Coaching, mentoring, advice, project guidance Buddy programme	Satisfaction Well-being Physical and mental well-being, complaints Social developments Training and courses Implementation strategy Cultural programme
	Works Council	Regular consultation with CEO four times a year (Supervisory Board member present twice a year) Ad hoc consultation with CEO (formal and informal) Consultation with employees Survey	Strategy and market developments General course of affairs at EBN Request for advice on implementation of new strategy (reorganisation) Request for consent on Rules for Working from Home, Absenteeism Rules, HR cycle, Time Registration System Staff welfare Vacancies and staff turnover

10.2 The people of EBN

Employees

	Total	Women	Men
Number of FTEs at EBN (end of 2020)	127.0	48.7	78.3
Number of people employed by EBN	137	54	83
Number of employees with permanent contracts	107	39	68
Number of employees with temporary contracts	30	15	15
Number of employees with a full-time contract	90	26	64
Number of employees with a part-time contract	47	28	19
Age group <25 years	1	-	1
25-34 age group	32	19	13
35-44 age group	41	18	23
45-54 age group	33	13	20
55-64 age group	28	4	24
65+ age group	2	-	2

Interns

	Total	Women	Men
Number of interns at EBN (FTE on average)	8.1	3.8	4.3
Number of interns at EBN (headcount)	20	9	11

External staff

	Total	Women	Men
Number of external workers in staff positions (average FTE)[1]	2.5	2.0	0.5
Number of external workers in staff positions (headcount)	4	3	1

1 EBN determines how many and what positions it has within its organisation; these are called staff positions. The scope of a staff position is expressed in terms of an FTE. EBN also deploys outside workers on projects in project-based employment which does not fall under the staff positions, and is not counted here.

Attrition in 2020

	Total	Women	Men
Number of employees leaving the company	11	7	4
Age group <25 years	-	-	-
25-34 age group	1	1	-
35-44 age group	4	3	1
45-54 age group	2	2	-
55-64 age group	2	-	2
65+ age group	2	1	1

Recruitment in 2020

	Total	Women	Men
Number of people hired	30	14	16
<25 years	1	-	1
25-34 age group	13	7	6
35-44 age group	5	1	4
45-54 age group	7	6	1
55-64 age group	4	-	4
65+ age group	-	-	-

About EBN employees

	2020	2019	2018
Percentage of women employed at EBN (end of 2020)	39.4%	39.8%	34.6%
Percentage of women in senior management positions	37.5%	40.0%	33.3%
Average age	43.6	44.3	44.5
Percentage under the age of 45 years	54.0%	54.2%	53.8%
Academic level	82.5%	80.5%	80.8%
HBO	8.8%	8.5%	6.7%
MBO	8.8%	11.0%	12.5%
Absenteeism (for all of 2020)	2.8%	5.3%	3.8%
Short-term absenteeism	0.5%	0.7%	0.7%
Medium-term absenteeism	0.2%	0.4%	0.5%
Long-term absenteeism	2.1%	4.1%	2.5%
Average notification frequency	0.6	0.9	1.1
Average training hours per year (end of 2020)	18.1	26.8	22.3
Total number of training days	309.1	394.7	290.4

Staff development

	Total
Total training hours	2473.0
Calculated in terms of days	309.1
Percentage of employees that have had a career development review	100% All employees that were hired before 1 July 2020 have drawn up an annual plan that also sets out career development targets.

10.3 Governance table

Executive Team governance table

(Ages given as of date of Supervisory Board meeting on 8 March 2021)

Name	Age	Profile/specific expertise	Task at EBN	Appointment term	Relevant secondary positions
J.W. van Hoogstraten (m)	56	• Mining engineering & petroleum production (M Eng), TU Delft • Worked in the energy sector for various oil and gas companies • MD of TAQA Nederland • Chairman NOGEPA, the trade association of oil and gas producers in the Netherlands	CEO: Jan Willem heads the Executive Team and maintains contacts with the Supervisory Board and the shareholder. He serves as the employer for the Geotechnical operations programme manager and the corporate managers of the HR & Facilities, Legal and Communications & Public Affairs departments.	1 March 2020 – 1 March 2024 (second term)	Member of the Supervisory Board of GasTerra B.V. Chairman of KVGN Member of the Board of Delegated Commissioners of GasTerra B.V. Member of the Management Board of the Maatschap Groningen Member of the Advisory Council of the Clingendael International Energy Programme Member of the Strategic Advisory Council of TNO Energy Chairman of the Supervisory Board of the Nexstep association Member of the Strategic Advisory Board of ECN Part of TNO Member of the New Energy Coalition (NEC) Foundation Board
B. Brouwer (m)	48	• Econometrics (Msc), University of Amsterdam • Worked in various positions at Euronext (1997-2003), Essent (2003-2008) and EBN (since 2008)	Finance Director: Bas is responsible for EBN's financial economic policy and for directing all financially-related job areas. He serves as the employer for the E&P assets programme manager and the corporate managers of the Accounting^& Reporting, Treasury and Information Management departments.	From 14 October 2019	
B.C. Scheffers (m)	57	• Geophysics (Msc), Utrecht University • Doctorate in applied physics (seismology), TU Delft • Worked in various positions at TNO, including as Geophysicist, Group Leader and Director • Chief Inspector at State Supervision of Mines (2006-2007) • Technical Manager at EBN (2007-2011)	Director of Strategy & Technology: Berend is primarily responsible for assisting the CEO in developing, communicating, implementing and maintaining the strategic initiatives. Berend is chair of the Reserve Board, and serves as the employer for the CC(U)S, Geo-energy, Exploration and Advice & Innovation programme managers.	From 2011	Member of the board of stichting TKI Gas Member of the Supervisory Board of Stichting Delft Aardwarmte Project (Delft Geothermal Energy Project) Member of the New Energy Coalition (NEC) Strategic Advisory Board Member of the management team of the World Energy Council – the Netherlands (WEC-NL) Chair of the management team of the Rijswijk Centre for Sustainable Geo-energy (RCSG)

Supervisory Board governance table

(Ages given as of date of Supervisory Board meeting on 8 March 2021)

Naam	Leeftijd	Profiel/specifieke kennis	Taak binnen EBN	Jaar van benoeming	Her-benoemingen	Einde Termijn	(Relevante) Nevenfuncties
J.G. Huijskes (m)	56	Portfolio: Knowledge of the oil and gas sector	Member of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	2016	2020	2024	Chairman Gulf Keystone Petroleum PLC.
E.M. Kneppers-Heijnert (f)	69	Portfolio: HR and Communications	Member of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	2016-2020	2020	2024	Professor emeritus of business administration, in particular the legal aspects, University of Groningen Member of the Supervisory Board of Wolters Kluwer Holding Nederland B.V. President of the Advisory Board of Instituut GAK Member of the board of the Fonds Bijzondere Voorzieningen Martini Ziekenhuis Groningen foundation
S.A.M. Dijksma (f)	49	Portfolio: Public sector organisations	Vice Chairman of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	2020		15 December 2020 (voluntary resignation)	No longer relevant following her resignation, with effect from 15 December 2020. Currently serving as mayor of Utrecht.
W.S. de Vries (m)	67	Portfolios: Financial economics, knowledge of the oil and gas sector	Member of the Supervisory Board, chairman of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	1 March 2017		2021	
J.W. Weck (m)	73	Portfolio: Public sector organisations	Member of the Supervisory Board, member of the Audit committee and chairman of the Remuneration committee/Selection and Appointment committee	2016	2020	2024	Chairman of the Supervisory Board of Economische Impuls Zeeland N.V. Member of the board of Stichting Talent naar de Top Chairman of the Supervisory Board of the Buddy Network Foundation

10.4 Remuneration report

This remuneration report contains an explanation of the remuneration policy used in 2020 for the CEO and the Supervisory Board of EBN.

In 2020, Mr JW van Hoogstraten was CEO of EBN. The shareholder appointed Mr Van Hoogstraten as of 1 March 2016 for a period of four years, followed by a reappointment as of 1 March 2020 for a further period of four years. At the same time that it appointed Mr Van Hoogstraten in 2016, the shareholder established a remuneration policy for the CEO. This was done upon the recommendation of the Supervisory Board, with the shareholder taking the advice of the Remuneration committee into account. The Works Council was also given an opportunity to express its views on the remuneration policy. The remuneration policy adopted in 2016 by the Supervisory Board was used to determine the remuneration and further terms and conditions of employment for the CEO. The remuneration policy remained unchanged upon the reappointment of Mr Van Hoogstraten with effect from 1 March 2020.

In line with the remuneration policy for the CEO, a separate remuneration policy was drawn up for the two directors who are not executive directors. This remuneration report deals only with the remuneration policy for the CEO.

General principles

The remuneration policy pursued at EBN is based on the following principles of the shareholdings policy of the Dutch national government:

a. The remuneration policy should allow the shareholdings to attract qualified directors; however, this must be done in a restrained manner.
b. The total amount of remuneration is determined by looking at both the private and public market; to this end, private and public reference groups are established and the applicable ratio of private to public activities for the relevant shareholding is determined;
c. Variable remunerations are capped at 20% of the basic salary.

In accordance with the Dutch Mining Act, EBN participates, among other things, in exploration and production activities for oil and gas accumulations both offshore and onshore. In addition to the basic principles, it is important for EBN that the CEO has specific knowledge and experience in the oil and gas sector.

When the remuneration policy was formulated the fact that long-term variable remuneration is no longer awarded, in line with the government's 2013 Policy Document on State Shareholdings, was taken into account.
It is clear from the characteristics of the generic EBN objectives that they incorporate a long-term perspective, given that they make a contribution to the continuity of the company. These objectives pertain primarily to the following major themes: Creating economic value, Natural gas production, Transparency, Carbon capture and storage and Geothermal energy. In accordance with government policy, a conversion factor of 0.4 has been used to convert the long-term variable remuneration.

In determining the total remuneration, the Supervisory Board has duly considered the fact that the amount of remuneration can be a sensitive issue in the public debate, so it is advisable to adopt a restrained approach. At the same time, it is in EBN's own interests that the Supervisory Board ensures that the company has a CEO with the requisite qualities and experience..

Elements of the remuneration package

For the remuneration of the CEO of the company in 2020, please see page 138 of the financial statements, which makes a distinction between the fixed salary paid, the variable remuneration and any other remuneration components.
With regard to the fixed annual income, the Supervisory Board determines any possible annual growth in the amount. If the maximum allowable amount is reached, any further growth in the fixed annual income is limited to indexation.

As of 2016, any indexation applied occurs in accordance with EBN's terms of employment (a combination of the so-called derived Consumer Price Index, indexation in the Dutch oil and gas industry and the shareholder's indexation). Indexation may vary between a minimum of 0% and a maximum of the derived CPI rate.

Variable income

The remuneration structure also has a variable component. The variable remuneration elements amount to a maximum of 14% of the fixed annual income if objectives have been fully achieved. In exceptional circumstances the Supervisory Board may grant additional variable remuneration of 6%, bringing the maximum variable remuneration to 20%. This maximum variable remuneration is in line with the shareholdings policy of the Dutch national government.

Each year, the Supervisory Board determines the objectives of the variable remuneration. These include objectives for EBN as a whole (company objectives). The objectives are based on the company's strategy. The Supervisory Board sets objectives that are both realistic and challenging. The objectives should be measurable and alterable and are linked to the company's strategy. Progress toward them is discussed with the Supervisory Board on the basis of quarterly reports.

The objectives are discussed by the Remuneration committee in the first quarter of the year following the year to which they applied. After this discussion, the Supervisory Board determines the extent to which the target objectives for variable remuneration have been realised. The variable remuneration is paid out after the financial statements are adopted at the General Meeting of Shareholders.

For 2020, the Remuneration committee set the following company objectives for EBN:

	Topic	Material theme	Explanatory notes	Objective
1	EBN's profit	Maintain financial strength and resilience	EBN's profit shown in million EUR	≥ 431
2	Administration costs		EBN's costs for staff, hiring expertise, office, etc. shown in million EUR	≤ 24
3	Reserves for maturation of small fields	Stimulate and accelerate exploration and production of Dutch small gas fields	The net supplementation (maturation) of gas reserves in the Netherlands in billion Nm^3 TQ (100%).	≥ 6.2
4	Geothermal energy volumes	Reinforcing, accelerating and improving the Dutch geothermal energy sector	The sum of volumes at FID (financial investment decision) and on entering into cooperation agreements in Petajoules.	1.9
5	Porthos	Use of subsurface space to make the energy system more sustainable	Achieving commercial FID with other Porthos partners at current volume commitments (in megatonnes of CO_2).	1.75
6	Leadership programme	Creating connective power	Participation in in-house leadership programme by a minimal percentage of employees.	90
7	Absenteeism through illness	Creating connective power	Short-term and medium-term absenteeism, expressed as a percentage.	1.3

In terms of achieving the objectives, all of them are given equal weight. Partial achievement of objectives is possible. The extent to which this is possible is determined in advance. The Remuneration committee is further entitled to adjust the overall score positively or negatively. Objectives 1 - 4 are determined on the basis of the work programme and budget drawn up in December 2019. Objectives 5 - 7 were specifically included for 2020. Moreover, objectives 1 and 3 can be considered social results, which means that the social results count for two sixths of the total.

Pension
The CEO is enrolled in a pension scheme with the General Pension Fund for Public Employees (ABP) in accordance with the terms and conditions for EBN employees.

Other fringe benefits
EBN offers a package of fringe benefits that also applies to the CEO. No option rights or shares are allocated to the CEO. The company has also not given the CEO any loans, advances or guarantees.

In addition to the fringe benefits, the CEO has an expense allowance and use of a car (for business and personal use). EBN has taken out a directors' and officers' liability insurance policy for the CEO.

Other principles of the remuneration policy
Appointment term
Appointments of the CEO are subject to a four-year term. Reappointment for another four years is an option at the end of each period.

Period of notice
The CEO is subject to a three-month period of notice under the terms of the employment contract and EBN must give six months' notice.

Severance pay
The CEO is only awarded severance pay in the event of involuntary dismissal. Except in the event of manifest unreasonableness, the severance pay for the CEO will be a maximum of one year's fixed annual income in accordance with the Corporate Governance Code. Said maximum payment includes the transition allowance, insofar as this is owed to the CEO under the Work and Security Act (WWZ) in effect since 1 July 2015.

Claw back and adjustment in variable remuneration
The employment contract with the CEO contains a claw back clause (Corporate Governance Code provision II.2.11), as well as a provision under which the Supervisory Board has the authority to amend any variable remuneration if this leads to unfair outcomes due to exceptional circumstances during the performance period (Corporate Governance Code provision II.2.10).

Including a claw back clause is in line with the Dutch national government's shareholdings policy.

Balanced composition of the board
The board comprises one natural person, the CEO, so there is no way to achieve a balanced distribution of the seats on the board.

Variable remuneration for 2020
The quarterly reports are used to notify the Remuneration committee on progress towards achieving the objectives during the calendar year. Whether or not the objectives for 2020 have been achieved will be determined on 8 March 2021.

Remuneration ratio at EBN
The median of the total remuneration to EBN employees amounted to EUR 81,230 gross. This represents the gross salary, including variable remuneration, holiday pay, paid holidays, expense allowances and pension capping payment. When this amount is benchmarked against the gross salary (including the aforementioned elements) received by Mr Van Hoogstraten, it yields a remuneration ratio of 1 : 3.6.

For fiscal year 2019, the remuneration ratio amounted to 1 : 3.6. The current remuneration ratio has not changed compared to the 2019 financial year.

Remuneration of the Supervisory Board

The remuneration for members of the Supervisory Board is fixed and independent of the company's results. The shareholder determines the remuneration for the members of the Supervisory Board at the time of their appointment. The remuneration for the chair of the Supervisory Board is EUR 24,500 per year (2019: EUR 24,500). The other members receive a remuneration of EUR 20,000 per year (2019: EUR 20,000). All members of the Supervisory Board are entitled to reimbursement of their expenses. The remuneration for the chair of the Supervisory Board differs from that of the other members of the Supervisory Board because of the extra tasks performed by the chair.

No loans, advance payments or guarantees were provided to the members of the Supervisory Board by the company. A liability insurance policy was taken out for the members of the Supervisory Board.

Total remuneration for the Supervisory Board for 2020 is stated on Page 133 under key management.

Utrecht, 8 March 2021

10.5 GRI-index 2020

GRI Standard	Disclosure title	Explanation	Reference & response
Organisational profile			
102-1	Name of the organization	a. Name of the organization	Energie Beheer Nederland B.V.
102-2	Activities, brands, products and services	a. A description of the organization's activities b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets	a. b. 2.1 About EBN; 2.2 Value creation model and impact; 2.3 Strategic pillars
102-3	Location of headquarters	a. Location of the organization's headquarters	a. 2.1 About EBN
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	a. 2.1 About EBN
102-5	Ownership and legal form	a. Nature of ownership and legal form	a. 5.4 Corporate governance
102-6	Markets served	a. Markets served: i. geographic locations where products and services are offered ii. sectors served iii. types of customers and beneficiaries	i, ii, iii.2.1 About EBN
102-7	Scale of the organization	a. Scale of the organization i. total number of employees ii. total numer of operations iii. net sales (for private sector organizations) or net revenues (for public sector organizations) iv. total capitalization (for private sector organizations) broken down in terms of debt and equity v. quantity of products or services provided	i. 10.2 The people of EBN ii. 1. Key figures iii. 1. Key figures iv. 8. Financial statements v. 1. Key figures"

GRI Standard	Disclosure title	Explanation	Reference & response
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender b. Total number of employees by employment contract (permanent and temporary), by region c. Total number of employees by employment type full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries) f. An explanation of how the data have been compiled, including any assumptions made.	a. 10.2 The people of EBN b. The breakdown by region is not applicable because the Netherlands as a whole is considered a region c. d. 10.2 The people of EBN f. The total number of employees in temporary employment consists of all employees who have a fixed-term contract with an end date. We define the number of employees with part-time contracts as all employees who have contracts of less than forty hours
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	a. 3. Our position in the energy chain
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain: i. changes in the location of, or changes in, operations, including facility openings, closings, and expansions ii. changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) iii. changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination	i, ii, iii.No significant changes
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach	a. 5.1 Risk management, 5.2 Main strategic risks, 5.3 Risk appetite
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	a. 5.4 Corporate governance

GRI Standard	Disclosure title	Explanation	Reference & response
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organization	a. Nederlandse Vereniging voor Duurzame Energie (NVDE) KVGN CIEP New Energy Coalition TKI ESTRAC SPE Stichting Platform Geothermie EAGE World Energy Council (WEC) Dutch Association for Geothermal Organizations (DAGO)
Strategy			
102-14	Statement from senior decision maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability	a. 1. Foreword
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior	a. 5.4 Corporate governance, 3.4 Our position in the energy chain - Chain responsibility
Governance			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body b. Committees responsible for decision-making on economic, environmental, and social topics	a. 5.4 Corporate governance b. 7.2 Analysis and determination of materiality - Steering and reporting
Stakeholder management			
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization	a. 10.1 Interaction with our stakeholders

GRI Standard	Disclosure title	Explanation	Reference & response
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements	a. No collective bargaining agreement applicable.
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage	a. 4.6.1 Dialogue with stakeholders
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	a. 10.1 Interaction with our stakeholders; 7.2 Analysis and determination of materiality
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement: i. how the organization has responded to those key topics and concerns, including through its reporting ii. the stakeholder groups that raised each of the key topics and concerns	a. i. 4. Results; 7.2. Analysis and determination of materiality; 10.1 Interaction with our stakeholders ii. 10.1 Interaction with our stakeholders
Reporting practice			
102-45	Entities enclosed in the financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	a, b. 8. Financial statements
102-46	Defining report content and topic boundaries	a. An explanation of the process for defining the report content and the topic Boundaries b. An explanation of how the organization has implemented the Reporting Principles for defining report content	a, b. 7.1 Reporting policy and process; 7.2 Analysis and determination of materiality
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content	a. 2.6 Material themes
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements	a. No revised information
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries	a. No significant changes
102-50	Reporting period	a. Reporting period for the information provided	a. 1 January 2020 until 31 December 2020

GRI Standard	Disclosure title	Explanation	Reference & response
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report	a. 31 March 2020
102-52	Reporting cycle	a. Reporting cycle	a. Calendar year
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents	a. Colophon
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards:	a. Reporting in this annual report is based on the GRI Standards at application level core
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards) ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made	a, b. 10.5 GRI index 2020
102-56	External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report b. If the report has been externally assured: i. a reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process ii. the relationship between the organization and the assurance provider iii. whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report	a. 7.3 Transparency b i, ii, iii. Assurance Report of the Independent Auditor

GRI Standard	Disclosure title	Explanation	Reference & response
Active approach to risks: Promoting safety, reducing emissions and discharges			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material topics; 7.2 Analysis and determination of materiality b i, ii. 2.6 Material themes c. The Promoting Safety sub-topic relates to the employees of our operators, and the local residents in the area where our production activities take place. The Reducing Emissions and Discharges subtopic relates to the direct and indirect emissions and discharges from the operations in which EBN participates as a non-operating partner.
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix; 4.7 Active approach to risks; 5.2 Main strategic risks b. All measures are aimed at ensuring the safety of the employees of operators and local residents in our operating areas and reducing the negative impact on the environment. c. i, ii, vii. 4.7 Active approach to risks:; 5.2 Main strategic risks iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.7 Active approach to risks iii. Since 2019, EBN has been reporting its 2025 strategic objective with respect to the Reducing Emissions and Discharges sub-topic, see 2.8 Connectivity matrix.
Own indicator	Occupational accidents	a. Occupational accidents resulting in sick-leave (expressed in Lost Time Accidents)	a. 2.8 Connectivity matrix; 4.7 Active approach to risks:; 7.6 Measurement methods for material issues
Own indicator	CO_2 emissions	a. Percentage change in the small gas fields' CO_2 equivalent emissions per cubic metre produced in 2019 compared to 2017	a. 2.8 Connectivity matrix; 4.7 Active approach to risks; 7.6 Measurement methods for material issues

GRI Standard	Disclosure title	Explanation	Reference & response
Maintaining financial clout and resilience			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.6 Material themes c. 2.6 Material themes
103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix; 5.2 Main strategic risks b. All measures are aimed at increasing EBN's financial clout and resilience. c. i. 2.8 Connectivity matrix iii. 2.8 Connectivity matrix; 10.4 Remuneration report iv. 5.4 Corporate governance; 10.3 Governance table vii. 4.5 Financial results
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.5 Financial results iii. Since 2019, EBN has been reporting its 2025 strategic objective with respect to the Maintaining financial clout and resilience material theme, see 2.8 Connectivity matrix
Own indicator	Financial resilience	Solvency	2.8 Connectivity matrix; 4.5 Financial results; 8. Financial statements; 7.6 Measurement methods for material issues
Creating combined strength: Facilitating informed dialogue, Knowledge development and sharing, Connecting relevant stakeholders - internal and external			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.8 Connectivity matrix; 4.6.1 Dialogue with stakeholders; 4.6.2 The people of EBN b. All measures aim to strengthen informed dialogue, encourage knowledge development and sharing, and foster the connection of relevant stakeholders. c. i, ii. 2.8 Connectivity matrix; 4.6.1 Dialogue with stakeholders; 4.6.2 The people of EBN iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. 4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy; 4.6.1 Dialogue with stakeholders; 4.6.2 The people of EBN
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy; 4.6.1 Dialogue with stakeholders; 4.6.2 The people of EBN iii. Since 2019, EBN has been reporting its 2025 strategic objectives with respect to the Facilitating informed dialogue, Knowledge development and sharing sub-topics, see 2.8 Connectivity matrix
Own indicator	Informed dialogue	a. Update infographic	a. 2.8 Connectivity matrix; 4.6.1 Dialogue with stakeholders; 7.6 Measurement methods for material themes.
Own indicator	Connecting stakeholders internally	a. Great Place to Work employee survey score (the so-called Trust Index)	a. 2.8 Connectivity matrix; 4.6.1 Dialogue with stakeholders; 7.6 Measurement methods for material themes
Stimulating and accelerating the exploration and production of small Dutch gas fields			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.3 Strategic pillars; 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix b. All measures are aimed at locating, developing and producing gas reserves in the Netherlands in the most sustainable way possible c. i, ii. 2.3 Strategic pillars iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. 4.2 Our Dutch Gas
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.2 Our Dutch Gas iii. Since 2019, EBN has been reporting its second 2025 strategic objective with respect to the Stimulating and accelerating the exploration and production of small Dutch gas fields material theme, see 2.8 Connectivity matrix.
Own indicator	Gas extraction	a. Number of new natural gas wells drilled	a. 2.8 Connectivity matrix; 7.6 Measurement methods for material issues
Strengthening, accelerating and improving the Dutch geothermal energy sector			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.3 Strategic pillars; 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix b. All measures are aimed at stimulating the development of geothermal energy in the Netherlands c. i, ii. 2.3 Strategic pillars iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. 4.4 New Energy
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.4 New Energy iii. Since 2019, EBN has been reporting its second 2025 strategic objective with respect to the Strengthening, accelerating and improving the Dutch geothermal energy sector material theme, see 2.8 Connectivity matrix.
Own indicator	Geothermal energy extraction	a. Number of PJ developed	a. 2.8 Connectivity matrix; 7.6 Measurement methods for material issues
Responsible decommissioning and, where possible, re-use of infrastructure			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary.	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.3 Strategic pillars; 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix b. All measures are aimed at encouraging the re-use and decommissioning of stranded assets in the oil and gas infrastructure at the lowest possible social cost. c. i, ii. 2.3 Strategic pillars iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. 4.3 Return to Nature
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.3 Return to Nature iii. The 2025 strategic objective that is now included under the Responsible decommissioning and, where possible, re-use of infrastructure material theme was included under the Natural gas production material theme last year, see 2.8 Connectivity matrix.
Own indicator	Re-used sites	Number of re-used sites (site remains and is re-designated)	a. 2.8 Connectivity matrix; 7.6 Measurement methods for material issues
Using underground space to make the energy system more sustainable			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.3 Strategic pillars; 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix b. All measures are aimed at encouraging the re-use and use of underground space for the production, transport, and/or storage of CO_2, renewable energy, and heat. c. i, ii. 2.3 Strategic pillars iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. 4.3 Return to Nature
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness he management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.3 Return to Nature iii. Since 2019, EBN has been reporting its five (instead of two) 2025 strategic objectives with respect to the Using underground space to make the energy system more sustainable material theme, see 2.8 Connectivity matrix
Own indicator	CO_2 storage	a. Number of MT of CO_2 in storage per year in the Netherlands and in projects in which EBN participates	a. 2.8 Connectivity matrix; 7.6 Measurement methods for material issues
Exploring and developing energy innovations to benefit system integrations in the Dutch energy transition			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material b. The Boundary for the material topic, which includes a description of: i. where the impacts occur ii. the organization's involvement with the impacts c. Any specific limitation regarding the topic Boundary	a. 2.6 Material themes; 7.2 Analysis and determination of materiality b i, ii. 2.6 Material themes c. 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & response
103-2	The management approach and its components	a. An explanation of how the organization manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component: i. policies ii. commitments iii. goals and targets iv. responsibilities v. resources vi. grievance mechanisms vii. specific actions, such as processes, projects, programs and initiatives	a. 2.6 Material themes; 2.8 Connectivity matrix b. All measures aim to stimulate the exploration and development of energy innovations for the benefit of the Dutch energy transition. c. i, ii. 2.3 Strategic pillars iii. 2.8 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Steering and reporting vii. New Energy
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness the management approach ii. the results of the evaluation of the management approach iii. any related adjustments to the management approach	i. 2.8 Connectivity matrix ii. 2.8 Connectivity matrix; 4.4 New Energy iii. Since 2019, EBN has been reporting its seven 2025 strategic objectives with respect to the Exploring and developing energy innovations to benefit system integrations in the Dutch energy transition material theme, see 2.8 Connectivity matrix
Own indicator	Green gas production	a. Number of BCM of green gas developed	a. 2.8 Connectivity matrix; 7.6 Measurement methods for material issues

10.6 10-year key figures

In EUR mln

IFRS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EBN's participation in activities:										
- number of onshore production permits	34	34	33	33	33	33	31	29	27	24
- number of offshore production permits	105	115	113	110	109	109	107	106	101	101
- number of exploration permits	39	40	39	44	46	48	55	56	48	47
Sales (bn m^3, 100%)	20	30	33	39	46	51	66	79	73	72
change in relation to previous year expressed as a percentage (100%)	-32	-10	-15	-15	-10	-22	-17	8	1	-10
- sales, Groningen (bn m^3, EBN share)	3	6	7	9	11	12	17	21	19	18
- sales, small gas fields (bn m^3, EBN share)	5	6	7	8	9	9	10	11	11	12
total sales (bn m^3, EBN share)	8	12	14	17	20	21	27	32	30	30
average gas selling price										
(EUR cents per m^3, 35.17 MJ/m^3)	10.56	15.33	16.61	15.68	13.68	20.26	22.23	25.52	26.76	22.63
sales & other income from:										
- continuing activities	1,220	2,206	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103
- discontinued activities										
total sales & other income	1,220	2,206	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103
change in continuing activities										
expressed as a percentage in relation to previous year	-45	-17	-11	-3	-35	-28	-25	3	20	10
result for the period from:										
- continuing activities	-364	256	764	556	333	450	1,614	2,327	2,360	2,131
- discontinued activities	-	-	-	-	-	-	-	-	-	-
comprehensive income	-364	256	764	556	333	450	1,614	2,327	2,360	2,131

IFRS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
result for the period from continuing activities	-30	12	29	18	11	9	24	26	28	30
property, plant and equipment:										
- investments on land	25	33	42	25	37	102	290	275	202	228
- investments at sea	113	194	142	131	244	462	475	377	419	383
total investments	138	227	184	156	281	564	765	652	621	611
depreciation	558	586	430	434	490	557	660	652	745	617
impairment (or reversal of impairment)	-	-	-155	35	299	660	-	-	-	-
shareholder's equity	392	775	279	217	178	184	199	219	200	204
gearing ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	87	90	87	88	91
borrowed capital	5,507	5,752	5,612	5,331	5,458	5,644	5,465	5,309	5,565	5,684

10.7 Glossary and references

Aquifer subsurface water-bearing layer from which heat can be obtained
Athos Amsterdam-IJmuiden CO_2 Transport Hub & Offshore Storage; CO_2-storage project
CCS Carbon Capture and Storage
CC(U)S Carbon Capture, Utilisation and Storage
CH_4 methane
CHF Swiss franc (currency)
CO_2 carbon dioxide
Climate Agreement the agreements reached at national level by the Dutch government, with the aim of reducing emissions of greenhouse gases
Consortium collaboration of a non-permanent nature created by a number of parties in order to carry out a specific project
Coronavirus crisis the consequences for our society of the COVID-19 pandemic
Corporate Governance Code (new) the Dutch Corporate Governance Code of the Monitoring Committee; the code of conduct for listed companies
COVID-19 the illness caused by the coronavirus SARS-CoV-2
CPI consumer price index; inflation indicator published by Statistics Netherlands (CBS)
CSR Corporate Social Responsibility
DAGO Dutch Association Geothermal Operators
DNV-GL assessment office for the energy sector
Downstream activities sale and transportation of geological resources
DSA Decommissioning Security Agreement
DSMA Decommissioning Security Monitoring Agreement
EBN Energie Beheer Nederland
Energy mix proportion of energy used in the Netherlands from various energy sources
E&P Exploration and Production
EZK Ministry of Economic Affairs and Climate Policy
FID Final Investment Decision
FTE fulltime-equivalent; unit used to compare the workload of a person in various contexts. 1 FTE represents a full working week
Gasgebouw public-private partnership of the Maatschap Groningen and GasTerra
Gas field subterranean accumulation of gas from rock pores that can be extracted
GE Groningen Equivalent (Nm^3 of natural gas with calorific value of 35,17 MJ at 0 degrees Celsius and 101,325 kPa).
Geothermal energy thermal energy from the earth
Great Place to Work (GPTW) employee survey, international system of measurement for job satisfaction
Green Deals agreements between the Dutch government and companies, social organisations and other authorities.
GRI Global Reporting Initiative
Heat exchanger extracts the heat from the water and transfers it to the water in a heating network
HR Human Resources
HVC sustainable energy and waste company, partner for municipalities in the energy transition
H-Vision project for large-scale blue hydrogen production
ICT Information and Communications Technology
IFRIC International Financial Reporting Interpretation Committee
IFRS International Financial Reporting Standards
IMS Integral management system
IPO Association of Provinces of the Netherlands
IRO The Association of Dutch Suppliers in the Offshore Energy Industry
JIP Joint Industry Project
KVGN Royal Association of Gas Producing Companies in the Netherlands
Maatschap Groningen partnership to manage production from the Groningen gas field
Midstream activities transport and storage of geological resources
Mining Act Dutch act of parliament describing the rules and regulations for exploration, extraction and storage of minerals
NAM Nederlandse Aardolie Maatschappij
New Energy Coalition knowledge base for the energy transition that emerged from the work of the Energy Valley, Energy Academy Europe and Energy Delta Institute
Nexstep National platform for decommissioning and re-use

Nm^3 Normal cubic metre; the standard unit in which natural gas is measured
NOGEPA Netherlands Oil and Gas Exploration and Production Association
North Sea Consultation (NZO) consultative body involving government, companies and social organisations, to coordinate current and future activities in response to a range of interests
Operating partner see operator
Operator party involved in the exploration, extraction or storage process that performs activities on behalf of partners
OPEX Operating Expenditure; regular costs relating to a product, system or company
OPI Operational Performance Indicators
PJ Petajoule, 1PJ = 1.000.000.000.000.000 joules
Porthos Port of Rotterdam CO_2 Transport Hub & Offshore Storage; carbon storage project
RES Regional energy strategies; the plans drawn up by 30 energy regions in the Netherlands, with the aim of meeting the targets of the Climate Agreement
RVO Netherlands Enterprise Agency
SCAN programme with which EBN further explores the potential for geothermal energy in the subsurface of the Netherlands
SDG Sustainable Development Goals
Sm^3 standard cubic metre
SodM Staatstoezicht op de Mijnen (State Supervision of Mines)
State participation shareholdership on the part of the Dutch state
SWOT-analyse SWOT = strengths, weaknesses, opportunities and threats
TJ Terajoule, 1 TJ = 1.000.000.000.000 joules
TKI Major Consortia for Knowledge and Innovation
TNO Dutch organisation for applied scientific research
Transition community all parties that have a role to play in bringing about the energy transition
Treasury the management of the company's monetary reserves
TTF Title Transfer Facility; virtual gas market created by the Nederlandse Gasunie
TWh Terawatt hours, 1TWh = 1.000.000.000.000 watt hours
UDG ultra-deep geothermal energy
Upstream activities exploration and production of geological resources
VNG Association of Netherlands Municipalities
WACC Weighted Average Cost of Capital
WOR-artikel 24 Dutch Works Council Act, section 24, defines the mandatory number of consultation meetings and the officers and directors who must be in attendance

10.8 Contact information

Did our annual report get you thinking, raise questions or inspire you? Please do not hesitate to contact us to ask questions or exchange views.

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