EBN Annual Report 2019

In dialogue

Energising the transition

Index

1. Foreword

In dialogue

In ten years' time, the Netherlands aims to be emitting 49 per cent less CO_2. The transition to a climate-neutral energy system in 2050 is a considerable challenge facing society as a whole. Over the next decade we will have to cover a lot of ground. We are happy to make a contribution to that, given our public-sector remit, know-how and financial clout. We do that by making investments and by bringing parties together in a number of specific sustainable energy projects, for instance in our capacity as a partner in the growth of various geothermal energy projects in the Netherlands. Our intention to work together with Invest-NL towards the development of collective heat systems and sustainable heating grids, is in line with this ambition. In addition, we will be utilising our knowledge and assets in the electrification of platforms in the North Sea, research into the development and use of hydrogen and, of course, the first large-scale CO_2 capture and storage projects, Porthos (CCS) and Athos (CC(U)S).

It is EBN's aim to be a binding force in the transition to a sustainable energy value chain. As a public-sector organisation we are able, indeed we have an obligation, to take the lead. We feel we have a responsibility to society to do this.

In doing this, we work with many partners, some of them public, others in the private sector. Our guiding principle is

that we can achieve more and have a greater impact if we work together.

Gas production from the Groningen field is being phased out over the next few years. We endorse the importance of this decision. The reality, however, is that we are still living in a country that is dependent on natural gas. At the moment, around forty per cent of the power we use comes from natural gas, and over the next few decades natural gas will continue to play a role in our energy system. In the meantime there is a growing awareness that it is best to use natural gas that is produced in our own country, preferably off-shore. That is better from the perspective of the smaller CO_2 footprint, better for the state treasury and better for employment. Underneath the North Sea there are resources that we can call on that will be usable for another few decades. And the recently unveiled agreement reached under the auspices of the North Sea Consultation (*Noordzeeoverleg*) also underlines the contribution made to the energy mix by oil and gas production under the North Sea.

As far as EBN is concerned, 2019 was characterised by the mandate that we were given by the Minister to invest in geothermal energy projects. This helps us to realise our ambition to make a contribution to a sustainable energy system. We believe that geothermal energy is a very good alternative to natural gas in terms of making the demand for heat more sustainable. In addition, our participation in projects involving CO_2 storage in empty gas fields off the coast of the Netherlands further contributed to reaching the objectives of the Paris Agreement. As you can read in the report, good progress has been made in that respect. We can make that impact, working together with our partners and thanks to the commitment and involvement of an increasing number of EBN employees.

It is EBN's belief that informed dialogue is of great importance. We are always happy to put our know-how to work

to bring parties together. But also to make a contribution to an objective standard in the debate on the energy transition. We want to facilitate talks on the energy system with and among our stakeholders on the basis of facts.

We do this in various ways: generally in the background when supporting master classes and developing a module for teaching packages for schools. More visibly with our publications, such as Focus and, of course, the EBN Infographic 'Energy in figures'. It was published for the fourth time this year. New to this edition of it was the version that we made on energy and emissions for households: from the big picture to the individual. Because we are convinced that this is an issue that will have to be tackled not least at individual level in decades to come.

Jan Willem van Hoogstraten
CEO

Key figures

	2019	2018	2017
Number of joint ventures	202	195	197
Of which geothermal energy	3	0	0
Sales EBN share (billion N^3)	12	14	17
Sales (EUR million)	2,206	2,673	3,015
Net profit (EUR million)	256	764	556
Payments to the State (EUR million)	293	962	1,497
Investments in property, plant and equipment (EUR million)	227	184	156
Depreciation and (reversal) of impairment (EUR million)	586	275	469
Social			
Number of employees	118	104	82
Percentage of women	40%	35%	33%
Absenteeism through illness	5.3%	3.8%	4.0%
Environment[1]			
CO_2-emissions		626 Kton	685 Kton
Methane emissions		3.6 Kton	4.9 Kton
Energy consumption		17.1 PJ	18.9 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 2019 figures will only be available later this year and will be published on our website.

2. Our organisation

2.1 About EBN

EBN plays a key role in energy production in the Netherlands. From its central position and via its relationships with all players, EBN can serve as 'a binding force' in the energy transition. In 2019, the changing role and position of EBN were translated into a new mission and vision. The central focus of these statements is that the value of the subsurface is of vital importance for the future aboveground, and that in the energy transition, joining forces is a precondition for success. Knowledge, skills and solid strength will have to be combined in order to accelerate the energy transition.

As a binding and driving force, EBN plays an important role in structuring the public-private partnerships in energy production in the Netherlands, from the perspective of public interest. In EBN's view, it has a role in and responsibility for delivering an essential contribution to the ambitions of society in respect of the climate. Attention is shifting from a gas value chain to a more sustainable energy value chain in which a range of options are integrated. The Climate Agreement will be the guiding principle. According to this agreement, CO_2 emissions must be reduced by 49% by 2030 as compared with 1990, and greenhouse gas emissions must be reduced by 95% by 2050. This applies not only to our gas production activities but in the end also to the impact of the end use of our products.

At present, 75% of energy production in the Netherlands consists of natural gas, and 5% of oil. Dutch natural gas and as a consequence the entire gas value chain remain an essential element of the energy mix. We aim at the utilisation of Dutch natural gas as the least polluting fossil fuel and essential for the transition of the gas value chain into a more sustainable energy value chain, accelerating the development of renewable heat sources such as geothermal energy and investigating other sustainable alternatives such as green gas, hydrogen and energy storage. We also fulfil a leading role in the process of decommissioning the oil and gas infrastructure, and the re-use of that infrastructure for sustainable energy production and storage, for example for CO_2 storage and green gas.

Last year, EBN took real steps forward with the structured mapping out of the potential for geothermal energy in the Dutch subsurface via its SCAN programme (SCAN: Seismic campaign for geothermal energy in the Netherlands), as partner in collaborative ventures in CO_2 storage projects (Porthos and Athos) and via the platform for decommissioning and re-use (Nexstep). In 2019, the Ministry of Economic Affairs and Climate Policy announced its intention to award EBN a mandate for participation in geothermal energy, thereby allowing EBN to focus on accelerating the development of sustainable heat sources and strengthening the geothermal energy sector.

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 60 years ago to represent the economic and social interests 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.

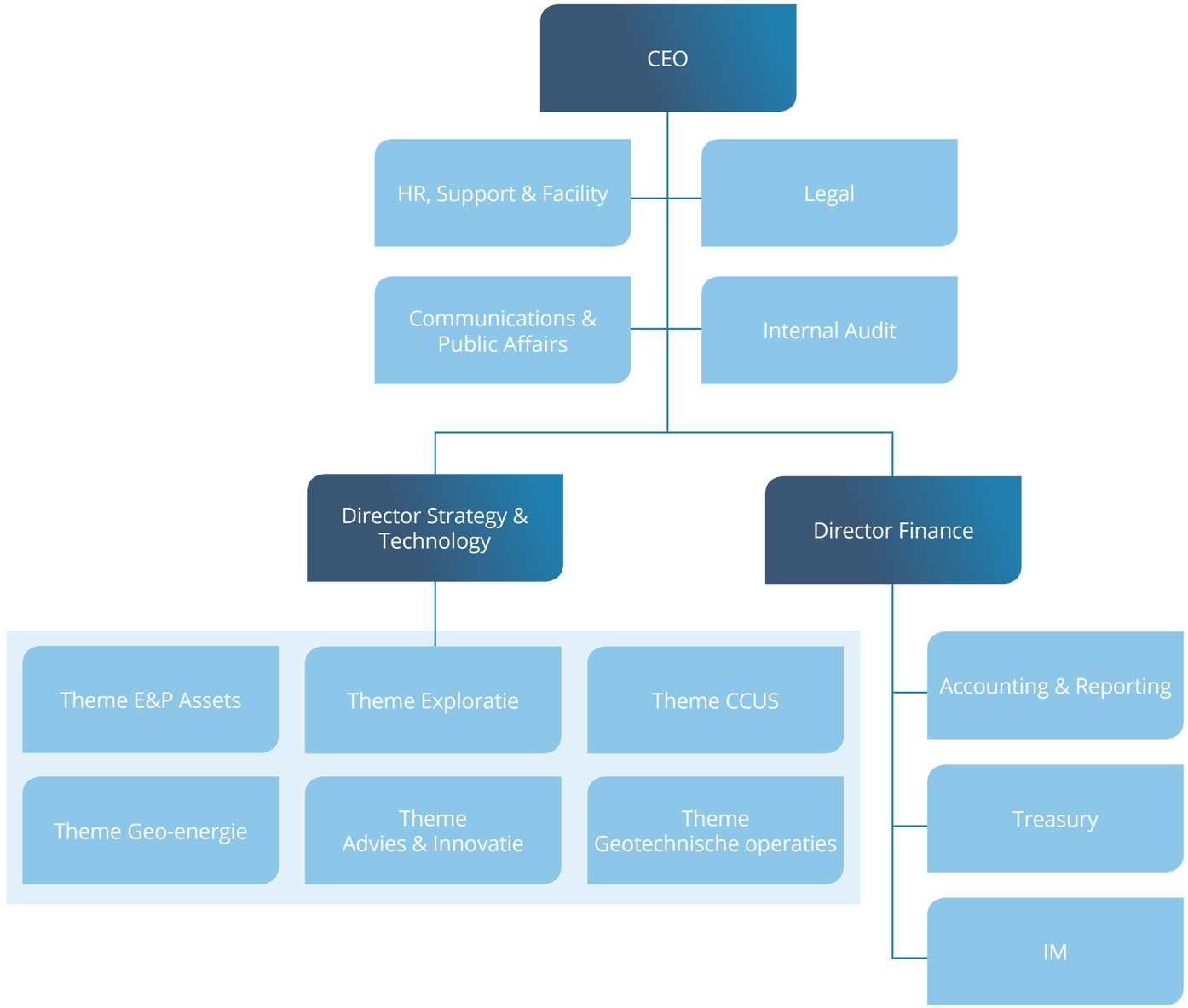
EBN participates in almost two hundred collaborative ventures with energy companies in the Netherlands, in the form of capital and by contributing far-reaching knowledge of the Dutch subsurface and the energy system. EBN generally takes a 40% stake in these ventures, thereby securing

revenue for the State. EBN for example has a 40% stake in GasTerra. GasTerra is a wholesale provider 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 employs an experienced and skilled workforce. Employees of EBN have specialised knowledge: in-depth expertise of the Dutch subsurface and wide-ranging knowledge of the energy system. Our staff represent the public interest, create links 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 only active in the Netherlands and employs around 120 people, all of whom are based in Utrecht. EBN has a CEO and a Supervisory Board and is organised according to six multidisciplinary themes. The themes Small Fields and Groningen were integrated in 2019 to form the theme E&P (Exploration & Production) Assets. Other themes are: Exploration, Geo-energy, Carbon Capture (Utilisation) & Storage, Advice & Innovation and Geotechnical Operations. EBN also has several supporting departments: Human Resources,



Support & Facility, Legal, Communications & Public Affairs, Accounting & Reporting (including Internal Audit), Treasury and the new department Information Management that brings together the specialist group Data & Knowledge and the corporate ICT department. Specialist disciplines are brought together in dedicated sections within EBN[1].

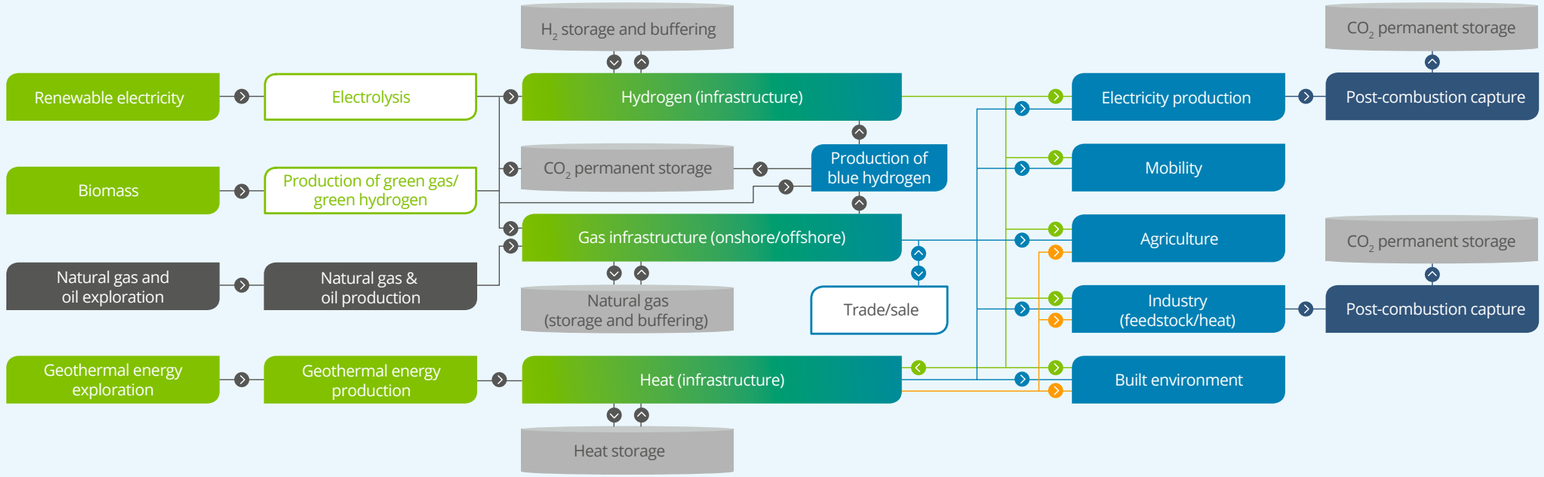
Reading this report

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 andimpact of our activities. The connectivity matrix provides an insight into their correlation. 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 2019.

From gas value chain to energy value chain

The Climate Agreement demonstrates that today's fossil-based system is no longer tenable.
Within the strategic pillars, the strategic focus for EBN has therefore shifted to contributing to a climate-neutral energy system by transforming the gas value chain into a more sustainable energy value chain, including the development of geothermal energy, CCS (Carbon Capture and Storage) and new sustainable 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.

Within the new system, electricity and sustainable 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 way. Based on our experience of doing business in the subsurface, and our public role in accelerating and reinforcing the desirable and necessary developments, we can take our social responsibility as transition partner by contributing to making the gas value chain more sustainable and by bringing together parties within the chains, based on our public role, with the aim of generating combined driving forces for the transition.



1 Specialist disciplines: Reservoir Engineering, Facility Engineering, Geoscience, Business Finance, Management, Asset Management/Business Development/ Commercial.

Input

Natural capital
- Oil
- Gas
- Geothermal energy
- Exhausted oil and gas fields

Produced capital
- 200 collaborative ventures
- Oil and gas infrastructure
- Gas treatment installations
- Production locations
- Natural gas storage

Intellectual capital
- Knowledge of the Dutch subsurface and (sustainability of the) gas value chain
- Overview position

Human capital
- Approx. 120 qualified and experienced employees

Social/relational capital
- Network, collaborative ventures and proven track record, reliable, in the public interest

Financial capital
- Extensive cash flows and investments in large-scale complex projects
- Economic & Econometric models
- Long-term price scenarios

Business model

Mission

EBN, as the binding force in the energy transition, makes use of the value of the subsurface for the future of life aboveground

EBN delivers binding force to the Dutch energy transition.

Material themes:

- Active approach to risks
- Maintaining financial clout and resilience
- Creating a binding force
- Encouraging and accelerating exploration and production of small Dutch gas fields
- Reinforcing, accelerating and improving the Dutch geothermal energy sector
- Responsible decommissioning and wherever possible re-use of infrastructure
- Deployment of subsurface space for a more sustainable energy system
- Investigating and developing energy innovation in favour of system integration in the Dutch energy transition

Our Dutch Gas | **Return to** Nature | **New** Energy

Our (potential) roles /activities:

Knowledge partner/ advisor:	Manager:	Investigator:	Investor:	Operator:
sharing knowledge of the subsurface and the gas value chain	managing existing assets for deployment in the energy transition	investigating new options and participating in pilots	investing in oil and gas projects and in geothermal energy	undertaking seismic studies (SCAN)

Output

Natural capital
- Oil and gas supplies
- Reserves of oil, gas, geothermal energy
- Empty gas fields for CO_2 storage

Produced capital
- Assets in the oil and gas infrastructure
- Re-use of infrastructure

Intellectual capital
- Increasing our knowledge
- New insights and technologies
- Knowledge platform for the energy sector
- Nexstep association
- From its overview position, EBN can offer insights and overview

Human capital
- Development of our employees
- Traineeships & internships

Social/relational capital
- Dialogue and connection
- Societal support
- Transparency

Financial capital
- Economic value
- Risk management & control
- Savings on decommissioning activities
- Financially stable organisation

Impact

⊕ Climate and energy transition
We help to accelerate the energy transition.

⊕ Energy supply
We contribute to a safe, reliable, sustainable, affordable and adaptable energy system in the Netherlands.

⊕ Social and economic value
We deliver binding force to the energy transition and generate income for the Dutch state and employment in the sector.

⊖ Local community
Energy production influences the local living environment.

⊖ Climate
Greenhouse gases in the chain.

2.2 Impact and value creation model

Caption to the value creation model

Our value creation model is based on the framework of the International Integrated Reporting Council (IIRC). The model on page 10 shows the way we deploy 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 through cooperation and encouragement, and by upscaling best practices in our traditional core activities and new promising activities. In addition, we are constantly working to reduce the negative impact of our traditional core activities and to broaden our impact with new options that neutralise negative impact and that help to transform the gas value chain into a more sustainable energy value chain, and facilitate more sustainable operations.

Our capitals

Natural capital

Our natural capital consists of oil, gas and sources of geothermal energy in the Dutch subsurface. In addition, EBN facilitates and stimulates the use of subsurface space (the portfolio of (future) exhausted oil and gas fields) for the production, transport and/or storage of CO_2, renewable energy and heat.

Produced capital

Together with its collaborative ventures, EBN is co-owner of oil and gas infrastructure, gas treatment installations, production sites and natural gas storage.

Intellectual capital

EBN has knowledge of the Dutch subsurface and the gas value chain. We are active in developing and sharing our knowledge of (operating in) the Dutch subsurface. Whereas partners only have an understanding of their own assets/challenges, EBN can identify common issues and generate new knowledge and accelerate innovation, specifically due to our unique overview position.

Human capital

EBN has a staff of (highly) qualified, experienced employees. Around 81% of our employees are specialists with a (post) graduate background.

Social/relational capital

For almost 60 years, EBN has been a socially dedicated and reliable player and has created a huge network in public-private partnership in the energy sector and the transition community (that brings together all parties that have a role to play in bringing about the energy transition) and has an overview of and ties with all stakeholders. As a result, we can deliver binding force for the energy transition and help give form and content to the informed dialogue about current and future energy supply in the Netherlands.

Financial capital

EBN is a solid, financially strong partner and through financial investments is able to facilitate large-scale complex projects and developments.

2.3 Strategic pillars

The strategy for implementing our mission and ambition is built on three pillars: Our Dutch Gas, Return to Nature and New Energy. These strategic pillars are the logical consequence of our changing role and new activities, and demonstrate how we wish to deliver an active contribution to accelerating the energy transition.

- **Our Dutch gas:** Dutch natural gas as an essential component of a more sustainable gas value chain Promoting and accelerating effective detection, development and extraction of gas reserves in the Netherlands in the most sustainable way possible;
- **Return to Nature:** decommissioning disused oil and gas infrastructure at the lowest possible costs to society;
- **New Energy:** contributing (e.g. with knowledge) to the development of new sustainable 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. This has led to a visible shift in our position: from a more 'silent' partner behind the scenes of energy supply in the Netherlands to an organisation that based on its knowledge, skills, financial position and network is able to deliver binding force to the energy transition. The recent activities in the field of accelerating the development of geothermal energy and reinforcing the sector are clear examples.

The diagram below provides a summary of the specific activities undertaken over the past few years within the three strategic pillars:

In the result section, for each strategic pillar, an overview is provided of the most important activities and objectives we achieved in 2019 and how they contribute to the EBN material themes and the SDGs.

Our Dutch Gas

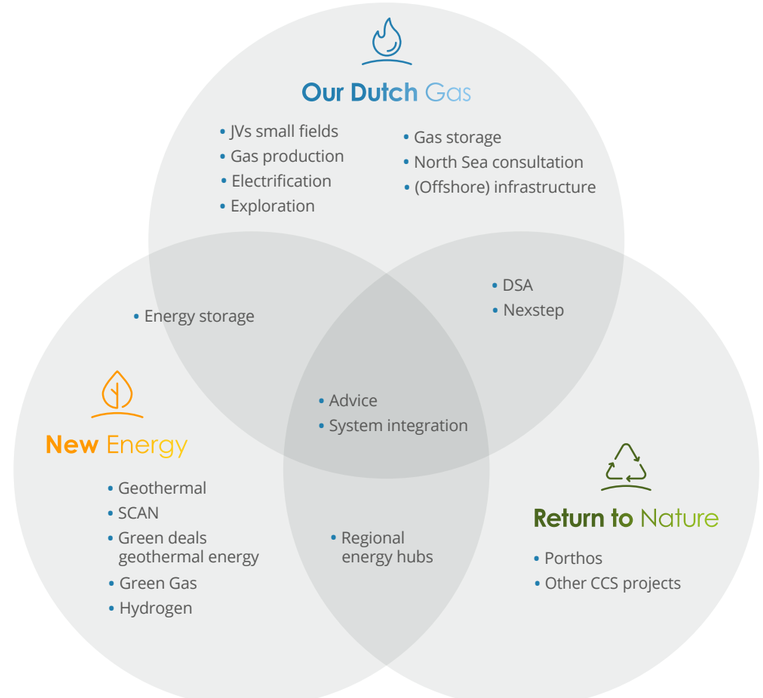
We make optimum use of Dutch energy sources and see gas as an essential element in a sustainable gas value chain.

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.

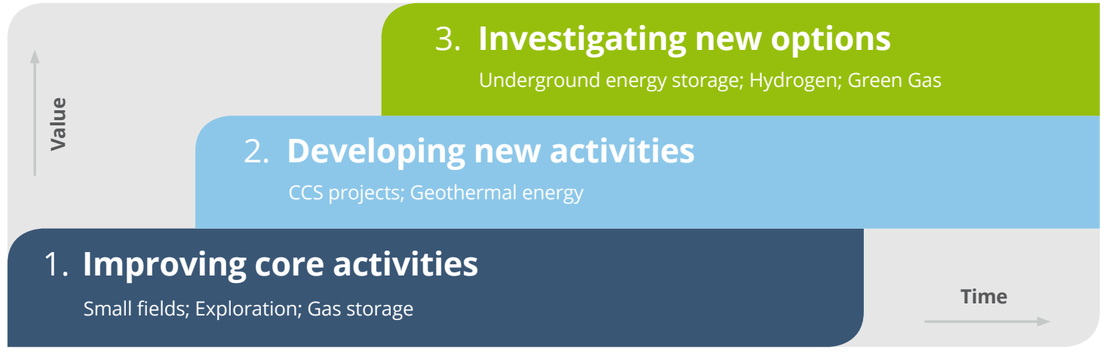


Activities per strategic pillar: implemented, under development and study, advising, exploration

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 (horizon for Our Dutch Gas and Return to Nature: exploration and development, re-use & decommissioning, reduced emissions).
2. Developing new activities (horizon for Return to Nature and New Energy: geothermal energy and CO_2 storage and transport).
3. Investigating new options (horizon for New Energy: hydrogen, green gas and energy storage).



2.5 Strategic refocus in 2019

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 other developments will influence our strategy, our activities and business processes in the short and longer term. The overall reassessment of strategy in 2016 led to a shift in our activities towards the development of applications for renewable energy. The value of EBN for society remains in (improving) the implementation of its traditional core activities, but over time will see the focus shift towards the development of new activities and the investigation of new options that

Our vision

At EBN, we believe that sustainable energy must be accessible (available and affordable) for everyone in the Netherlands, now and in the future. That requires a new perspective on the traditional gas value chain.

We believe that the value and knowledge of the Dutch subsurface are essential for the future of sustainable energy supply aboveground. We also believe that it is a task for many rather than just a single party, whereby governance must be provided on the basis of public interest; the combination of knowledge, skills and solid force will be needed in order to reinforce and accelerate the energy transition.

Our mission

Energie Beheer Nederland (EBN), as the biding force in the energy transition, makes use of the value of the subsurface for the future of life aboveground.

.....

EBN delivers binding force to the Dutch energy transition.

Pay off

EBN Energising the transition

contribute to accelerating the energy transition. EBN's business model has been duly adjusted.

When we refocused the strategy 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, we have also further elaborated the new vision on the gas value chain 'from gas value chain to energy value chain'.

2.5.1 Trends & developments

In our strategy, we respond to trends and developments that influence our operations and ambitions. We specifically take 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 key in 2019 in bringing about the refocusing of our strategy, including mission, vision, material themes and SDGs are:

- **The implementation of the Climate Agreement in respect of system integration, cooperation and sector combination determines the important next steps that are necessary in the transition.**
  - Market regulation has a major influence on the order in which sustainable solutions are implemented.
  - Incentives (subsidies) determine the extent to which there is a sound economic rationale for investment.
  - Control: both Dutch and European governance will to a large extent determine the pace 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 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.
  - 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. This is much earlier than the original shutdown date of 2030 proposed by the Cabinet. A programme of reinforcement of buildings in the heart of the earthquake area is currently underway.
  - Falling production volumes due to the shutdown of the Groningen field and exhaustion of smaller fields. Gas consumption in the Netherlands is not yet falling, making the Netherlands increasingly dependent on imported gas.
  - Low gas prices and (relatively) higher costs due to more complex exploration and production and falling volumes.

- **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 that we develop sustainable heat sources.
  - There is an urgency to accelerate, reinforce and improve developments within the geothermal energy sector. Among other things, that calls for the creation of a solid

position within the Regional Energy Strategies (RES) and heat transition visions (according to the draft Climate Agreement, it is the municipal authorities that are to take the lead in the heat transition for the built environment, and they must have a heat transition vision ready by the end of 2021).

- **Support for energy projects**
  - We are increasingly seeking tie-ins with external stakeholders and collaboration parties.

Need for governance in the operationalisation of the Climate Agreement

The Climate Agreement was published in June 2019. In the translation from plan to implementation, there is a growing need for cooperation and control. At European, national and local level, coordination and harmonisation are becoming ever more prominent themes. The agreement must be translated into a future-proof energy system in which the existing infrastructure must be linked to the new elements. There is a clear and important role for organisations like EBN that are active in the public domain. They are willing and able to take the lead in realising the public-private partnership essential for arriving at system integration and it is their obligation to do so.

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

Although we remain dependent on Dutch natural gas, social acceptance of natural gas production (in particular onshore productio) demands additional attention. The consequences of gas production in Groningen are no longer socially acceptable. Thanks to the measures taken by the current government, gas production in Groningen will fall below 12 billion Nm^3 this year. That is the safety level recommended by the National Mines Inspectorate. In subsequent years, gas production will be further reduced to zero, by the end of 2022. In addition, it will become increasingly difficult to maintain economically viable natural gas production in the Netherlands, partly due to falling gas prices and the exhaustion of reserves.

With the shutting down of the Groningen field, the core activity of GasTerra, the sales office of Groningen gas, will eventually expire. The joint shareholders (national government, EBN, Shell and ExxonMobil) have therefore called upon the Board of Management of GasTerra in 2019 to draw up a plan for controlled phaseout, whereby the company is able to continue to fulfil its obligations. The underlying principle behind the phaseout 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.

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 sustainable heat

Due to the long-term prospects of 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. Geothermal energy is one potential source that must actively be brought to the attention of the various Regional Energy Strategies (RES) as a local solution. EBN, in close collaboration with various partners, is responding actively to this need. In those areas where there is still limited knowledge of the (deeper) subsurface environment, this knowledge must urgently be broadened. There is also a clear infrastructure issue in matching supply and demand.

Strengths

- As a policy participation, EBN can be deployed to ensure short-term implementation of the Ministry's policy.
- EBN has centralised, unique knowledge of the Dutch subsurface and the Dutch energy system. By participating in around 200 joint ventures, EBN can optimise processes on the basis of combined data e.g.. Nexstep, INSPIRE (broad knowledge sharing with operators and combined reduction of OPEX).
- Together with its partners, EBN is responsible for implementing the Masterplan Geothermal Energy for reinforcing and accelerating the geothermal energy sector in the Netherlands.
- 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.
- We bring together parties to accelerate the energy transition in the Netherlands through a proactive response based on our own strategic objectives.

Weaknesses

- The added value of EBN is insufficiently known among new stakeholders.
- Adaptation to the speed of change in the energy field.

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 consultation and opportunities for exploration for Dutch natural gas ensure security of supply.
- As a public company, EBN can bring parties together in the interests of system integration in making the gas value chain more sustainable.

Threats

- Public 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, the role and organisation of EBN.
- Low willingness to invest among partners due to a relative worsening of the investment climate.

2.5.2 SWOT and dilemmas

In elaborating the strategy, a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) was drawn up. This 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':

In the context of the energy transition, developments in the energy sector are difficult to predict. EBN needs to deploy its knowledge, skills, strength and adaptive capacity to assist in exploring, developing and integrating new options. EBN believes it is able to make a contribution across the board, also in other sectors besides geothermal energy and gas, for which EBN currently has a mandate. The dilemma lies in the structure of the organisation and the possibilities for influencing parties to join in at the required pace.

Specifically for the three strategic pillars, the following dilemmas have been identified.

Our Dutch gas:
Dutch natural gas is essential for a more sustainable gas value chain. Support is falling and earning capacity is under pressure due to rising operational costs, falling yield as a result of the accelerated shutdown of the Groningen field and a faster fall in reserve volume from small gas fields.

Return to Nature:
For the development and realisation of CCS, control must be taken in the essential follow-up stages. The dilemma for EBN lies in the nature and scope of its role and position. There is also a degree of contradiction in the timing for the removal of decommissioned installations and infrastructure, and the use of those same installations for CO_2 storage and other renewable energy initiatives.
For the rapid and efficient development of CCS aimed at developing a new storage network, steering and control (orchestrated approach) are essential. In that development, account will have to be taken of the collective interest by encouraging public-private partnerships and securing the necessary long-term liability.

New Energy:
The dilemma facing New Energy is how we can create social and economic value. There will also have to be a clear mandate for EBN to enable it to develop new activities alongside its current statutory tasks.

To be able to control the quality of projects, EBN must participate on a risk-bearing basis. Only in that way can EBN have access to all relevant data and information currently available to operators and other collaboration partners. With this knowledge, EBN can also optimise its advisory role for the Ministry of Economic Affairs and Climate Policy. In addition, the fact that a knowledge party is willing to invest and bear risks in a project in the public interest, could generate confidence and positively influencing other partners and stakeholders.

2.6 Material themes

In 2019, EBN refocused its material themes on the basis of the Strategic Risk Analysis and the insights gained through structural interaction with stakeholders into the needs and interests of those stakeholders. In internal interviews and a number of internal workshops, various themes were clustered together, and choices were made with regard to the titles and wordings of the definitions of themes. Paragraph 7.2 on page 71 provides further details of how we determined these material themes.

The long-term strategy at EBN is made measurable by the Strategic Targets for 2025 that contribute to the *Sustainable Development Goals* (SDGs) relevant to EBN. The Strategic Annual Targets derived from these long-term objectives demonstrate the impact of EBN on the material subjects. 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 binding force' describes the way in which EBN implements its core activities according to the business horizons: improving core activities, developing new activities and exploring new options, contributing the necessary knowledge, expertise and capital (see also the value creation model on page 10). All theme teams and departments contribute to the overall goal, through their activities.

The section on reading this document on page 9, indicates which sections contain more information about the activities undertaken and the related results.

The connectivity matrix on page 22 clarifies the relationships between the themes.

The reference table, the Global Reporting Initiative (GRI) Standards content index appears on page 152. The impact our material themes have on society is described in 2.8.

Material theme	Definition
Active approach to risks **1. Promoting safety** **2. Reducing emissions and discharges**	1. Guaranteeing 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. 2. In our collaborative ventures, we aim to achieve lower environmental impact and CO_2 footprint by reducing the emission of greenhouse gases and reducing or preventing discharges.
Maintaining financial clout and resilience	Financial clout and resilience are characterised by high equity (including liquidity and solvency) available immediately for investments in the energy transition and for settling existing obligations. This is important given the accelerated shutdown of the Groningen field and the Gasgebouw, as a result of which profitability falls, and uncertain factors (e.g. earthquakes and restoration obligation) gain in importance.
Creating a binding force* **1. Facilitating informed dialogue** **2. Knowledge development and sharing** **3. Connecting all relevant internal and external stakeholders**	1 and 2. Facilitating 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. This includes actively developing and sharing our knowledge of (operating in) the Dutch subsurface. 3. EBN connects people to the energy transition and its organisation. Actively developing common themes and programmes to bring this about. EBN is also viewed as a Great Place to Work (GPTW). Employees working at EBN are dedicated, focused and committed to the realisation of the organisation's objectives.
Encouraging and accelerating exploration and production of small Dutch gas fields	Dutch natural gas is an essential component of a more sustainable gas value chain. Promoting and accelerating effective detection, development and extraction of gas reserves in the Netherlands in the most sustainable way possible.
Reinforcing, accelerating and improving the Dutch geothermal energy sector	Deploying our knowledge and expertise in operating in the Dutch subsurface for the benefit of developing geothermal energy in the Netherlands. In that context, over the next few years, EBN will be implementing the SCAN survey programme and participating in Green Deals. EBN can also, on behalf of the Dutch State, participate financially in geothermal energy projects.
Responsible decommissioning and wherever possible re-use of infrastructure	The decomissioning of disused oil and gas infrastructure at the lowest possible costs to society.
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.
The gas value chain is changing from a traditional, fossil fuel dominated chain to a sustainable energy chain. In that framework: Investigating and developing energy innovation in favour of system integration in the Dutch energy transition	Exploring the possible applications for new, renewable gases within the Dutch energy transition (in the context of working towards a more sustainable gas value chain) and examining possibilities for accelerating this 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.

* Example: 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 include the Royal Dutch Gas Association (KVGN), Nexstep, New Energy Coalition and the Top Corsortia for Knowledge and Innovation (TKI) in which both EBN employees and our CEO are active.

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 consist of seventeen goals that are aimed at 'making the world a better place by 2030' bringing an end to poverty, inequality and the climate crisis. In the Netherlands, the SDGs have been translated into national policy.

EBN has translated the SDGs into the way in which, as a public organisation, it fulfils its social role as a binding force that aims to help accelerate the energy transition. The SDGs selected by EBN as the most relevant for its operations are intrinsic to our vision on 'affordable and available renewable energy' and are in line with our strategic pillars and the themes that are most material to our organisation. The SDGs help focus our efforts for developing activities and bringing parties together who through their joint efforts contribute to the transition of the gas value chain into a more sustainable energy value chain.

In 2017, EBN identified three of these seventeen SDGs that best tie in with our activities and our role in the energy chain, namely:

- **SDG 7:** Affordable and clean energy: Ensure access to affordable, reliable, renewable 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

In 2019, we added SDG 13 to these because this SDG ties in well with our role as a transition partner and the way in which through our activities we implement our strategic pillars.

- **SDG 13:** Climate action: Take urgent action to combat climate change and its impacts.

Managers of the theme teams and departments have based their strategic objectives for 2019 among others on the SDGs.

This is further elaborated in the MORE report. The table on the next page provides a brief summary.

SDG	SDG objectives	Explanation of contribution	Contribution by
SDG 7: Affordable and clean energy: **Ensure access to affordable, reliable, renewable and modern energy for all**	7.2. Increase the share of renewable energy in the global energy mix substantially by 2030. 7.3. Double the global rate of improvement in energy efficiency by 2030.	For the reliability of energy supply natural gas remains an essential component of the energy mix. In the transition towards a CO_2-neutral energy system by 2050, EBN is therefore focusing on the production of Dutch offshore natural gas since this has a lower CO_2 footprint than imported gas. EBN is a driver and co-investor/partner in the development of energy and CO_2 storage. EBN contributes to accelerating the development of geothermal energy and reinforcing the geothermal energy sector and investigating other alternatives such as the development and production of hydrogen and green gas. EBN encourages its operators to work as sustainably as possible through efficient and sustainable energy consumption. Establishing the HSE benchmark in 2017 made a major contribution to this.	Our Dutch Gas Return to Nature New Energy
SDG 9: Industry, innovation and infrastructure: **Build resilient infrastructure, promote inclusive and sustainable industrialisation and encourage innovation**	9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities.	EBN contributes to realising a CO_2-neutral energy system and promotes affordable and available renewable energy for all. EBN contributes to the development of the energy system of the future in which various options must be given a place. EBN facilitates and promotes the effective re-use and/or use of underground space for the production, transport and/or storage of CO_2, renewable energy and heat and explores possible applications for new, renewable gases. EBN invests in infrastructure and has an active role in the sustainable decommissioning and if possible re-use of platforms and gas fields no longer in use. These can be used for new energy applications or, in the case of platforms, re-used at other locations. EBN has taken up a pioneering role together with NOGEPA in establishing Nexstep, the central platform for decommissioning and re-use. EBN also encourages its operators to work as sustainably as possible through efficient and sustainable energy consumption.	Our Dutch Gas Return to Nature
SDG 12: Responsible consumption and production: **Ensure sustainable consumption and production patterns**	12.2: By 2030, achieve sustainable management and efficient use of natural resources. 12.4: By 2020, achieve environmentally sound management of chemicals and all waste throughout their lifecycle, in accordance with agreed international frameworks and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment. 12.5: By 2030, substantially reduce waste generation through prevention, reduction recycling and re-use.	EBN encourages the re-use of platforms and gas fields and contributes to the sustainable re-use of resources and reduced waste production. In addition, EBN promotes the possibility of new applications for empty gas fields and the investigation of opportunities for upscaling the use of alternative energy sources, such as geothermal energy, the sustainable management and the efficient use of natural resources.	Our Dutch Gas Return to Nature New Energy
SDG 13: Climate action: **Take urgent action to counter climate change and its impact**	13.2 Integrate climate change measures into national policies, strategies and planning. 13.3 Improve education, awareness and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Natural gas remains an essential component of the energy mix to ensure reliable energy supply. In the transition towards a CO_2-neutral energy system by 2050, EBN is therefore focusing on the production of Dutch offshore natural gas because of its lower CO_2 footprint than that of imported gas. EBN advises government on policy measures in the context of national climate and energy targets. Among other things via the Masterplan for Geothermal energy in the Netherlands, EBN has influenced the Climate Agreement. EBN contributes to coordinating the re-use of infrastructure by phasing out natural gas production and initiating CO_2 storage. Throughout the chain, EBN applies its influence to make its activities more sustainable and contribute to the realisation of a CO_2-neutral energy system. Encouraging the re-use of platforms and gas fields for new purposes contributes to the sustainable re-use of resources and reduced waste production. In addition, the possibility of new applications for exhausted gas fields and the investigation of opportunities for upscaling the use of alternative energy sources, such as geothermal heat, promote the sustainable management and efficient use of natural resources. 13.3: With the material theme 'creating binding force', EBN contributes to improving awareness and driving forward and facilitating informed dialogue. Reinforcing the geothermal energy sector.	Our Dutch Gas Return to Nature New Energy

2.8 Output and impact of the value creation model

The output of EBN consists mainly of knowledge, innovations, the availability of underground space for the energy transition, economic value, network, energy and binding force in public private partnerships.

Natural capital

Oil, gas and geothermal energy stocks in the Dutch subsurface represent our natural capital. 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. In the future, we may be able to use empty gas fields for CO_2 and energy storage, and part of the natural gas transport network could be converted for the transport of hydrogen and green gas.

Produced capital

EBN has assets in the form of infrastructure for the production of oil and gas. As soon as the gas fields in question become exhausted, this infrastructure becomes excess to requirement in the short term. The decommissioned installations and infrastructure must be removed. Wherever possible materials will be recycled or perhaps re-used for new energy applications.

Intellectual capital

EBN constantly expands its knowledge by means of studies, cooperation and exchange, research and on the basis of acquired experience. 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, EBN is establishing a knowledge platform for the energy sector in the long term.

Human capital

We have a staff of dedicated and motivated employees as reflected among other things in the Great Place to Work employee satisfaction survey. 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 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 capital

Within our partnerships, we encourage initiatives for the energy transition and fulfil a linking 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). Maintaining constant dialogue with our stakeholders will eventually ensure that we build up a reputation as a business that operates transparently in relation to its stakeholders.

Financial capital

Economic value is generated in the short term from income from the sale of oil and gas. We pay back the majority of our profits to the State. In the long term the revenue and costs reductions will contribute to maintaining a financially stable organisation.
In the autumn of 2019, EBN received a 450 million euro capital injection which was added to its 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 climate.

2.9 Connectivity matrix[2]

Explanatory notes to the connectivity matrix

In 2019, we refocused the titles and definitions of our material themes. For all material themes we have formulated strategic objectives for the period through to 2025. For 2019, we linked the key performance indicators (KPIs) to our material themes that contribute to the strategic objectives for 2025.

Given the refocusing of the themes and with a view to the political mandate (geothermal energy) and ambition (hydrogen and green gas), a number of these subjects are more future-oriented.

2 EBN is reporting for the first time on its material themes and the accompanying KPIs. For this reason, the figures for 2018 are not included in the connectivity matrix in this 2019 annual report.

2.9 Connectivity Matrix 2019

Strategic pillars	No.	Material theme	Definition	Strategic objectives 2025	Strategic horizon	KPI	Result 2019
New Energy Our Dutch Gas Return to Nature	1	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 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	0
						Number of industrial accidents resulting in absenteeism (expressed in Lost Time Accidents or LTA)	7
				– The CO_2eq emissions for each produced cubic metre have fallen by 25% as compared with end 2017	1	Percentage change in small fields CO_2eq emissions per produced cubic metre in 2018 versus 2017	3,4%
Our Dutch Gas Return to Nature	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 materiality 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 (equity capital / balance sheet total)	12%
						Net liquidity (cash and cash equivalents & derivatives less loans taken up in million euro)	2.523
						Profit after tax (million euro)	256
New Energy Our Dutch Gas Return to Nature	3	Creating binding force 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 committed to realising the organisation's objectives.	– Establishing, expanding and monitoring a platform for informed dialogue 'Energy in the Netherlands'.	1	Update infographic	YES
				– Mapping out the entire Dutch subsurface for potential geothermal energy and sharing the resultant interpreted data	2	Number of km SCAN survey for suitability for geothermal energy production ready (this information is available for use by third parties)	260
						Score Great Place to Work employee satisfaction survey (the Trust Index)	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 more 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	17
						Unit OPEX in EUR ct/m^3 GE	6,4
						SF Production 100% billion m^3 TQ	13
				– EBN continues its operations in natural gas storage		SF Mature 100% billion m^3 TQ	6,3
					1	Number of gas storage facilities	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 developed PJ	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 (versus 2017) in costs per delivered GJ	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 handling locations of the offshore gas grid is decreased from 6 to 3	1	Number of operational gas handling locations	6
						Number of re-used sites (site remains in place and takes on new use)	1
						Number of DSAs signed	100
						Number of joint decommissioning campaigns included in operator WP&Bs 2020	1
New Energy Return to Nature	7	Use of underground space for a more 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.	– By 2025, 4 Mt of CO_2 will be stored each year off the coast of the Netherlands	2	Volume of MT and CO_2 in storage per year in the Netherlands and in projects in which EBN participates.	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
				– EBN is involved in (the pilot for) at least one operational energy storage programme in a salt cavern	3	Number of operational energy storage facilities in a salt cavern	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 Our Dutch Gas Return to Nature	8	The gas value chain is changing from a traditional fossil-fuel dominated chain to a renewable energy chain. In that context: 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 invests in the production of 50,000 tonnes of additional blue hydrogen in 2025	3	Number of tonnes additional blue hydrogen produced with investment by EBN and partners.	0
				– EBN is aiming to produce green hydrogen by 2025, using supercritical water gasification	3	Number of m^3 green hydrogen produced in projects in which EBN invests	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	3	Number of pilots for district power station with additional hydrogen firing	0
				– EBN will join EZK, LNV and the sector in developing a Masterplan green gas	3	Masterplan green gas completed	No
				– The aim is to produce 1 bcm of green gas per year (through gasification and biomass fermentation)	3	Number of bcm green gas	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
				– EBN is participating in the realisation of at least one regional green gas hub	3	Number of participations in regional hubs for green gas	0

3. Our position in the energy chain

3.1 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 maintain the system's reliability and affordability. 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 increasing the sustainability of the gas value chain 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 for as long as national demand for it prevails. It still generates a significant amount of money for the Dutch treasury and, due to reduced gas imports, results in a smaller carbon footprint and less dependence on foreign 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 performance, safeguarding the availability of decommmissioning 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.

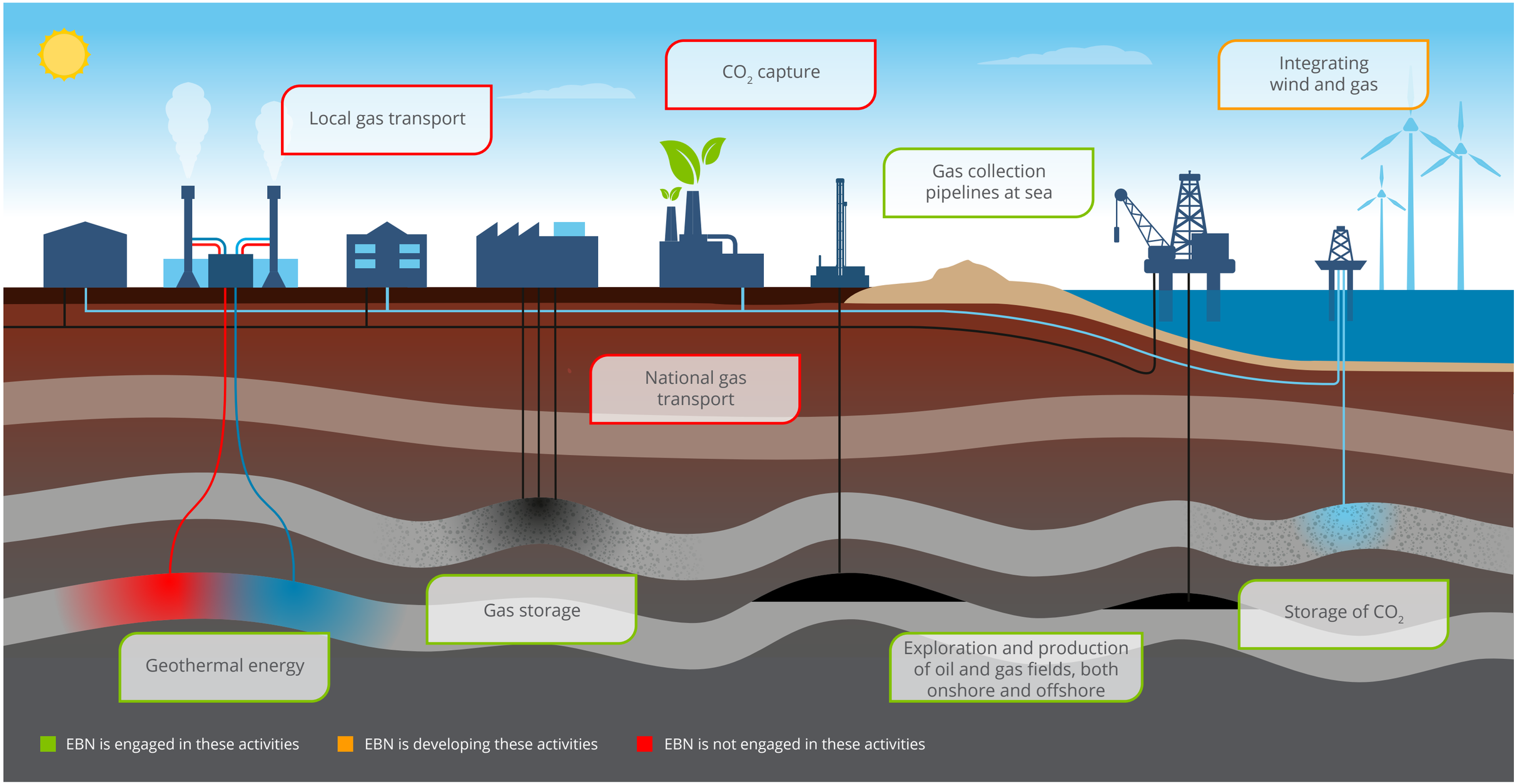
Following the Minister's announcement of his intention to mandate EBN to participate in geothermal energy projects, EBN is committed to strengthening the geothermal energy sector and accelerating the development of geothermal energy. EBN is contributing knowledge and expertise of subsurface activities to collaborative ventures, taking a leading role in the innovation agenda for geothermal energy and, with SCAN, is mapping the initial potential of geothermal energy.

EBN is actively developing the possibilities of CO_2 storage and participating in pilots to turn the first CO_2 storage projects into reality. With a focus on public interest, EBN is contributing knowledge and expertise to quantify and mitigate risks.

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 and bringing in knowledge and expertise. EBN already plays a role in gas storage. Thanks to its knowledge of the subsurface, the gas value chain and heat chain, EBN has an advisory role vis-à-vis the Ministry of Economic Affairs and Climate Policy with regard to developing a storage vision that integrates other forms of energy storage.

EBN sees it as its social mission to contribute to ensuring that renewable energy is, and remains, accessible (available and affordable) to everyone in the Netherlands. The Dutch subsurface - and knowledge thereof - is essential to a number of elements in the sustainable energy system.

The illustration on page 26 depicts our role in the energy chain.


Local gas transport
CO_2 capture
Integrating wind and gas
Gas collection pipelines at sea
National gas transport
Gas storage
Storage of CO_2
Geothermal energy
Exploration and production of oil and gas fields, both onshore and offshore
EBN is engaged in these activities
EBN is developing these activities
EBN is not engaged in these activities

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, is acting 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. 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, together with TAQA and NAM, our main partners in this field, is co-owner of four subsurface 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. For the Porthos CCS (Carbon Capture and Storage) collaborative venture with our partners Gasunie and the Port of Rotterdam Authority, the Minister signed a decision to proceed with the implementation of the pre-project phase (the so-called Front-End Engineering Design or FEED) and preparations for the subsequent phases. This enables a clear path to be mapped out towards the Final Investment Decision and the further implementation of the project. The companies working on the Athos CCS project in the port of Amsterdam have called on parties to express their interest in participating. Athos is a project of Gasunie, EBN, Port of Amsterdam and Tata Steel.

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 page 28 and 29.

3.1.1 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 is conducting 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

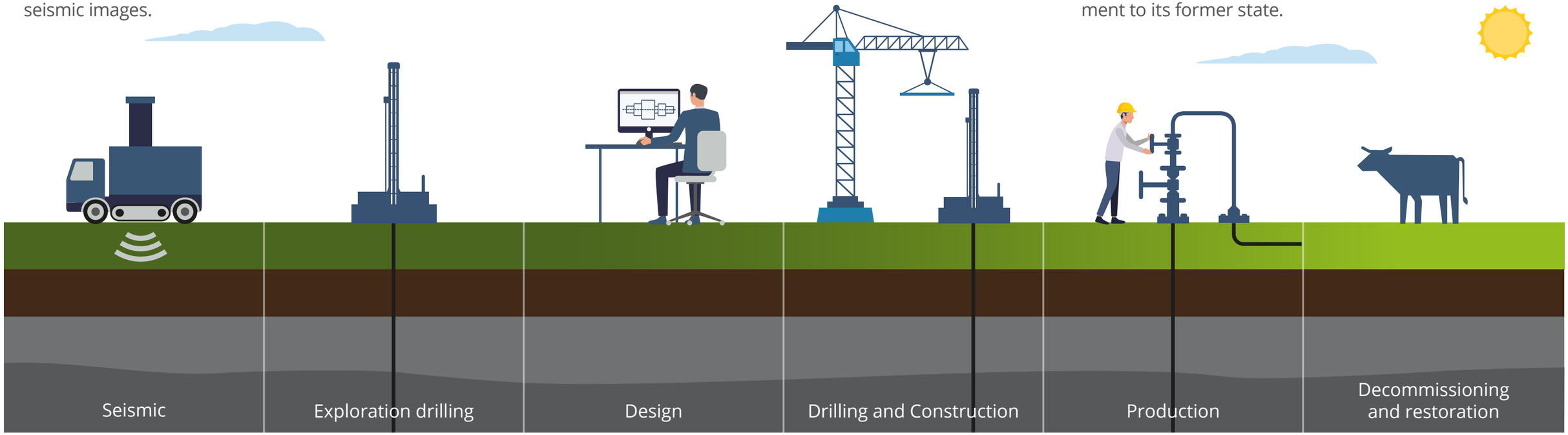
- Together with our partners, we develop economically viable reserves.

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

- Oil and gas: 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 CO_2 storage. Ultimately, the operator must permanently plug the wells, decommission the infrastructure and restore the environment to its former state.



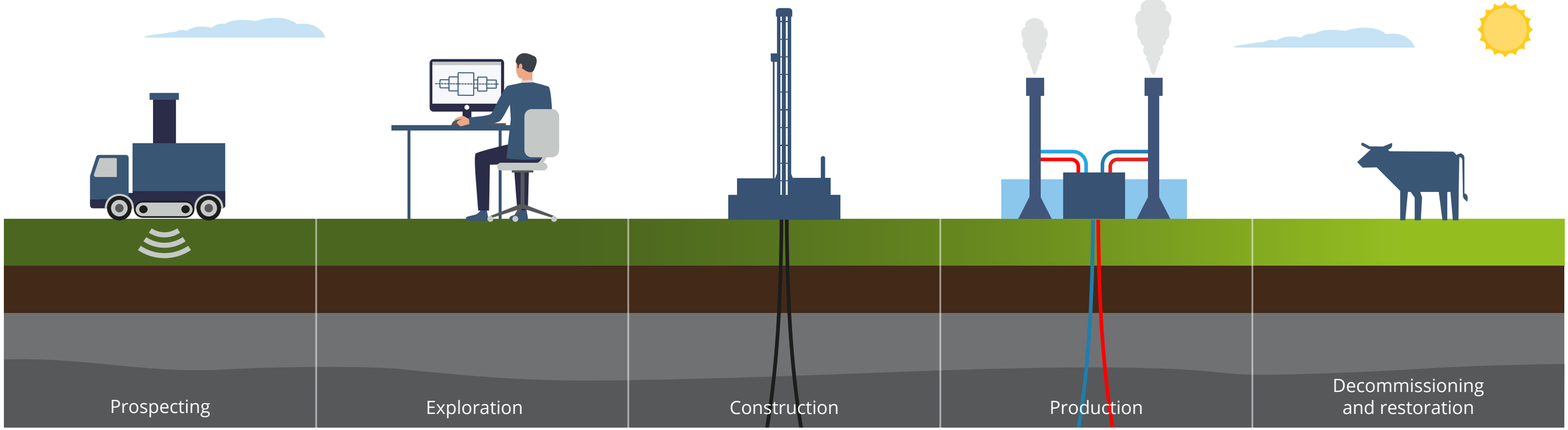
3.1.2 Development of geothermal energy

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 Netherlands Seismic Campaign for Geothermal Energy (Seismische Campagne Aardwarmte Nederland), or SCAN programme for short. This enables us to conduct seismic research into geothermal energy in places where we still know little about the subsurface. By means of the Netherlands Seismic Campaign for Geothermal Energy, EBN is mapping the potential of geothermal energy in regions where there is currently too little data to make an initial assessment of the possible use of geothermal energy.

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, a permit is required. The company applies for this permit from the Minister for Economic Affairs and Climate Policy. 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.



Construction

- Construction of the facilities above the surface, including connection to the customer's heat network.

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 no practical knowledge about this.

Drilling for oil, gas or geothermal energy takes place under the supervision of the National Mines Inspectorate (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, 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.

3.2 Chain responsibility

EBN invests in the exploration for, and production of, oil and gas in the Dutch subsurface as a non-operator. 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

Integrity is one of EBN's sustainability themes. The focus areas that EBN distinguishes in the theme of integrity are: human rights, non-discrimination, anti-corruption, competition and transparency. EBN has made an inventory of how operators deal with these focus areas.
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 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. External suppliers are required to adhere to our General Procurement Conditions for Goods and Services, which include 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 required to comply with the Code of Conduct in order to continue working with us.

Monitoring of compliance with the EBN code of conduct

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 findings in 2019 did not give rise

to any compliance improvement plans. The EBN General Procurement Conditions contain an integrity clause. If EBN deems it necessary, it can conduct an audit. Suppliers are informed about this in good time.

Whistle-blower policy

The EBN whistle-blowing 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 e-mail address, which can be found on its website.

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. However, EBN does take 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 contact the Temporary Committee on Mining Damage in Groningen (Tijdelijke Commissie Mijnbouwschade Groningen), TCMG for short, with any questions, requests and measures relating to damage caused by gas production activities in Groningen. TCMG has a website where it provides information on claims handling. Any questions, requests and measures relating to the reinforcement of buildings can be put to the National Coordinator Groningen (Nationaal Coördinator Groningen - NCG). The National Coordinator Groningen has a website that provides information about all relevant measures for interested parties.

4. Results

In order for our activities to fulfil our strategic pillars and achieve results on our strategic objectives:

- we create economic and social value within our core activities;
- we develop new activities to make the gas value chain more sustainable, such as CC(U)S and geothermal energy;
- we conduct exploratory studies, our own technical studies and pilots to contribute to a carbon-neutral energy supply in 2050;
- as (knowledge) partner and advisor, we maintain close contacts with the operators, partners from the energy sector, the Ministry of Economic Affairs and Climate Policy as shareholder and policy maker, and our other stakeholders such as local authorities.

For the results achieved by EBN in 2019 in a nutshell, we refer to the overview of key figures on page 5.

Business objectives 2019

For 2019, the CEO, together with the Supervisory Board, has determined a number of generally guiding business objectives for EBN. These objectives, and the results achieved, are shown on page 33.

	Topic	Explanation	Objective	Realisation
1	EBN's profit	EBN's profit shown in million EUR	≥ 1.355	256*
2	Administration costs	EBN's costs for staff, hiring expertise, office, etc. Shown in million EUR	≤ 22.7	21.2
3	Reserves maturation small fields	The net supplementation (maturation) of gas reserves in the Netherlands in GNm^3 TQ.	≥ 5.40	6.25
4	Great Place to Work	Great Place to Work employee survey score (the so-called Trust Index)	≥ 7.6	7.8
5	Transparency Benchmark	A position in the transparency benchmark, 'energy, oil and gas' sector, 7th or 8th place.	7th or 8th place for sector	3rd place for sector
6	SCAN: percentage of SCAN seismic data collected in area C (Haarlem - Nijmegen).	SCAN seismic survey, for suitability for geothermal energy production, complete: the ratio of the number of kilometres analysed to the total planned number of kilometres.	60%	44% **

* Profit achieved is lower than expected due to lower volumes, lower selling prices and higher earthquake costs (see 4.5).

** SCAN plan for C was originally 597 km, 44% of this was achieved by the end of the year. The prognosis had already been revised downwards, which was partly due to a challenging start to the survey.

4.1 Introduction

In this chapter we describe the most important objectives for each strategic pillar, the actions we have taken in this regard and the results.

The results described below also contribute to the material theme below:

Creating binding force:

- Knowledge development and sharing;
- Connecting relevant stakeholders, internally and externally.

Creating binding force is the way in which EBN implements its objectives and creates social and economic value, and is therefore reflected in all three strategic pillars.

4.2 Our Dutch Gas

Our Dutch Gas

Annual objective	Explanation	Results achieved in 2019	More information on page
Prospectivity scan, risk regions, infrastructure and open blocks	Within existing permits in areas where gas production is declining and in areas where there are no concrete activities yet (open blocks), a scan has been carried out to identify any additional reserves.	Fully achieved	36
DEF Studies wrap-up	Within the theme of exploration, lead+ is generated through play-based exploration (conclusions on the possibility of finding oil and gas reserves based on the characteristics of the subsurface strata).	Largely achieved	36
Decommissioning Security Agreement (DSA) implementation, monitoring and follow-up complete	Implementation of a new guarantee scheme to ensure funding of decommissioning and restoration obligations relating to Dutch oil and gas assets.	Fully achieved	36
Master Plan for Future Small Fields 2020-2030 drawn up and in progress	INSPIRE is the master plan in which operators and EBN promote cooperation with a focus on a systematic reduction of operational costs (OPEX) by pooling activities and through extensive cooperation between the various offshore operators. The plan has been drawn up by all operators and will be further elaborated in cooperation with them.	Fully achieved	36

More than 50% has been largely achieved

4.2.1 Knowledge development and sharing

Prospectivity scan, risk regions, infrastructure and open blocks

Within existing production permits in areas where gas production is declining and in areas where there are no concrete activities yet (open blocks), a scan has been carried out to identify any additional reserves. In 2019, six different areas were scanned in the Dutch offshore to map prospectivity on the basis of prospects and leads that have already been identified (areas where there is a known likelihood of finding gas and oil). The objective is to deal with existing infrastructure efficiently.
Several studies have been conducted in this regard, including the HUB study (identifying, assessing, ranking and documenting value from the subsurface for certain areas where the infrastructure will be removed in the near future), ORTISI (Opportunity Realisation Through Improved Seismic Imaging) and input for the North Sea consultations.

DEF Studies wrap-up: 9 BCM of risked reserves added to the exploration database

Within the theme of exploration, lead+ (areas where there is a firm suspicion that oil and gas reserves can be found) is generated through play-based exploration (conclusions on the possibility of finding oil and gas reserves based on the characteristics of the subsurface strata). Using this method, resources in the DEF area (blocks D, E and F) are also added to EBN's exploration database, the so-called DEF wrap-up. For the time being, the studies conducted in the DEF wrap-up[1] have led to the addition of 9 BCM of risked reserves (uncertainty has been taken into account when determining these volumes). Not all studies were completed in 2019 because exploration studies often have a longer duration.

4.2.2 Connecting stakeholders

Implementation, monitoring and follow-up decommissioning Security Agreement (DSA) complete

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. In addition, a Decommissioning Security Monitoring Agreement (DSMA) is agreed between permit holders and EBN in which agreements are made about EBN's monitoring role. The guarantee scheme means that the residual value of the asset and the costs of decommissioning are determined annually according to a set methodology. If the residual value of the asset is lower than the cost of the decommissioning and restoration obligation, partners provide guarantees for the difference in guarantees for their own share. As of 31 December 2019, 100 DS(M)As had been signed, including 93 offshore production permits and 7 offshore exploration permits. Approximately 3 to 5 DS(M)As remain for individual reasons, e.g. for cross-border units (Orca and Markham). With regard to the other remaining DS(M)As, any discussions have been completed and signatures will follow at the beginning of 2020. Where applicable, guarantees will be completed in January 2020, in accordance with the DSA system. As a result, the implementation of the DSAs was actually completed in 2019.

Master Plan for Future Small Fields 2020-2030 drawn up and in progress

INSPIRE is EBN's master plan in which operators and EBN promote cooperation with a focus on reducing operational costs (OPEX), in order to be able to guarantee offshore gas production economically in the coming decade. The plan was drawn up by, and is being implemented in cooperation with, all operators. All operators are willing to contribute; the priority sub-themes and the operators that will lead them have been identified; governance has been drafted and will be submitted to the operators; as of January 2020, the identified sub-themes can be started.

1 The following studies were conducted and contributed to the objective: (1) Chalk Play, (2) Cygnus Play (studies of possible resources at various stratigraphic levels), (3) Regional basin modelling study (source rocks characterisation, 1D modelling of wells with key information and modelling of maturity and hydrocarbon expulsion) and (4) wrap-up shallow gas prospectivity (inventory of shallow gas leads).

4.3 Return to Nature

Return to Nature

Topic	Explanation	Results achieved in 2019	More information on page
1 joint decom campaign included in WP&B for 2020	Organise one multi-operator decommissioning campaign within Nexstep and have the parties involved incorporate reservations for this in the work programme and budget for 2020, so that the campaign can start (at the earliest) in 2020.	Fully achieved	37
Porthos, start of FEED (front-end engineering and design)	Start of a new phase of the Porthos project leading to Final Investment Decision (FID): start of FEED.	Fully achieved	38
Athos cooperation agreement (SOK)	The Athos feasibility report was completed and was well-received by all parties involved. The parties involved want to move forward together to the next phase (Concept Select).	Fully achieved	39

Largely achieved means more than 50%

4.3.1 Knowledge development and sharing

1 joint decom campaign included in WP&B (Work plan and Budget) for 2020

Cooperation between, and with, operators enables efficient use of time and resources. This leads to the desired cost reduction, with the ultimate aim of reducing the total costs of decommissioning by 30% compared to the reference year 2017. An initial joint decommissioning campaign was launched in 2019. After implementation of the feasibility phase and approval for further follow-up, there was commitment from operators to develop the campaign jointly (technical, commercial, legal) and the campaign entered the next phase (concept select and define phase).

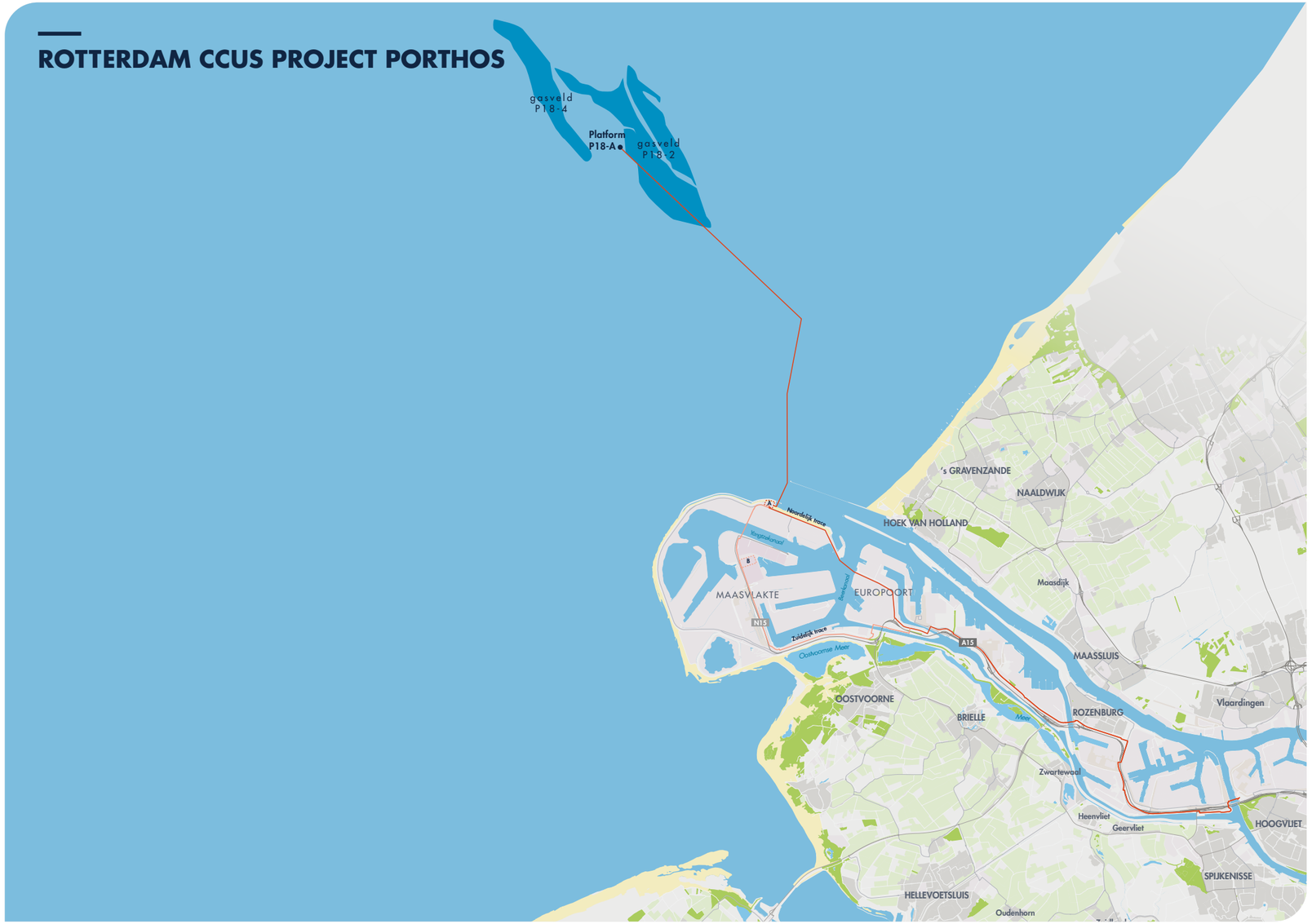
The entire Nexstep work programme that contributes to a future 30% cost reduction through cooperation between operators includes much more than just this decommissioning campaign. One example of this is research into the re-use of existing infrastructure. In 2019, the first offshore hydrogen pilot study (PosHYdon) in the world commenced in cooperation with Nexstep. Neptune Energy's Q13-A Amstel platform was selected for this. The first offshore electrolyser will be installed there to study hydrogen as a replacement for natural gas. During the transition to an energy-neutral energy system in 2050, hydrogen must take over the role of natural gas. The platform's facilities lend themselves to research into new sustainable energy carriers.

4.3.2 Connecting stakeholders

Porthos, start of FEED (front-end engineering and design)

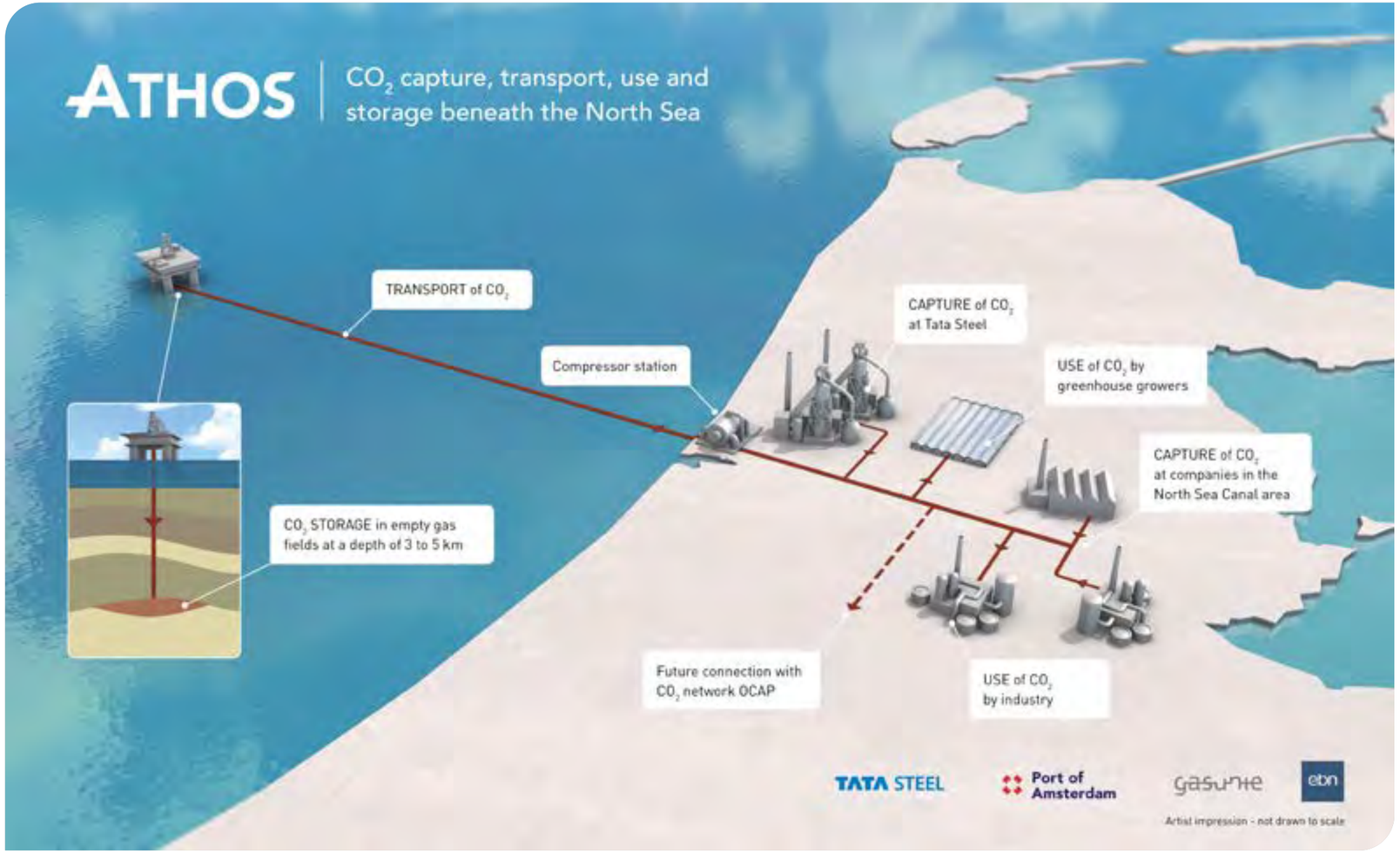
Porthos stands for Port of Rotterdam CO_2 Transport Hub and Offshore Storage. Porthos is in preparation for a project to transport CO_2 from industry in the port of Rotterdam and store it in empty gas fields under the North Sea. After the concept design has been defined and agreement obtained from the partners involved, the project will be worked out in detail. This will take the Porthos project into the FEED phase (front-end engineering and design), which is the final phase prior to the Final Investment Decision (FID). EBN received the mandate and funding from the Ministry of Economic Affairs and Climate Policy for its contribution to the FEED study.

In 2019, Porthos moved into its own office space in WTC Utrecht. The same year, project director Wim van Lieshout was appointed.



Athos cooperation agreement (SOK)

The Athos project was also taken one stage further in 2019. The feasibility study was completed, and then the concept select (first project design) was launched including a market consultation on companies' interest in capturing CO_2 and on the operators' interest in storing carbon in empty gas reservoirs under the North Sea.



4.4 New Energy

New Energy

Topic	Explanation	Results achieved in 2019	More information on page
SCAN - Acquisition 60% complete in area C (Nijmegen - Haarlem)	Tendering out and conducting seismic surveys, starting in the area along the Nijmegen-Haarlem axis.	Largely achieved	41
Year 1 of UDG exploration work programme implemented	Implementation of the Ultra Deep Geothermal Energy annual plan. Concerns research and communication activities.	Largely achieved	41
EBN participation in 1 pilot project with production of hydrogen and/or green gas within the "Energy hubs" concept	EBN has selected two projects suitable for pilot development, but implementation has been postponed to 2020.	Not achieved	41
FIDs (Final Investment Decisions) for 1.5 PJ (Petajoules) in partnerships with operators	Investments in geothermal energy projects which jointly produce 1.5 PJ of thermal energy.	Not achieved	41
Elaboration of Geothermal Energy Master Plan roadmap (incl. subsurface capacity study & cost reduction programme)	Implementation of various aspects of the Geothermal Energy Master Plan. Its objective is to strengthen and accelerate the geothermal energy sector in the Netherlands.	Fully achieved	42
Energy storage cooperation agreement (SOK) complete	Achieving cooperation in the field of subsurface energy storage.	Fully achieved	42

Largely achieved means more than 50%

4.4.1 Knowledge development and sharing

SCAN - Acquisition 60% complete in area C (Nijmegen - Haarlem)

In February 2019, the seismic survey commenced with a test line, intended to gain more insight into the technical and economic aspects of seismic surveying in the Netherlands. The test line made it possible to estimate the logistics and costs of the seismic survey along lines through the landscape that are as straight as possible. Based on these first experiences, the implementation of the seismic survey in the SCAN areas has been contracted at European level and contracts were signed at the end of June 2019. In September, the survey continued in the area along the Nijmegen-Haarlem axis. In 2019, seismic data over a total distance of 260 km (44% of the number of kilometres anticipated in area C at the end of 2018) were collected, spread over 5 lines. It was difficult to estimate the start and pace of the survey beforehand. The Dutch subsurface and above-ground situation is complex.

Year 1 of UDG exploration work programme implemented

The implementation of the Ultra Deep Geothermal Energy (UDG) annual plan consists of research and communication activities. Ten UDG studies (subsurface and risk analyses) were conducted. In addition, a UDG seminar was organised with 180 external participants where the UDG status was discussed.

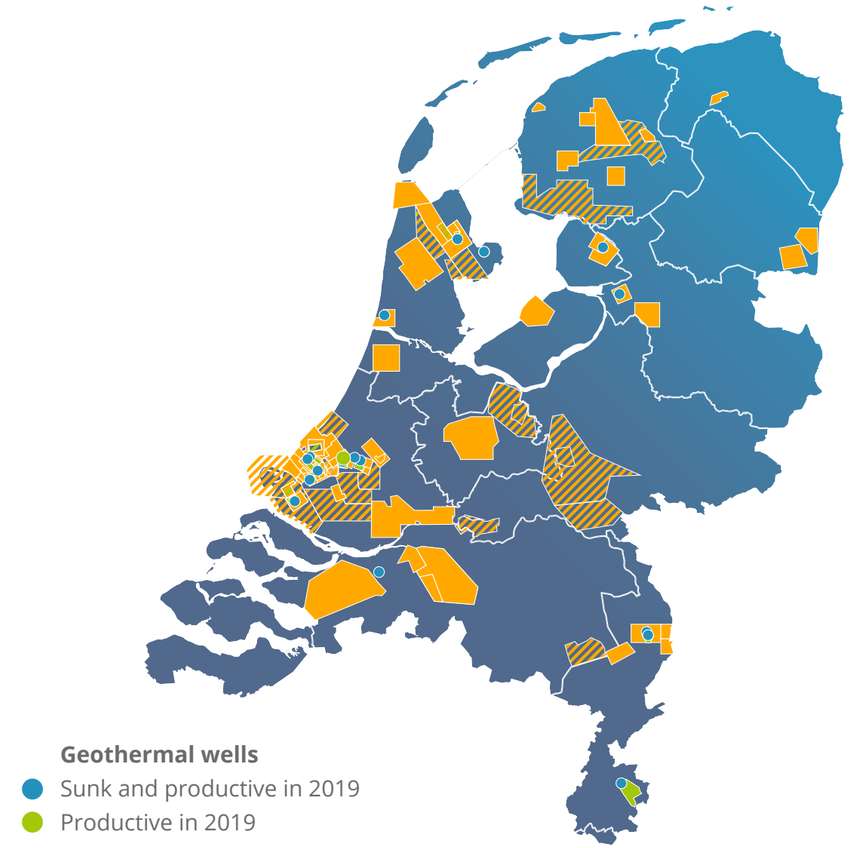
EBN participation in 1 pilot project with production of hydrogen and/or green gas

The objective of EBN's participation in green gas or green hydrogen production pilots is to gain experience on a small scale. Possible projects for both green gas and green hydrogen produced by electrolysis have been identified at the GZI site in Emmen. At the end of 2019, an EU subsidy was awarded for a green hydrogen pilot project via the HEAVENN consortium for the Hydrogen Valley in the north of the Netherlands. However, counter-financing by the province and others is not yet been certain. A decision regarding the electrolyser in Emmen is expected to be taken in 2020. A green gas installation in Emmen was delayed because NAM transferred its project contribution to Shell. In 2020, a partnership between Shell, Engie and EBN will be established to produce green gas at the GZI site.

4.4.2 Connecting stakeholders

FIDs for 1.5 PJ in partnerships with operators

In March 2019, the Minister for Economic Affairs and Climate Policy endorsed the intention to issue EBN with a mandate for (financial) participation in geothermal energy projects. The objective for 2019 was to invest in geothermal energy projects with a joint production of 1.5 PJ of thermal energy. This objective has not been achieved. The number of projects for which a Final Investment Decision (FID) was



made was very small throughout the geothermal energy sector in the Netherlands in 2019. The development of projects to FID is a complex and time-consuming process. Furthermore, EBN's (financial) participation on a voluntary basis is possible under the temporary legal framework of a Mining Act. This means that EBN's (financial) participation depends on commercial geothermal energy projects to which EBN is invited. This shall be the case until the Mining Act is formally amended. EBN actively brings the added value of its involvement to the attention of potential cooperation partners, which results in various cooperation agreements. Investment opportunities are developed to FID in accordance with the EPOP (EBN Project Development Process) system developed by EBN.

Given the social importance of the development of the Dutch geothermal energy sector, participation in geothermal energy projects for 2020 has been classified as a business objective.

Elaboration of Geothermal Energy Master Plan roadmap (incl. subsurface capacity study & cost reduction programme)

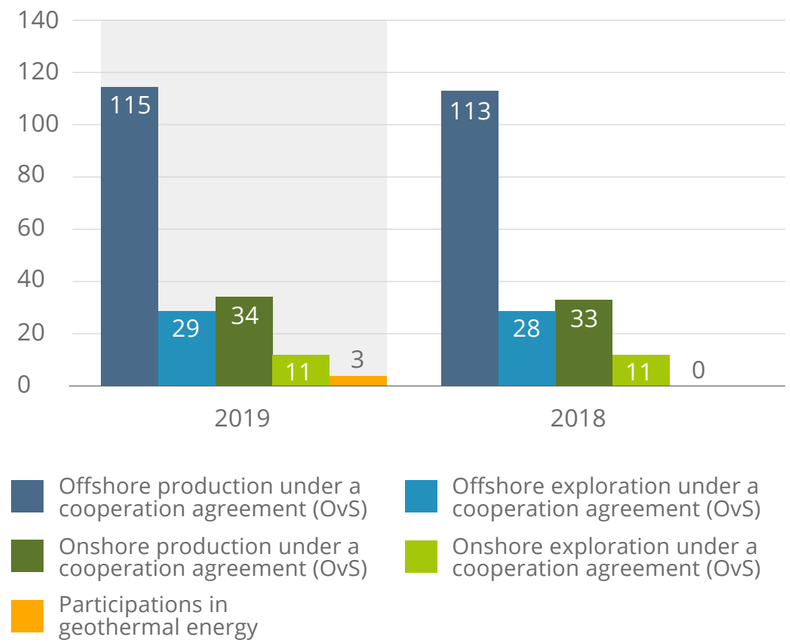
In 2019, bimonthly consultations were held together with the parties that signed the Master Plan Geothermal Energy, to discuss the progress of the agreed actions, to clarify the obstacles to effective progress and to keep each other well informed of current developments within the Dutch geothermal energy sector. The objective is to accelerate the development of the geothermal energy sector in the Netherlands. EBN's activities occur within the themes of the Master Plan: Viable Projects (actions to develop geothermal energy projects in a cost-effective way) and Innovation (actions to encourage innovation). EBN is the driving force behind the implementation of the actions within these themes and has set up various projects and activities that contribute to their completion.

Energy storage cooperation agreement (SOK) complete

Together with TNO, NAM, Gasunie, GasTerra and Nouryon, a research project has been launched into the storage of hydrogen in exhausted gas fields or salt caverns and the possibility of storing compressed air in salt caverns. The contract was signed by all parties on 18 June. This project will provide greater insight into the technical and techno-economic preconditions for such forms of subsurface energy storage.

4.5 Financial results

Number of participations at year-end



4.5.1 Financial developments

Sales in 2019 decreased by 17% to EUR 2.2 billion, compared to EUR 2.7 billion in 2018. This decrease was mainly due to lower gas sales (- EUR 0.3 billion) and negative price effects (- EUR 0.1 billion) for gas. Regular operational costs amounted to EUR 521 million. The earthquake-related costs of EUR 678 million (2018: EUR 736 million) are similar to last year. Additionally, depreciation increased further to EUR 586 million (2018: EUR 430 million). This increase in depreciation was mainly caused by the early closure of the Groningen gas field. The profit for the year decreased to EUR 256 million (EUR 2018: 764 million) for the above reasons. The total annual payment to the Dutch State, including levies and corporate tax, fell significantly to EUR 0.3 billion (2018: EUR 1.0 billion).

In 2019, a capital contribution to the share premium was paid by the shareholder and increased equity by an additional EUR 450 million, increasing solvency to 12% (2018: 5%). 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 2020. EBN's improved solvency combined with its ability to generate substantial free cash flows is also reflected in its long-term credit rating.

The balance of cash and cash equivalents as at year-end 2019 was EUR 3,369 million (2018: EUR 2,760 million). EBN is able to comfortably meet its outstanding current liabilities because of this and due to the significant free cash flows that are also expected for 2020. Of the non-current borrowings, two are due for repayment in April 2020. These relate to a loan of CHF 325 million (EUR 300 million) and CHF 125 million (EUR 115 million). These are included under current liabilities. EBN expects to repay this entirely from cash and cash equivalents, without the need for refinancing with a new long-term loan. 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 2019 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. EBN has gone from 2 credit ratings to 1 credit rating because 1 credit rating is sufficient due to decreasing financing requirements.

In 2019, an Asset Liability Management (ALM) study was conducted to investigate how the term of the invested liquidities can be optimally aligned with the term of the liabilities. This has resulted in adjustments to the investment policy. This will result in EBN allocating part of its short-term investment portfolio to a long-term portfolio.

4.5.2 Investments

The investments in production and storage licences rose by 20%: from EUR 184 million in 2018 to EUR 227 million in 2019. It is important to continue to develop offshore fields and to add new reserves to maintain production as much as possible. Without sufficient investment, gas production from small fields will diminish considerably.

4.5.3 Sales

Gas and storage capacity

Due to an oversupply of gas on the global market, gas prices in the Netherlands were almost 34% lower than a year earlier: an average of EUR 14/MWh. Prices on the Title Transfer Facility (TTF), one of the most liquid virtual trading places for gas in Northwest Europe, were very volatile during the year: the year started with gas prices around EUR 24/MWh, falling to EUR 11/MWh in the summer; the year ended around EUR 16/MWh.

The volume-weighted average selling price for the EBN gas portfolio was approximately 7% higher than in 2018: namely EUR 16/MWh. Total sales shrank by approximately 14% to 12 billion Nm^3 (2018: 14 billion Nm^3). This was mainly the result of further production limitation of the Groningen field and the natural decline of production from small fields.

Gas storage capacity from the Bergermeer underground storage facility was again auctioned off in 2019. For the current storage year 2019-2020, 4 TWh was sold at a fixed price and 6 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 4.25 TWh.

For the storage year 2020-2021, 12.25 TWh was freely available, of which in December 2019 4 TWh was sold at a fixed price and 4.25 TWh on the basis of multipliers. In the spring of 2020 another 3 TWh will be auctioned at a fixed price. 1 TWh will be sold via optimisation agreements.

Oil, natural gas condensate and LPG

The average price for a barrel of crude oil (Dated Brent) in 2019 was EUR 58. That is about 3% less than the previous year. The price fluctuated within the range of EUR 52 to EUR 64 per barrel during the year. Price fluctuations were mainly caused by tensions in the Middle East, highly fluctuating demand in Asia, increasing US oil reserves and continued production restrictions by Russia and OPEC.

The weighted average selling price for EBN's oil and natural gas condensate portfolio in 2019 was in excess of EUR 53 per barrel, which is five percent less than in 2018. 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 2019 amounted to 1.9 million barrels, twenty percent less than in 2018.

4.6 Social results

4.6.1 Interaction with stakeholders

EBN wants transparent reporting on its interaction with stakeholders: who they are, how we structure our dialogue and what issues are discussed. For 'stakeholders' we use the definition of the Global Reporting Initiative, loosely translated as: on the one hand stakeholders are entities or individuals who may experience significant effects from our activities; on the other hand, the actions of stakeholders may affect the realisation by EBN of its strategic objectives.

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: contributing to safe, sustainable, reliable, affordable and achievable energy production in the Netherlands. We have constant contact with our stakeholders on various material issues on a regular basis and at various levels.

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, (local) government bodies.
- 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 organisations, media and social interest groups, suppliers and other interested parties.

Interaction

We have personal contact with representatives of the stakeholder groups at all levels within our organisation. Our of Executive Team is directly involved and has frequent contact with various stakeholders during the year (see table on page 135). Discussions are held with our shareholder and Supervisory Board in relation to the long-term strategy for EBN and the associated objectives. Naturally, discussions are also held at CEO level with industry partners, for example within Nexstep, DAGO, SPG and NOGEPA.

EBN has a public interest and therefore strives to create added value in the short and long term. Together with all its

stakeholders, it is taking steps towards future sustainable energy production. This is done by participating in collaborative ventures and consultative bodies and using EBN's knowledge and skills to accelerate the energy transition in the Netherlands, so that social value is also created in the long term. Examples of these include KVGN, New Energy Coalition and TKI in which both EBN employees and our Executive Team are active.

EBN also uses SDGs to create added value in the short and long term. EBN regards the SDGs as an extra motivation to make its value chain more sustainable and to make a constructive contribution to the energy transition. In consultation with managers of the theme teams and corporate departments, the SDGs have been implemented in EBN's strategic objectives and the annual objectives at theme level. This has resulted in four SDGs guiding EBN's strategic objectives for 2019 (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 155. This table describes who our stakeholders are, what form the interaction with these parties takes and what the points for discussion were in 2019.

EBN always offers both internal and external stakeholders the opportunity to report abuses in the chains in which it operates. You can read more about this in the section on Chain responsibility on page 30.

EBN events

EBN regularly organises events at which it conducts an informed dialogue with key stakeholders from the transition community. They are now fixed values: the Energy Breakfast takes place every third Tuesday of January and every third Tuesday of June EBN holds the Focus on Energy event. These meetings are attended by partners from the sector, representatives from various ministries and NGOs. During both the Energy Breakfast and the Focus event, the energy transition is the main focus and the various stakeholders enter into dialogue with one another. In this way EBN tries to create a connection between the different stakeholder groups.

Update to Energy infographic 2019

In 2019, EBN produced an infographic [add link] about the Dutch energy system on the basis of the latest available figures from Statistics Netherlands (CBS) for the third time. In a new design, the infographic contains information about energy production, consumption and CO_2 emissions as well as a climate thermometer. The infographic has a wide reach and is actively disseminated and publicised (e.g. during the annual Energy Breakfast, by means of press releases, etc.) and facilitates an informed discussion about the energy system. The involvement of the general public in the energy transition is thus stimulated.

4.6.2 Sustainability

In its external activities, EBN aims to actively exercise its influence and put a number of sustainability themes within the chain more clearly on the map. Together with its partners, it is working on ways to make the gas value chain more sustainable, and within its collaborations it makes knowledge available to boost the sustainability of the gas value chain.
In doing so, EBN wants to contribute to making the activities in which it participates more sustainable, influence the sustainability of the entire chain and contribute to the Dutch government's climate and energy policy.

EBN established its current sustainability policy with a number of sustainability themes in 2017. These themes are covered by EBN's material themes. The sustainability policy will be reviewed at the beginning of 2020.

Operational results

EBN reports annually on its operational results. 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 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.

Operational performance indicators up until 2018 [1]	2018	2017	2016
Energy-efficiency improvements (result vs. target) [2]	17.1 PJ	18.9 PJ	18.2 PJ
Energy consumption as a percentage of energy-related carbon production	16.6% vs. 17.5% (2018 vs. 2020 target**)	12.7% vs. 16.6% (2017 vs. 2020 target)	12,8 vs. 15,1%
CO_2 emissions	3.6%	3.26%	2.72%
Methane emissions	626 Kton	685 Kton	655 Kton
	3.6 Kton	4.9 Kton	5.0 Kton
Fatal accidents	0	0	0
Industrial accidents that led to absenteeism	7	16	20
Industrial accidents that did not lead to absenteeism	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 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 Netherlands Enterprise Agency. These figures relate to the calculated EBN share in Dutch gas production and annual drilling activities. Figures for 2019 will only be available later this year and will be published on the EBN website in the summer of 2020.

[2] Since 1996, the Dutch oil and gas producing industry and the Ministry of Economic Affairs and Climate Policy have agreed on three multiannual agreements (MJA3). The current MJA3 covenant runs until 2020. By signing the MJA3, the Dutch oil and gas producing 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 two years, the annual impact of the savings measures is 7,662 TJ. EBN's share in this amounts to 3,003 TJ. Consequently, 95% of the savings target for the period 2017-2020 has been met. The objective relates to the cumulative effect of the individual ambitions. For 2018 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.

Energy consumption

EBN's share of the Dutch oil and gas producing industry's total energy consumption will decrease in 2018 compared to 2017 and 2016 due to declining production.
In 2018, the energy efficiency ratio rose to 3.6%. 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. This 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, more than 70% 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 (Multi-Year Energy Efficiency Agreement) target of the oil and gas producing industry.

In connection with the use of renewable energy, EBN has been researching the possibilities for electrification of off-

shore platforms for some time now. This can significantly reduce CO_2 emissions. Together with TenneT and NAM, EBN is conducting a study into the possibilities of electrifying the K14 platform. The study demonstrated at a conceptual level that it is technically possible to electrify this platform. The parties are now in talks with the Ministry of Economic Affairs and Climate Policy to make it possible to connect a platform to an offshore wind farm.

Safety

Safety is a priority at EBN and is therefore a material theme (active risk management). Safe exploration for and production of energy sources in the Dutch subsurface is of great social importance. This includes safety for local residents and safety in the operations themselves. Safety is also at the heart of the sustainability policy.

In recent years EBN has been more actively involved in the safety aspects of its partners. An important measure of health and safety performance of organisations 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. The total number of accidents at work in the Dutch oil and gas production industry fell from 25 in 2017 to 15 in 2018.

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 (Health Safety and Environment) 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 2019, EBN expanded the HSE benchmark with safety data and updated the benchmark with 2018 data. In 2019, the number of interactive conversations with various operators about 2017 data was further increased and best practices were shared, helping operators to improve their HSE performance.

A generic Seismic Hazard and Risk Analysis (SHRA) for geothermal energy will be developed on behalf of the Ministry of Economic Affairs and Climate Policy. Together with partners from the geothermal energy sector, EBN is contributing to the development of this SHRA, so that it is scientifically valid, practicable and comprehensible. In addition, EBN is contributing to the well integrity guidelines for geothermal energy drilling.

A contractor has been selected to conduct SCAN seismic research, partly on the basis of HSE requirements. EBN is deploying resources, instruction and supervision to ensure the safe execution of the work.

Safety culture

Internally, EBN promotes a proactive safety culture and commitment to the safety and health of colleagues, visitors and others who work for, or on behalf of, EBN. Employees are encouraged to give feedback and express any concerns they may have about health, safety and the environment. Security initiatives are supported with the necessary resources. Examples are the HSE policy and HSE targets, implementation of the HSE management system to proactively steer safety, health and environmental performance, the EBN performance management tool and the introduction of the EBN Risk Assessment Matrix which enables risks to be assessed and classified in a generic and uniform manner. In addition, EBN has Golden Rules and continuous attention to safety, health and environment in its internal communications.

Greenhouse gases in our operations

EBN is actively investigating possible efficiency improvements 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 this. In 2019, EBN conducted several studies that shed light on the feasibility, but also on the potential for greenhouse gas reduction. In addition, it contributes to the development of high-potential initiatives.

The increase in CO_2 emissions during the period was 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 2018 the number of kilometres drilled decreased compared to 2017. As a result, EBN's share of emissions decreased from 684,930 tonnes in 2017 to 625,704 tonnes in 2018. EBN takes CO_2 emissions into account in its investment decisions.

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 4,874 tonnes in 2017 to 3,582 tonnes in 2018. This decrease is due to lower venting volumes in 2018. Due to the decrease in venting volumes, CH_4 emissions from production operations decreased from 3,614 tonnes in 2017 to 2,352 tonnes in 2018. Of this, 2,287 tonnes came from venting operations (97.2%).

EBN contributed to a NOGEPA project on the reduction of methane emissions from offshore natural gas production. Despite the fact that methane emissions appear to be relatively low, the operators involved are committed to further reducing methane emissions by approximately 50% in the coming years. In August 2019, this project resulted in the conclusion of a covenant between NOGEPA and the Ministry of Economic Affairs and Climate Policy.

4.6.3 The people of EBN

In 2019, EBN again faced major challenges in the rapidly changing environment. EBN anticipated this with various projects.

Leadership programme

The Leadership Programme was launched in 2019. It is an organisation-wide development trajectory in the field of personal leadership, which is tailor-made for all EBN employees.

Employee satisfaction

At the end of 2019, "Great Place to Work" conducted another employee satisfaction survey. This takes place every two years. EBN was again awarded the title of Great Place to Work with a higher satisfaction score (78%), with 83% of employees perceiving EBN as "all things considered a Place to Work."

Culture

In 2019, EBN's 'culture committee' gave further substance to the cultural trajectory. Several participatory sessions took place, where a large number of EBN employees participated and contributed. Thanks to the enthusiastic commitment of the culture committee and the involvement of the many employees, the result was a set of cultural values that is supported throughout EBN: Impact, Open & Honest, Teamwork and Energetic. In 2020, initiatives will be fostered to further embed the cultural values together with the core values in the organisation and the behaviour of EBN's employees.

Growth of EBN

EBN grew by 14 employees in 2019, from 104 in 2018 to 118 in 2019. In FTEs, this represents an increase of 10%, from 97.78 FTEs in 2018 to 108.78 FTEs in 2019. A total of 22 new employees were hired, 59% of whom were women. This development has contributed to a better diversity balance within the organisation. EBN's growth is mainly due

to developments in geothermal energy and geotechnical operations. Activities within CC(U)S projects also add to the growing need for technically high quality, committed employees who feel a strong commitment to contribute to accelerating the energy transition.
Eight employees left EBN in 2019, which, with a turnover rate of 6.78%, is a low outflow. None of the newly started employees left EBN within the first year, reflecting a careful selection process. Internal through-flow of employees is encouraged by opening vacancies internally where possible. Eight vacancies were filled by internal candidates.

Training and development

The average number of training hours increased again from 209 days in 2018 to 395 in 2019. The organisation-wide leadership programme in addition to the technical training courses contributed to this. EBN has developed a separate skills development programme for Young Professionals and Trainees, in addition to investing in the technical skills of young employees. Achieving the company objectives also requires Young Professionals to effectively apply their knowledge and technical skills in multi-disciplinary teams and projects. Increasingly, their use of soft skills is being called upon. EBN helps them develop their skills and resilience through the Young Professional programme. Furthermore, various EBN-wide training courses were offered in 2019, such as project-based working, giving and receiving feedback, effective meetings and Dutch conversation lessons for non-Dutch-speaking employees.

EBN employees

Rejuvenation of the workforce continued cautiously in 2019. The average age was 44.3 years (44.5 years in 2018). The percentage of women employed by EBN grew from 35% to 40% in 2019. The proportion of women in the Management Team, which consist of the Executive Team, Programme Managers and Corporate Managers, is 42%.

Investing in Interns, Trainees and Young Professionals.

As a state holding, EBN considers it its duty to train young people to make a high-quality technical contribution to the energy transition. It does so by, among other things, creating and facilitating challenging internship assignments for a total of 16 trainees in 2019.
Furthermore, EBN offers a total of 9 traineeships for a period of three years. Four new trainees were hired in 2019. Thanks to an intensive programme in which trainees work on various projects and themes, with appropriate technical

Realisation of HR Objectives for 2019

Topic	Objective	2019 result
Employee satisfaction	EBN is a "Great Place to Work" and has a minimum score of 76%.	Based on the 2019 results, EBN achieved a score of 78%.
Diversity	EBN strives for a more balanced distribution of men and women and strives for a male-female distribution of at least 65/35%.	40% of all employees are women, 59% of new employees in 2019 were women.
Staff development	Establishing a mid-career programme	EBN has set up a suitable leadership programme for all professionals and executives.
Culture	Completing the cultural trajectory	In 2019, EBN used plenary sessions and input from the entire organisation to formulate and share cultural values with the organisation.

training courses and assignments and participation in the Young Professional programme, they can develop a skill set in a short period of time that will enable them to make an effective contribution to the energy transition.

Absenteeism

The absenteeism rate increased by 1.53% in 2019, from 3.77% in 2018 to 5.30% in 2019. Because EBN is a relatively small organisation, every employee with a long-term illness has an impact on the absenteeism rate. In 2019, the short-term and medium-term absenteeism rate was 1.18%
EBN continues to invest in supporting employees who have become incapacitated through careful reintegration processes, the use of expertise agencies, external multidisciplinary guidance and personal guidance by HR, managers and colleagues. In addition, EBN invests preventively in, among other things, individual coaching programmes, easy access walk-in consultation sessions with the absenteeism specialist, workshops on stress reduction and energy management, workplace surveys, sports training, healthy lunch choices, chair massages and the rapid implementation of workplace adaptations in the event of acute back problems, for example.

4.6.4 Employee participation

Works Council Annual Report 2019

In 2019, the Works Council had four official meetings with the CEO, one of which was held at the beginning of 2020. A member of the Supervisory Board attended two of the meetings. Two meetings were Section 24 Works Councils Act Meetings (WOR-24), of which one took place in the presence of Supervisory Board member Wouter de Vries. The second WOR-24 meeting for the year 2019 took place on 9 January 2020 in the presence of Supervisory Board member Jan Willem Weck. Among other things, the general course of events was discussed at these meetings.

There have also been various informal consultations concerning adjustments to the salary system and the Conditions of Employment Scheme (Regeling Arbeidsvoorwaarden). A total of four requests for consent and seven requests for advice were received in 2019. In addition, the Works Council was informed of several amendments to IMS documents.

During part of 2019, work was carried out on adjustments to the salary system. Part of this included several sessions with the employees to gather input. The Works Council agreed to the adjustments to the salary system and the Conditions of Employment Scheme on 12 August. The two other requests for consent related to time registration and the business travel scheme.

Seven requests for advice were submitted during 2019. Below is a list of the various requests for advice:

- EZK subsidy loan
- Employee Anniversary Scheme
- Renaming the theme Decommissioning & Re-use to CCUS
- Establishment of EBN Aardwarmte B.V.
- Reappointment of CEO
- Combining the Groningen and Small Fields themes into E&P Assets
- ICT repositioning

The Works Council issued positive advice for six of these requests; one request for advice is still open.

5. Risk & Corporate Governance

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 impact 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. The development of the most significant strategic risks are reported to the CEO on a regular basis. Specific mitigating measures are included in the long-range plans of our departments and theme teams, and are monitored by management.

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 is based on the COSO-ERM model and focuses on all facets of the business, from strategic and operational risks to the reliability of reports (financial and otherwise), and compliance with legislation.

Risk management is organised 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. Our Business Controllers support management.
3. Our Internal Auditor works with the Business Controllers and the Administrative Organisation and Internal Control Co-ordinator to co-ordinate the risk-management process.
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. The Executive Team and Supervisory Board hold annual sessions to update the strategic risks and risk appetite and set them out in the SRA. Strategic risks are linked to departmental objectives at departmental and theme level each year, and an Operational Risk Analysis (ORA) is carried out on an annual basis. These sessions comprise a self-assessment of the risks, and the design and operation of identified control measures. Action holders within the departments/topics are appointed on that basis, and departmental/theme objectives are amended where necessary. To support the ORAs 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 carries out so-called 'joint-venture audits' for the various collaborative efforts in which it is involved. We discuss the findings of these 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.

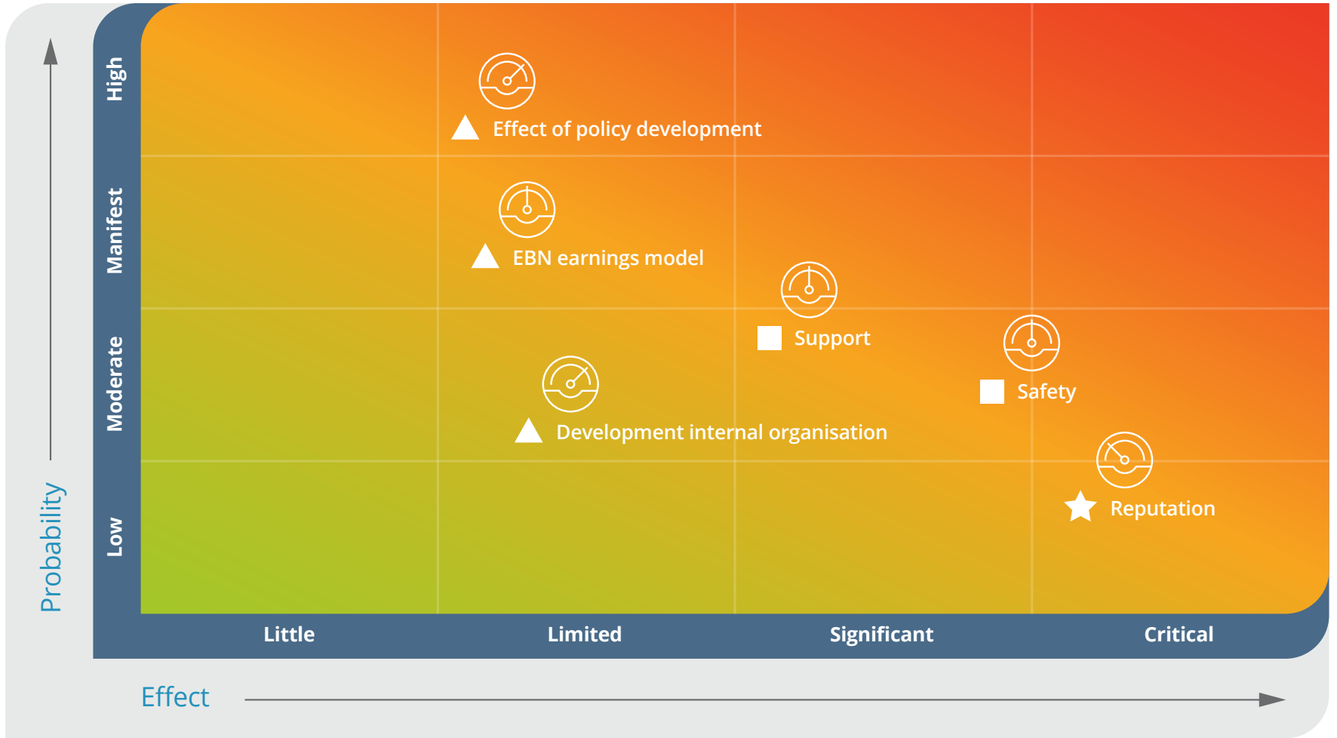
In 2019 we used the findings from 2018 to change the organisation and processes associated with IT. In addition, we further developed and professionalised our procurement policy.

5.2 Risk profile and risk appetite

The graph below shows EBN's most significant strategic risks, including the relative change compared with one year ago.

In June 2019, together with the Supervisory Board, we described the risks we face in more detail and renamed them. For instance, "Effectiveness of legislation" was renamed "Effectiveness of policy development" because the developments in climate policy have a clear effect on the activities EBN can carry out. "Business case" became "EBN earnings model" as, with the fall in revenue from the gas field in Groningen EBN's profitability will be changing, and "Resilience of internal organisation" became "Development of the internal organisation", as we prepare for a future with more challenges from the marketplace with the roll-out of our leadership programme. As EBN is becoming more visible we have added "Reputation" as a new area of risk. The other risks remained unchanged.

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.

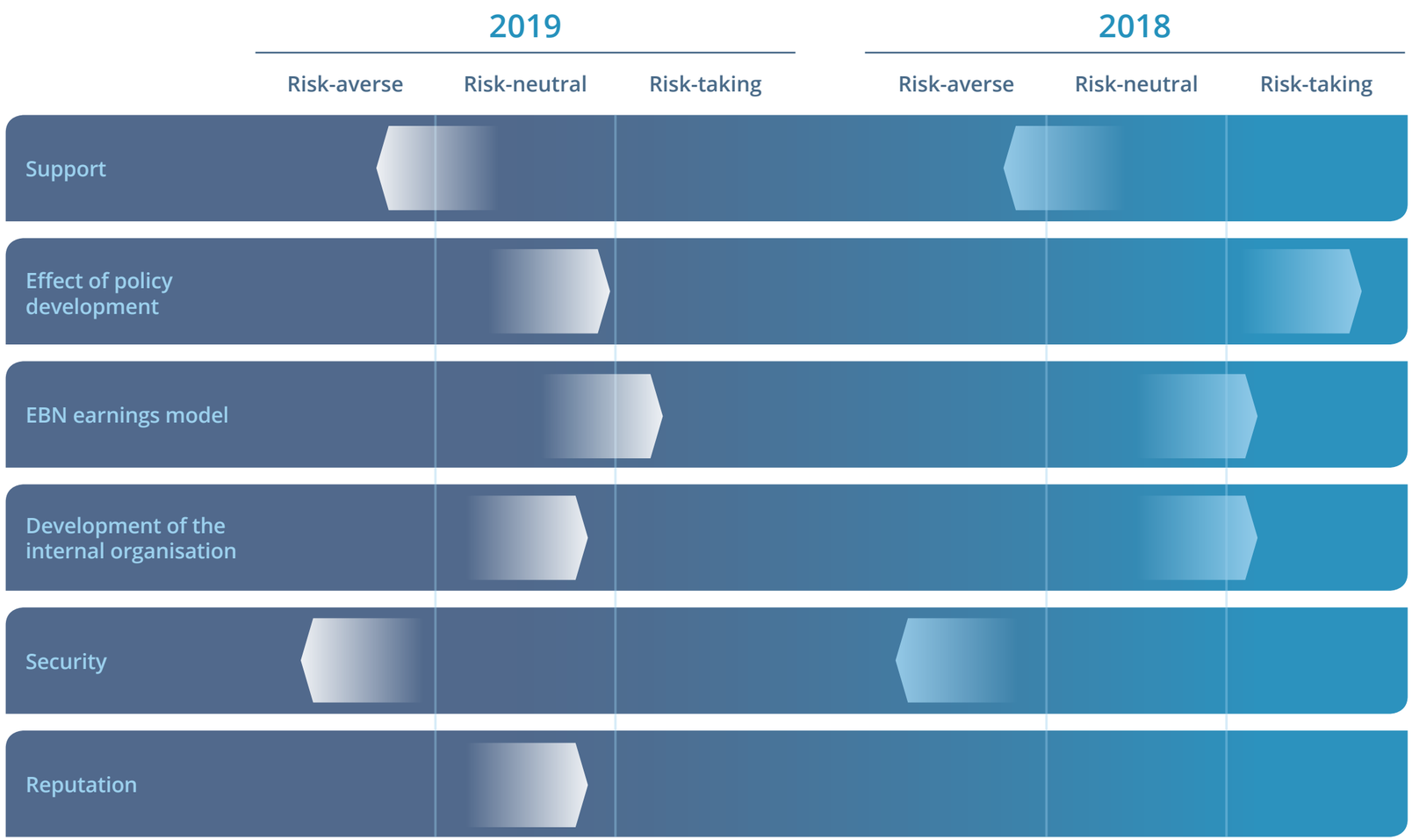


Change compared with 2018

- Risk has increased
- Risk has reduced
- Risk has stayed the same
- Risk is new

Speed of emergence

- Within 1 year
- Within 2-3 years
- Longer than 3 years


2019
2018
Risk-averse
Risk-neutral
Risk-taking
Risk-averse
Risk-neutral
Risk-taking
Support
Effect of policy development
EBN earnings model
Development of the internal organisation
Security
Reputation

5.3 Main strategic risks

Strategic risk	Description	Appetite	Control measures
Support	There is a risk that the role, strategy and (new) activities of EBN are not sufficiently supported by the public or (existing and potential) partners	On balance, EBN assumes a risk-neutral to risk-averse position	– EBN contributes factual information to the energy debate in the Netherlands – EBN frequently consults with its stakeholders on the content and perception of current and future activities
Impact of policy development	The State defines the parameters for EBN. The development of energy policy, however, has been subject to considerable change in recent years (role of natural gas, geothermal energy policy, etc.). There is a risk that EBN's strategic objectives may not be permanently aligned with those of the State	The risk appetite in this respect is risk-neutral, where this fits within the policy that the government is developing in relation to the energy transition	– EBN remains in close contact with the Ministry on the official line to be taken. EBN advises where possible and necessary so that optimal decision-making takes place in The Hague, taking the interests of all stakeholders into account
EBN's earnings model	EBN's earnings model is undergoing a transition from high margins with relatively few resources (E&P) to low, resource-intensive margins (geothermal energy, CCS and possibly other lines of business)	EBN is assuming a risk-neutral to risk-taking position with regard to the external factors that may influence the business case during the implementation phase of investments	– EBN evaluates different scenarios for the impact of external factors on its various current and future activities/products – For financing and financial robustness, there is frequent contact with the State
Resilience of the internal organisation	There is a risk that the EBN organisation will not be sufficiently able to adapt quickly enough to the change in culture and processes associated with its role, strategy and (new) operations, as well as the rapidly-changing outside world	EBN is assuming a risk-neutral to risk-taking position in relation to this risk, which is adapted to the reality of the necessary broadening to other operations	– EBN is taking appropriate measures so that it has the right people and resources available in sufficient numbers. This is integrated into strategic plans for the departments and themes – EBN is pursuing an active policy of developing an appropriate culture with supporting core values
Safety	During the activities of our operators, calamities may occur in the field of safety and the environment. 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 is developing an HSE management system and benchmark. – EBN engages with operators to positively influence HSE performance
Reputation	EBN is vulnerable to risks associated with working with smaller companies: safety, financial robustness and partner financing opportunities	On average, EBN's risk appetite on this theme is risk-neutral (geothermal energy is after all a less mature sector than E&P)	– EBN has a standard methodology for testing the financial robustness of partners – EBN requires additional security (DSA or PCG) for partners or activities with a high risk profile or takes additional measures in the Cooperation Agreement (Geothermal Energy)

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 role of policy maker is played by the DG Energy and Climate, together with the Climate, Heat and Subsurface, and Electricity Directorates, and the Gas Transition Groningen Project Directorate.

The subscribed 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 64. 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 2019. 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 debate on the annual report of the CEO on the company's affairs and its management;
- the adoption of the annual accounts 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 annual accounts for 2018 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 2019:

- Mr Samsom stepped down as member of the Supervisory Board as of 31 October 2019 due to his appointment as Head of Cabinet for Mr Timmermans at the European Commission;
- Ms Kneppers 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 shall submit 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). Bas Brouwer (Finance Director) was appointed to replace Cees den Ouden as of 14 October. Mr den Ouden had been in the position on an interim basis since 15 April owing to the departure of Jan Boekelman, who left EBN in spring 2019. The organisation chart is shown on page 8.

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 55 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 (page 148).

Governance table

The governance table, shown in Annex 10.3 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 must immediately be reported to the chair of the Supervisory Board. In 2019, 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 2015, the shareholder appointed PwC as auditors for financial years 2016, 2017 and 2018 (with the option of extending this to financial year 2019), following the nomination by the Supervisory Board. In 2019 the shareholder availed itself of the option to extend, and PwC was appointed auditor for financial year 2019.

In late 2019, EBN went through a European tender procedure to select an auditor to audit its annual accounts for 2020 and beyond. The Supervisory Board nominated PwC as auditors and the shareholder appointed PwC to audit the annual accounts for 2020 - 2023 inclusive.

Compliance with the Corporate Governance Code of the Netherlands

EBN attaches great value to 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 participation and the Code. The Dutch Corporate Governance Code and information on this can be found at: http://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 one woman. The percentage of female members of the Supervisory Board is under 30% and thus does not yet meet 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, the combat against 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. In 2019, the Complaints Committee did not receive or deal with any complaints. The Confidential Counsellor had talks with two employees 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.
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 €50,000. A number of tender procedures were initiated in 2019.
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 https://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 financial reporting. The CEO evaluated the set-up and functioning of the internal risk-management and control system during 2019, among other things on the basis of the ORAs 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 financial reporting 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.

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 anchored 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 2019.

- Mr Weck was re-appointed for a second term as member of the Supervisory Board as of 3 February 2019.
- Mr Samsom resigned as a member of the Supervisory Board with effect from 31 October 2019 due to incompatibility between his membership of the Supervisory Board and his position as Chef de Cabinet of the EU Vice-President Mr Timmermans. The Supervisory Board would like to thank Mr Samsom for his commitment as a member of the Supervisory Board and his active input during the meetings. The Supervisory Board has started the recruitment process for a new Supervisory Board member.
- 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 once again re-appointed as chair of the Supervisory Board.

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/en/about-ebn/supervisory-board/.

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 Audit, Remuneration, and Selection and Appointment committees. The governance table (Annex 10.3, page 144) 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 (https://www.ebn.nl/en/about-ebn/supervisory-board/).

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 CEO

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 four occasions. All meetings took place at EBN's offices in Utrecht.

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 2019. 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 2019 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.

Meeting	Mr Huijskes	Ms Kneppers-Heijnert	Mr Samsom	Mr De Vries	Mr Weck
Audit committee, March 2019	X	X	X	X	A
Supervisory Board, March 2019	X	X	X	X	A
Remuneration committee, March 2019	X	X	X	X	A
Supervisory Board, June 2019	X	X	X	X	X
Remuneration committee, June 2019	X	X	X	X	X
Audit Committee, September 2019	X	X	X	X	X
Supervisory Board, September 2019	X	X	X	X	X
Remuneration committee, September 2019	X	X	X	X	X
Supervisory Board, December 2019	X	X	-	X	X
Remuneration committee, December 2019	X	X	-	X	X

(X = present, - = absent because no longer a Supervisory Board member, A = absent)

6.5 Supervisory Board approvals

In 2019 the Supervisory Board approved the following matters, amongst others:

- In December 2019 the Supervisory Board approved EBN's work programme and budget (including EBN Capital and EBN Geothermal) for 2020, including the financing plan.
- In March 2019 the Supervisory Board concurred with a positive recommendation which the Audit committee had made in respect of the financial statements for 2018 and it recommended that the shareholder approve the financial statements for 2018 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 approved the 2019 strategy update and took note of EBN's changing communication strategy.
- The Supervisory Board approved the internal audit work plan for 2019.
- The Supervisory Board approved an amended retirement schedule due to the retirement of Mr Samsom and the reappointment of Ms Kneppers-Heijnert and Mr Huijskes.
- The Supervisory Board approved an amended version of the Executive Team regulations.
- The Supervisory Board approved an amended version of the power of attorney schedule.
- The Supervisory Board approved the amendment of EBN's treasury regulations (change in strategic investment policy).

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 2019 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 spoke several times with the secretary-general and they conducted so-called strategic talks with the Energy and Climate director-general at the Ministry of Economic Affairs and Climate Policy on three occasions during 2019. Such strategic talks are aimed at 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 for the year ahead are also discussed during these talks. The phasing out of gas production in Groningen, its consequences for EBN, developments in geothermal energy and the small fields policy received particular attention during these talks with the secretary-general and the director-general. The chair of the Supervisory Board and the CEO have an annual meeting with the Minister to discuss EBN's strategy and current developments. In 2019, this meeting took place in December. The Supervisory Board feels that the visits to the Ministry are important for the purposes of maintaining good relations.

6.7 EBN's strategy

In 2019 the Supervisory Board held an informal session during which discussions were held on the refinement of EBN's strategy. This refinement of the organisation's strategic objectives was approved during the meeting in December 2019. Aspects of EBN's strategy are discussed during every meeting of the Supervisory Board (geothermal energy, CCS and Groningen). With regard to EBN's strategy, the Supervisory Board refers to page 12 and 13.

6.8 Matters discussed during 2019

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 turnover 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

At all meetings in 2019, the Supervisory Board was informed of developments in Groningen, including the Minister's decision to discontinue gas production in Groningen and developments concerning the claim settlement process and building reinforcement activities. The Supervisory Board has taken note of the interim agreement entered into between the State, Shell and ExxonMobil in which it has been agreed that GasTerra will be commissioned to fill the Norg gas storage with pseudo-Groningen gas in the coming gas year in order to accelerate the closure of the Groningen gas field. This interim agreement is also relevant to EBN.

EBN informed the Supervisory Board about the most important legal proceedings undertaken against NAM, such as those lawsuits in which parties are seeking compensation for immaterial and other losses, including a decline in the value of residential dwellings as a result of earthquakes in Groningen, and court cases in which questions were referred to the Supreme Court for preliminary ruling concerning EBN's position and matters which are related to losses due to gas extraction in Groningen.

Finally, the Supervisory Board has been involved in EBN's filling of the positions which it holds on the Gasgebouw boards. EBN discussed with the Supervisory Board the gradual phasing out of GasTerra's operations due to the discontinuation of gas production in Groningen. The joint shareholders of GasTerra, including EBN, have asked GasTerra's Board of Management to draw up a plan for a careful phasing out that will enable GasTerra to continue to meet its obligations.

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 the Port of Rotterdam can join this project. See page 38 for an additional explanation of this project.

6.8.3 Geothermal energy

The issue of geothermal energy was on the agenda of most of the Supervisory Board's meetings. 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. 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 geothermal energy projects on a voluntary basis with the Minister's consent. The Supervisory Board was informed about the various phases of geothermal energy projects, the parties with whom EBN is in contact about cooperation and the business case for geothermal energy projects.

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 (Seismische Campagne Aardwarmte Nederland, Seismic Campaign for Geothermal Energy in the Netherlands). The Supervisory Board refers to page 29 and 41 of this annual report for additional information about geothermal energy. After the June meeting, the Supervisory

Board paid a working visit to SCAN and saw how seismic research works in practice.

6.8.4 Miscellaneous

The Supervisory Board also discussed EBN's internal organisation, such as changing the theme of Reuse & Decommissioning to CC(US) and merging the Groningen theme into the E&P assets theme, the introduction of four culture values, and the consultation with the Works Council.

6.9 Evaluation of the CEO and self-assessment

The Supervisory Board conducted an externally guided self-assessment in 2019. This self-assessment dealt in detail with the functioning of the Supervisory Board itself, the separate committees and the individual Supervisory Board members. The individual members of the Supervisory Board completed a questionnaire and were interviewed by the two persons who guided the self-assessment. During two meetings, the full Board received feedback on the issues raised during the interviews and the results of the questionnaire. The conclusions of the self-assessment, which will subsequently be followed up, were also shared with the CEO.

In 2019, 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 2019. In addition to the members of the Audit committee, the EBN Executive Team, corporate controller and secretary also attended these meetings. 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 2018 and their audit. The auditor's report was discussed extensively with the external auditor. After discussing the annual report and financial statements for 2018, the Audit committee recommended that the Supervisory Board approve them.

In the same meeting, the Audit committee was informed of the outcomes of the audits which had been previously conducted, the most important 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 2019 was discussed. The following audits were conducted in 2019: Procurement and monitoring management costs, EBN Data Management, Decommissioning Security Agreement (DSA) and Decommissioning Security Monitoring Agreement (DSMA) processes and Geo-energy internal processes.

During the second meeting in 2019 the Audit committee devoted attention to the following matters: the boosting of EBN's equity, the performance of the external auditor, including the latter's conduct of the joint venture audits, EBN's half-yearly report, including an assessment report and related review. The Audit committee issued a favourable recommendation concerning EBN's key figures for the first half of 2019. The Supervisory Board concurred with this favourable recommendation.

During that meeting the external auditor also presented an explanation of the audit schedule for 2019 (the plan for auditing EBN's financial statements for the 2019 financial year). Before the audit schedule was presented to the Audit committee, the external auditor discussed the draft audit schedule with the Executive Team. The external auditor discussed the audit schedule 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 2015 the General Meeting of shareholders engaged PricewaterhouseCoopers Accountants N.V. to audit EBN's financial statements for the 2016 to 2018 financial years with the possibility of renewing this for a term of one year, which was used. In 2019, EBN tendered the work for the audit of EBN's financial statements for the 2020 to 2023 financial years with the possibility of an extension following shareholder approval.

EBN's credit rating

In 2019 EBN informed the Supervisory Board of Moody's and Standard & Poor's credit rating of EBN. On 27 June 2019 Moody's set EBN's credit rating at Aaa/P-1 (with the outlook "stable"). On 9 July 2019 Standard & Poor's set EBN's credit rating at AA- / A-1+ (with the outlook "negative"). After consultation with the chair of the Audit committee, EBN terminated its rating with Standard & Poor's at the end of 2019.

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 2019. 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 duties and modus operandi 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' duties include, amongst other things, presenting a proposal for the remuneration of the members of the CEO to the Supervisory Board, preparing selection criteria and appointment procedures for the CEO and 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 2019 the Remuneration committee met on four occasions in the presence of the CEO, the secretary and the Human Resources manager. In 2019 the committee was involved in, amongst other things, deciding on the targets to be achieved by EBN and the Executive Team in 2019, the achievement of the targets for 2018 by EBN and the Executive Team, and the reappointment of Mr Van Hoogstraten and two of the supervisory directors.

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 re-appointment; with the re-appointment of Mr Van Hoogstraten with effect from 1 March 2020, the remuneration policy remained unchanged (see page 148 for the remuneration report).

6.12 Financial statements

The Supervisory Board has taken cognisance of the annual report, the financial statements, the declaration and the external 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, 6 March 2020
Mr J.G. Huijskes (chair)
Ms E.M. Kneppers-Heijnert
Mr W.S. de Vries
Mr J.W. Weck

From left to right: Mr J.G. Huijskes (voorzitter), Ms E.M. Kneppers-Heijnert, Mr W.S. de Vries, Mr J.W. Weck

7. About this report

In this annual report, EBN reports on its financial and non-financial performance for the financial year 2019. The report is intended for every stakeholder that is directly or indirectly involved in our activities. In the section 'Interaction with stakeholders' on page 44, 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 2019 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. Any such transactions are normally discussed in the Financial Results section or in the Financial Statements. However, there were no acquisitions or divestments in 2019. The social information contained in this report has not been modified as a result of acquisitions or divestments.

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 2019. At the beginning of November, the team presented a plan of action to the CEO in which the core & more structure, the theme, the method of publication and the timetable were discussed. The structure of the connectivity matrix was also discussed, with the CEO providing feedback. Subsequently, the CEO agreed on the plan of action and the version of the connectivity matrix as modified on the basis of the feedback. 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.

In 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 moments, 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 131. The external auditor has also audited the financial statements; the auditor's report can be found on page 122.
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 definitive 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 10 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. The material aspects of these activities therefore have a place in EBN's reporting. However, it should be noted that EBN is not the operator in oil and gas production; those are the oil and gas companies that we work with.

Determination of materiality

The annual determination of materiality dictates the content of our annual report, in which we explain the issues that we regard as material for the value chain in which we operate and issues that our stakeholders have indicated are of material interest for EBN. In the summer of 2018, we conducted an extensive materiality analysis on the basis of an online survey completed by internal and external stakeholders. Our stakeholders were then closely involved in the following steps in the process.

Updating relevant issues in 2018

The material issues were updated in 2018 on the basis of a longlist of 243 social themes derived from instruments relating to sustainability (SDGs, UN Global Impact, Dow Jones Sustainability Indices), reporting guidelines (ISO, GRI, SASB) and sources relating specifically to our sector (EBN's annual reports, sector reports). A Big Data analysis was then performed on 102 relevant sources. A manual analysis was also performed on the basis of documents from EBN and key stakeholders (internal documents, strategy papers and the stakeholders' annual reports). These were tested against the material issues for 2017, after which a shortlist of the twenty most prominent issues was drawn up and discussed with the CEO. The list was adjusted and subsequently adopted by the CEO.

Ranking of the material issues

The relative importance of the material issues for our stakeholders in 2018 was determined by conducting a survey among various stakeholder groups. A total of 70 external stakeholders from seven stakeholder groups took part in the survey, which was also further developed by the members of our Executive Team, the Supervisory Board and our leadership team. For scoring purposes, the internal stakeholders and the direct external stakeholder groups, which include our shareholder, the national government and local authorities and the industry, were assigned a weight of 1. The other stakeholder groups were assigned a weight

of 0.75. In a voting session, the CEO and managers then ranked each issue based on EBN's impact on the themes.

To further develop EBN's strategy, in 2018 a large group of external stakeholders was involved in ranking the material themes on the basis of relevance and impact on society. This list of themes was drawn up on the basis of a media and peer analysis, and validated by the CEO.

Changes in 2019

This was followed up in 2019 when EBN further refined the material themes internally on the basis of our Strategic Risk Analysis and insights obtained in stakeholder dialogues into the needs and interests of our external stakeholders and the public interest. Insights arising from conversations and meetings with external stakeholders provided input for a number of internal workshops and sessions. A number of themes were then clustered, and the titles and definitions of the themes were chosen. The new set of material themes is a more compact list of eight themes with a clear link to EBN's mission and vision, and its strategic pillars and activities.

The external quantitative assessment of the material themes and the preparation of a materiality matrix will take place in February 2020. The results will not be included in this 2019 Annual Report, but are part of a broader quantitative and qualitative stakeholder survey to gain insights for the further structuring of EBN's permanent stakeholder dialogue. EBN aims to use its permanent stakeholder dialogue to maintain a systematic and structured dialogue with stakeholders about EBN's material and other (policy) themes.

Changes in 2019

EBN's strategy in relation to material issues is presented on page 74.

Changes in 2019	Material theme 2018	Contribution by	Page
Active approach to risks 1. Promoting safety 2. Reducing emissions and discharges	Safety	5.3 Main strategic risks; 4.6.2 Sustainability	55, 45
	Greenhouse gases in our operations	4.6.2 Sustainability	45
Creating binding force 1. Facilitating informed dialogue 2. Knowledge development and sharing 3. Connecting relevant stakeholders, internally and externally	Knowledge sharing	4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy	35, 37, 38
	Transparency	4.6.1 Interaction with stakeholders	44
	Attracting and developing talent	4.6.3 The people of EBN	48
	Co-operation	4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy	35, 37, 38
	Knowledge development and innovation	4.3 Return to Nature; 4.4 New Energy	37, 38
	Advice and influencing	3.1 Our position in the energy chain; 4.2 Our Dutch Gas	25, 35
	Creating support for our work	5.3 Main strategic risks; 4.4 New Energy	55, 38
Strengthening, accelerating and improving the Dutch geothermal energy sector	Geothermal energy	4.4 New Energy	38
Using subsurface space to make the energy system more sustainable	CO_2 capture and storage (CCS)	4.3 Return to Nature	37
Maintaining financial strength and resilience	Creating economic value	4.5 Financial results; 8. Financial statements	42, 79
Stimulating and accelerating the exploration and production of small Dutch gas fields	Production of natural gas	4.2 Our Dutch Gas	35
Responsible decommissioning and, where possible, re-use of infrastructure	Decommissioning and re-use of oil and gas infrastructure	4.3 Return to Nature	37
Exploring and developing energy innovations to benefit system integrations in the Dutch energy transition	New theme, covers activities under strategic horizon 3	4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy	35, 37, 38

Choice of issue and definitions

The reference table, the Global Reporting Initiative (GRI) Standards content index, can be found on page 152.

The materiality matrix also includes issues relating to the activities of operators over which EBN can exercise little or no influence (see page 76).

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 objectives. The Executive Committee is jointly responsible for policy and performance. The Supervisory Board assesses strategic objectives in relation to strategy.

The annual objectives are established by the theme teams and departments themselves. These are the activities that contribute to the long-term objectives of our material themes. The reading guide on page 9 shows where you can find more information about the actions and results in 2019. Two progress monitors supervise progress on the annual objectives and material issues. They interview each theme team and department and report to the Executive Committee. The CEO evaluates this and makes any adjustments it considers necessary.

Our sustainability policy and objectives are integrated into our business operations and strategy, and are related to the impact we want to achieve with our material issues.
The new material theme 'creating binding force' is relevant to all departments of EBN because all employees contribute to this in the way they carry out their activities.

The connectivity matrix on page 22 provides insight into the link between the material themes and our strategic pillars. 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 stated in the GRI Standards content index (page 152). The impact our material themes have on society is described in 21.

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). In 2020, EBN will participate in the Transparency Benchmark theme year with the 2019 report. 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 2019. 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, Our organisation, Our position in the energy chain and Results 2019) and to issue an assurance report with a limited degree of certainty. The assurance report can be found on page 131.

GRI Standards Content index

The GRI Standards Content Index can be found in Annex 10.5.

Publication date of 2019 Annual Report

EBN's annual report for 2019 was published on 31 March 2020.

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 32 and in the financial statements on page 79. The social performance primarily concerns EBN. The social performance is described in greater detail in the section 'The people of EBN' on page 48.

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 2018 OPI report. The OPI report incorporates operational performance indicators, which EBN has supplemented with data from the electronic Annual Environmental Report. The figures for 2019 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 2020.

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.	The number of geo-energy investments tested for seismic risks over 2019 has been obtained on the basis of the recorded decisions of the Executive Committee.
	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 2018 has been measured from the first day on which the occupational accident was reported.
Reducing emissions and discharges	Percentage change in CO_2eq emissions per cubic meter extracted in 2018 compared to 2017 based on the conversion factor for network losses in accordance with the IPCC Fourth Assessment Report 'Climate Change 2007'.	Dutch operators report their environmental and energy performances in the Annual Environmental Report. These figures are drawn up by the Netherlands Enterprise Agency for EBN in order to provide an overview of EBN's participation.
Maintaining financial strength and resilience	Solvency	Shareholder's equity is divided by the total balance sheet total. Both data are taken from EBN's consolidated balance sheet.
	Net liquidity (EUR million)	Calculated on the basis of the assets and liabilities balance sheet items at 31 December 2019 from EBN's consolidated balance sheet. Balances of current an 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 production, 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.

Material issue	Indicator/KPI	Method of measurement
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.
	OPEX unit in EUR ct/m3 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 m³ 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.
	SF maturation 100% billion m³ 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.
	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	EBN did not yet take part in any geothermal projects in 2019 and there is therefore no measurement method. The measurement method is under development and will be included next year.
	Percentage change (compared to 2017)in cost per delivered GJ	EBN did not yet take part in any geothermal projects in 2019 and there is therefore no measurement method. The measurement method is under development and will be included next year.
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 with the involvement of EBN on 31 December 2019 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 re-used in 2019 with the involvement of EBN is determined on the basis of the most recent data from operators.
	Number of DSAs signed	Number of DSAs and DSMAs signed at 31-12-2019. A DSA is an agreement whereby the licence holders agree with one another how to guarantee their share of the decommissioning and restoration 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.

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 2019 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	No CCS projects were brought to FID in 2019, so there is no measurement method available. The measurement method is under development and will be included next year.
	Amount of operational energy storage in salt caverns	In 2019, there was no energy storage in the Dutch subsurface, so there is 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 2019, 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 2019, 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 2019 for pilot schemes for district heating with hydrogen co-firing.
	Completion of the green gas master plan	Publication of the green gas master plan.
	Number of BCM of green gas	EBN did not produce green hydrogen in 2019, 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 2019 for participation in a green gas innovation joint venture.
	Number of participations in regional hubs for green gas	EBN did not produce green hydrogen in 2019, so there is no measurement method available. The measurement method is under development and will be included next year.

8. Financial statements

Consolidated statement of comprehensive income

In EUR mln

	note	2019	2018
sales	2	2,194	2,671
other income	2	12	2
operating expenses			
levies		7	7
operational costs	3	1,264	1,350
(reversal of) impairment	4	-	- 155
depreciation	4	586	430
operating expenses		1,857	1,632
operating profit		**349**	**1,041**
financial income	5	60	64
financial costs	5	- 106	- 117
share of profit from associates	6	29	29
profit before income tax		**332**	**1,017**
income tax expense	7	- 76	- 253
profit for the period	8	**256**	**764**
other comprehensive income		-	-
total comprehensive income for the period		**256**	**764**

Consolidated balance sheet (before profit appropriation)

In EUR mln

ASSETS	note	31-12-2019	31-12-2018
non-current assets			
property, plant and equipment	9	2,480	2,552
associates and other non-current assets	10	105	109
deferred tax assets	7	40	30
derivatives	19	55	115
		2,680	**2,806**
current assets			
inventories	11	30	28
trade receivables and other current receivables	12	210	279
tax receivables	7	140	6
derivatives	19	98	12
cash and cash equivalents	13	3,369	2,760
		3,847	**3,085**
Total		**6,527**	**5,891**

LIABILITIES	note	31-12-2019	31-12-2018
shareholder's equity	14		
share capital		128	128
share premium		450	-
retained earnings		197	151
		775	**279**
non-current liabilities			
borrowings	16	532	911
provisions	15	3,993	3,186
other non-current liabilities	17	117	137
		4,642	**4,234**
current liabilities			
borrowings	16	467	380
trade payables	18	70	60
provisions	15	235	288
other	18	338	650
		1,110	**1,378**
Total		**6,527**	**5,891**

Consolidated statement of changes in equity

In EUR mln

	share capital	share premium	retained earnings	total equity
balance at 1 January 2018	128	-	89	217
profit for the period	-	-	764	764
other comprehensive income	-	-	-	-
total comprehensive income for the period	-	-	764	764
final dividend previous year	-	-		
special profit levy	-	-	-702	-702
balance at 31 December 2018	**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**

Consolidated statement of cash flows

In EUR mln

	note	2019	2018
Operating activities			
total comprehensive income for the period		256	764
adjustment for:			
- current and deferred tax	7	76	253
- decrease/(increase) in property, plant & equipment (excluding investments)	21	299	470
- share of profit of joint ventures and associates	6	- 29	- 29
- decrease/(increase) in current receivables and inventories	11,12	67	105
- (decrease)/increase in liabilities (excluding borrowings and payments due to the State)	21	- 37	- 85
- changes in provisions	15	754	190
- unrealized financial income and expenses	21	23	25
interest paid		- 32	- 29
interest received		7	5
corporate tax paid		- 221	- 190
		907	715
net cash from operating activities		**1,163**	**1,479**

In EUR mln

	note	2019	2018
Investing activities			
investments property, plant and equipment (excluding right-of-use asset)	9	- 220	- 181
dividend received from associates	10	30	30
net cash used in investing activities		**- 190**	**- 151**
Financing activities			
paid special profit levies	14	- 52	- 613
redemptions bond loan and cash loan	16	- 328	- 76
loans received	16	3	100
increase/(decrease) in collateral derivatives	16	13	17
net cash used in financing activities		**- 364**	**- 572**
Change in cash and cash equivalents		609	756
Balance cash and cash equivalents at 1 January		2,760	2,004
Balance cash and cash equivalents at 31 December		3,369	2,760

Notes to the consolidated financial statements

(1) General information

EBN B.V. has its registered office at Daalsesingel 1, 3511 SV Utrecht in the Netherlands. The company is registered with the Chamber of Commerce under number 14026250. The consolidated financial statements for the year ending 31 December 2019 contains EBN B.V. and subsidiaries EBN Capital B.V. and EBN Aardwarmte B.V. (together referred to as 'EBN'). All shares in 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. In addition, EBN participates in underground gas storages and in transport and gas processing facilities. EBN also participates in geothermal energy projects, with the mandate obtained from the Ministry of Economic Affairs in 2019.

Statement of compliance

The consolidated financial statements of EBN have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable on 31 December 2019 and as endorsed by the European Union and with 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.

The consolidated financial statements of EBN B.V. of 31 December 2019 were prepared by the Executive Board and authorised by the CEO and four Supervisory Board members on 6 March 2020. The General Meeting of Shareholders will approve the financial statements on 25 March 2020.

Basis for consolidation

EBN's figures and the figures of the entities it controls are included in the consolidated financial statements. 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 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') located in Utrecht and EBN Aardwarmte B.V. ('EBN Aardwarmte') located in Utrecht are the sole subsidiaries of EBN B.V. EBN Capital (wholly-owned subsidiary) participates in piping 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.

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 2019 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
Noord Friesland	40%	NAM	Assen
Bergermeer UGS	38%	TAQA	Alkmaar
K04b/K05a	50%	TOTAL	The Hague
Q07/Q10a	40%	TULIP	The Hague
L09	50%	NAM	Assen

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 established two new geothermal energy companies together with partners in 2019: Warmtebron LEAN B.V. ('Warmtebron LEAN'; 40% subsidiary) located in Bunnik, and Geothermie Plukmade B.V. ('Geothermie Plukmade'; 30% subsidiary) located in Breda. Furthermore, in 2019 EBN obtained a 30% stake in the geothermal company: Geocombinatie Leeuwarden B.V. ('Geocombinatie Leeuwarden') located in Dokkum. The main activity of these geothermal energy subsidiaries is research and development of geothermal energy in respectively Utrecht, Friesland and Noord-Brabant.

For the NGT-Extensie and the LEAN joint ventures EBN has no joint control within the meaning of 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 both NGT-Extensie and LEAN, NGT-Extensie and LEAN are recognised according to the equity method and presented as associates. 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

For the preparation of the financial statements estimates and judgements are made. 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. For more details on the course of this provision we 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 2019 (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, public information and EBN's information and insights. 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 4).

(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 amended standard IFRS 16 is applied as per 1 January 2019.

IFRS 16 introduces a consistent, on-balance reporting model for lessees. For EBN, as the lessee, this results in the capitalisation of the usage right, which represents the right to use the underlying assets and the lease obligations that represent the obligation to make lease payments. EBN has applied IFRS 16 from 1 January 2019, applying the modified retrospective approach. Therefore, the cumulative effect of the introduction of IFRS 16 has been accounted for as an adjustment in the opening balance sheet on 1 January 2019, without adjustment of comparative information. EBN has opted not to use the practical option of applying the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of first application, but has performed an integral review of all lease contracts.

The impact of this new arrangement as of 1 January 2019 is limited and concerns the inclusion of a 'right-of-use' asset of EUR 8 million (see note 9) and a liability of EUR 8 million, which causes a reclassification in the income statement between depreciation and operating costs of less than EUR 1 million per year.

The following standards, amendments to standards and interpretations that are not yet in force or have not yet been ratified by the European Union are not yet applied by EBN:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material

EBN expects that the aforementioned standards, amendments to standards and interpretations do not apply to EBN or have limited consequences for the annual financial statements from year of application in 2020.

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 profit 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 are 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 write-down) 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

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 (PRMS) 2019.

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.

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 4.95% 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 4.

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.

Processing at 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 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 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 on the basis of 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.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, bank balances and short-term money market instruments which can be converted into cash at short notice, of which the amount is known and that bear no material risk of change in value.

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 128%, 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 128%. 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 2019 was 97.8% (2018: 97.0%). The expected pension costs for 2019 are EUR 2 million.

Operating Segments

EBN does not apply the principles of IFRS 8 segmentation because the Chief Operating Decision Maker (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 turnover 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 where as 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

The income tax expense is determined according to the 'balance sheet method'. The 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 exercises one main activity, 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 12.

The 2019 sales from business operations amounted to EUR 2,194 million. Compared to 2018 this is a decrease of EUR 477 million (-18%). The decrease in sales was mainly caused by less sold production (-13%) and by lower prices (-5%).

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

In EUR mln

	2019	2018
sales: exploration of natural gas and oil	2,194	2,671
other income: government grants	12	2
total	**2,206**	**2,673**

The government grants relates to the SCAN-project and grants from the European Union (CEF and Interreg) and Netherlands Enterprise Agency (RvO).

(3) Operational costs

In EUR mln

	2019	2018
G&G costs	12	12
write-downs (unsuccessful wells)	53	17
earthquake related costs	678	736
production, transport and other costs	521	585
total	**1,264**	**1,350**

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

The earthquake-related costs contain both expenses as well as additions to the provisions related to earthquakes in the province of Groningen. Reference is made to note 15.

The write-downs are higher due to unsuccessful wells (see note 9: exploration and evaluation assets under construction and capital expenditure and wells under construction) concerning Hoogezand 1, Q1-Echo, P15-20, P8 Horizon West and J09 Alpha North.

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

Total salary costs as presented under operational costs are as follows:

In EUR mln

	2019	2018
gross salaries	11	9
social securities	1	1
pension costs	2	2
other costs	1	1
total	**15**	**13**

The average number of FTEs in 2019 was 108.8 (2018: 88.7) of which 82.1 are working in the thematic departments and 26.7 are working in the support departments. All employees are employed in the Netherlands.

(4) (Reversal of) impairments and depreciation

The reversal of the impairment, the impairment and the depreciation are as follows:

In EUR mln

	2019	2018
impairment	-	29
reversal of impairment	-	- 184
total	**-**	**- 155**

The recoverable amount is determined for the cash-generating unit to which the assets belong. In the case of EBN, a cash-generating unit generally corresponds to a sales contract. In addition, "hubs" (main platform and satellites) can be used as a cash-generating unit. The recoverable amount is based on the higher of the value in use and the fair value less costs to sell. Future cash flows are estimated based on the most recent budgets and price scenarios. For the periods after the available projections, cash flows are extrapolated based on the expected inflation. For the value in use calculation, the estimated future cash flows are discounted at a pre-tax discount rate, based on the WACC (Weighted Average Cost of Capital). For exploration and production activities this amounts to 4.95% before tax.

As a result of the accelerated closure of the Groningen gas field, EBN has carried out analyses to identify an impairment for the related assets of the Groningen gas field, the Asset Groningen. The future cash flows are estimated based on the most recent budgets, price scenarios, expected recoverable reserves, available gas storage capacity, production profiles, expected operational and earthquake-related costs and the value of long-term contracts. No impairment has been recorded as a result of the analysis, the headroom of Asset Groningen has fallen to a minimum level. In addition, analyses have shown that there was no (reversal of) impairment in 2019 (2018: for 12 upstream gas cash-generating units that were written down in previous years, an impairment of EUR 184 million was reversed and for 1 midstream cash-generating unit an impairment loss of EUR 29 million was recognised).
The headroom of Asset Groningen has sensitivity to both selling prices and the reimbursement for the underground gas storage connected to the Groningen gas field; with a combination of a price increase of 10% in combination with continuity in the fees for the gas storage services, the headroom remains positive, with a combination of a price decrease of 10% and a reduction in the fees for the gas storage services, the headroom becomes negative (impairment of EUR 262 million).

In EUR mln

	2019	2018
depreciation of property, plant and equipment	586	430
total	**586**	**430**

The accelerated closure of the Groningen gas field has led to less recoverable reserves in the future; this has led to an increase in depreciation costs compared to 2018.

(5) Financial income and expense

In EUR mln

	2019	2018
interest income on derivatives	15	15
revaluation income on derivatives	41	45
other financial income	4	1
total finance income	**60**	**64**
interest costs on cash and cash equivalents	- 7	- 8
interest costs on borrowings	- 15	- 15
interest costs on derivatives	- 19	- 21
exchange differences on other financial instruments	- 33	- 42
interest expense for discounted provisions	- 28	- 30
other financial expense	- 4	- 1
total finance costs	**- 106**	**- 117**
net finance costs	**- 46**	**- 53**

The balance of the revaluations on derivatives and exchange differences on other financial instruments primarily comprises the revaluation results on the non-current borrowings and the directly related derivatives. In 2019, on balance, this is a positive result of EUR 5 million (2018: EUR 3 million negative), of which EUR 41 million revaluation income on derivatives and EUR 33 million exchange differences on other financial instruments. The balance of the result on the revaluation of loans and associated derivatives

is specifically the result of developments in the yield curves of the CHF compared to the EUR. Refer to note 16 for an explanation of the applicable interest rates.

(6) Result for associates

In EUR mln

	2019	2018
GasTerra B.V.	14	14
NOGAT B.V.	13	12
NGT-Extensie	2	3
total	**29**	**29**

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

(7) Tax

In EUR mln

	2019	2018
current tax on profits for the year	86	203
current tax	**86**	**203**
effect deferred tax arising from temporary differences	- 9	43
effect future tax rate change	- 1	7
deferred tax	**- 10**	**50**
total	**76**	**253**

The effective tax rate for 2019 amounts to 22.9% (2018: 24.9%). The lower effective tax rate is partly the result of the effect of the enacted future decrease of the tax rate in 2021.

In 2018, the deferred tax asset was valued on the basis of a reduction in the tax rate to 20.5% in 2021. In 2019, the Dutch government decided to adjust the proposed reduction to 21.7%.

In EUR mln

	2019		2018	
	amount	%	amount	%
profit before income tax	332		1,017	
taxation based on Dutch tax rate	83	25.0	254	25.0
participation exemption	- 6	- 1.8	- 8	- 0.8
effect tax rate change	- 1	- 0.3	7	0.7
total	**76**	**22.9%**	**253**	**24.9%**

The balance of deferred tax assets and liabilities increased by EUR 10 million as a result of the following changes:

In EUR mln

	property, plant and equipment	provisions	total
balance at 1 January 2018	- 57	137	80
charged to the statement of comprehensive income	34	- 77	- 43
effect future tax rate change	4	- 11	- 7
balance at 31 December 2018	**- 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**

Deferred tax assets and liabilities include future tax credits and liabilities arising from temporary differences between the amounts calculated in accordance with the commercial principles and those calculated in accordance with fiscal standards. The deferred tax asset relates to the fiscal valuation of the provision and the deferred tax liability relates to the fiscal valuation of the property, plant and equipment.

The tax receivable included in the current assets of EUR 140 million (2018: EUR 6 million) increased, mainly due to the prepaid corporation tax (based on the expected budgeted taxable profit) of 2019.

(8) Net profit

A net result from continuing operations amounts to EUR 256 million in 2019. That is EUR 508 million (66%) lower than 2018.

Notes to the consolidated balance sheet

(9) Property, plant and equipment

In EUR mln

2019	production, transport, storage facilities and other	drilling	capitalisation of decommissioning and restoration costs	exploration and evaluation assets under construction	capital expenditure and wells under construction	Total
cost						
balance at 1 January	9,449	4,466	1,615	71	48	15,649
investments	96	62	-	34	35	227
revision/adjustment decommissioning and restoration cost	-	-	340	-	-	340
sale, decommisioning and other changes	-352	-110	-	-45	-8	-515
balance at 31 December	**9,193**	**4,418**	**1,955**	**60**	**75**	**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**	**60**	**75**	**2,480**

In EUR mln

2018	production, transport, storage facilities and other	drilling	capitalisation of decommissioning and restoration costs	exploration and evaluation assets under construction	capital expenditure and wells under construction	Total
cost						
balance at 1 January	9,370	4,365	1,793	86	49	15,663
investments	79	104	-	-1	2	184
revision/adjustment decommissioning and restoration cost	-	-	-178	-	-	-178
sale, decommisioning and other changes	-	-3	-	-14	- 3	-20
balance at 31 December	**9,449**	**4,466**	**1,615**	**71**	**48**	**15,649**
depreciation and impairments						
balance at 1 January	8,046	3,596	1,180	-	-	12,822
depreciation	214	155	61	-	-	430
impairment and decommissioning	29	-	-	-	-	29
reversal of impairment	-85	-99	-	-	-	-184
balance at 31 December	**8,204**	**3,652**	**1,241**	**-**	**-**	**13,097**
carrying amount at 31 December	**1,245**	**814**	**374**	**71**	**48**	**2,552**

Investments in 2019 of EUR 227 million were 24% higher compared to 2018 (EUR 184 million). Onshore investments amounted to EUR 33 million (2018: EUR 42 million). Offshore investments amounted to EUR 194 million (2018: EUR 142 million). The right-of-use asset (IFRS 16) with a carrying amount of EUR 7 million is presented under the asset category production, transport, storage facilities and other.

The increase in the capitalisation of decommissioning and restoration costs amounted to EUR 340 million in 2019 (2018: decrease of EUR 178 million). For further explanation see note 15.

In 2019 there were no reversals and/or impairments (2018: EUR 29 million impairment and a reversal of an impairment loss of EUR 184 million). For more details regarding the (reversal) of the impairment, reference is made to the accounting policies and note 4.

In 2019 EBN started with a review of assets that have already been taken out of operation; this has led to a divestment of purchase value and cumulative depreciation. The cumulative purchase value of the assets that have already been fully written off, but are still in use, amounts to EUR 861 million (2018: EUR 1,383 million).

(10) Associates and other non-current assets

By associates, EBN means the 40% stake in GasTerra, the 45% stake in NOGAT, the 12% stake in the NGT-Extensie partnership, the stake 40% in Warmtebron LEAN, the 30% stake in Geocombinatie Leeuwarden and the 30% stake in Geothermie Plukmade. The three geothermal associates are still in the start-up phase and have a limited size and are therefore not further specified.

The associates are recognised based on the equity method. The profits are distributed annually.

in EUR mln

	GasTerra	NOGAT	NGT-Extensie	2019	GasTerra	NOGAT	NGT-Extensie	2018
balance at 1 January	86	13	7	106	86	13	8	107
profit share	14	13	2	29	14	12	3	29
dividend received	- 14	- 13	- 3	-30	- 14	- 12	- 4	- 30
balance at 31 December	**86**	**13**	**6**	**105**	**86**	**13**	**7**	**106**

The following table shows summarised financial information on the GasTerra, NOGAT and NGT-Extensie associates on a 100% basis.

in EUR mln

		GasTerra	NOGAT	NGT-Extensie	2019	GasTerra	NOGAT	NGT-Extensie	2018
assets	current	1,325	38	-	1,363	1,951	31	-	1,984
	non-current	7	46	49	102	9	50	57	114
liabilities	current	1,083	31	-	1,114	1,744	29	-	1,773
	non-current	33	25	-	58	-	24	-	25
net investments (100%)		216	28	49	293	216	28	57	301
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**	**6**	**105**	**86**	**13**	**7**	**106**

in EUR mln

	GasTerra	NOGAT	NGT-Extensie	2019	GasTerra	NOGAT	NGT-Extensie	2018
net sales	8,832	56	32	8,920	11,153	47	45	11,246
net profit (100%)	36	28	18	82	36	26	28	90
other comprehensive income (100%)	-	-	-	-	-	-	-	-
total comprehensive income	36	28	18	82	36	26	28	90
EBN's share in total comprehensive income	**14**	**13**	**2**	**29**	**14**	**12**	**3**	**29**

Furthermore, a non-current receivable from an operator of EUR 3 million from 2018 has been settled (2019: EUR 0 million).

(11) Inventories

In EUR mln

	2019	2018
materials	23	22
condensate and oil	7	6
total	**30**	**28**

(12) Trade receivables and other current receivables

In EUR mln

	2019	2018
trade receivable from associate	63	118
other trade receivables	3	14
total trade receivables	**66**	**132**
other receivables and deferred items	144	147
total	**210**	**279**

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

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 2019 there is no provision for doubtful debts.

oil and gas	Matrix provision doubtful debts	current	>30 days	31-60 days	>90 days
31 December 2019	expected loss rate	0%	0%	0%	0%
	gross carying amount- trade receivables	66	-	-	-
	loss allowance	-	-	-	-
31 December 2018	expected loss rate	0%	0%	0%	0%
	gross carying amount- trade receivables	132	-	-	-
	loss allowance	-	-	-	-

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

(13) Cash and cash equivalents

The cash and cash equivalents consist of bank balances of EUR 185 million (2018: EUR 16 million), bank deposits of EUR 1,058 million (2018: EUR 908 million) and commercial paper of EUR 2,126 million (2018: EUR 1,836 million).

(14) Shareholder's equity

In EUR mln

	2019	2018
balance at 1 January	**279**	**217**
net profit	256	764
special profit levy	- 210	- 702
capital contribution to the share premium	450	-
balance at 31 December	**775**	**279**

Share capital

The authorised, issued and paid-up share capital amounted to EUR 128 million in 2019 (2018: EUR 128 million) and consists of 284,750 shares (2018: 284,750 shares), each with a nominal value of EUR 450.

Retained earnings

The retained earnings comprises the balance of accumulated profits that have not been distributed to the shareholder. On the basis of Article 20(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. After deduction of the special profit levy of EUR 210 million, the net profit is EUR 46 million.

As per 31 December 2019 EUR 20 million of the special profit levy for 2019 of EUR 210 million is classified as a short-term debt to the State. Of the remaining EUR 190 million special profit levy, EUR 52 million was paid in cash, EUR 90 million was settled for the Norg compensation (relates to the compensation from the interim agreement on the additional deployment of Norg (natural gas storage) for the accelerated reduction of the Groningen field) and EUR 48 million of special profit levy has been settled with the capital contribution to the share premium.

The General Meeting is proposed to allocate the net profit as referred to in Article 20.2 of EBN's Articles of Association as follows: EUR 46 million will be added to shareholder's equity and no dividend will be paid for 2019.

Capital contribution to the share premium

In order to strengthen the company's equity and solvency, EBN's shareholder, the Ministry of Economic Affairs, has decided to make a capital contribution to the share premium of EUR 450 million. The capital contribution in the share premium of EUR 450 million is a non-cash item and settled with the payable special profit levy from 2018 (EUR 402 million) and EUR 48 million from the 2019 special profit levy.

The total result per share for 2019 amounts to EUR 899 (2018: EUR 2,683 per share). This is a decrease of 66% compared to 2018.

(15) Provisions

The provisions increased by EUR 754 million in 2019. This is the balance of the following changes:

An amount of approximately EUR 235 million is current (2018: EUR 288 million).

In EUR mln

	decommissioning and restoration	subsidence	earthquakes	total
balance at 1 January 2018	**2,605**	**117**	**560**	**3,284**
additions	16	56	387	459
amount used during the year	- 41	- 8	- 48	- 97
unused amounts reversed	-	-	-6	-6
revision	- 195	-	-	- 195
interest on diccounted provision	31	-	-	31
reclassification	-	-	-	-2
balance at 31 December 2018	**2,416**	**165**	**893**	**3,474**
additions	22	8	536	566
amounts used during the year	- 29	- 3	- 119	- 151
unused amounts reversed	-		- 7	- 7
revision	318		-	318
interest on discounted provision	28		-	28
balance at 31 December 2019	**2,755**	**170**	**1,303**	**4,228**

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 2019 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 1.6% (2018: 1.4%), and discounted at a nominal interest rate of 0.6% (2018: 1.5%). The equivalent of the provision stated at the present value is recognised under property, plant and equipment and depreciated based on the UOP method. Nominal interest is added to the provision at 1.2% (2018: 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 303 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.

Provision earthquakes

The provision for costs as a result from earthquakes in the province of Groningen is based on information from the operator, public information and EBN's information and insights. 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 strengthening of buildings, strengthening of infrastructure, compensation measures and loss of value. The provision for costs resulting from earthquakes is expected to run until 2030.

The part of the provision for damage claims is based on the number of outstanding claims as per 31 December 2019 as specified by the TCMG and an estimate of the claims still to be expected based on historical information and internal models, for example. The expected average claim amount is based on historical data.

The part of the provision for 'remweg' is based on the estimate of possible future claims related to production up to and including 31 December 2019. An estimate has been 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 strengthening provision is based on an estimate of the costs for the number of objects to be strengthened. Based on the Outline Agreement ('Akkoord op Hoofdlijnen') of 2018, the State has set up an independent body for the strengthening. Following the advice of the Mining Council, the Groningen National Coordinator presented a plan of action (basis for the number of addresses). In 2019, EBN made an addition of EUR 404 million to the provision for strengthening in order to expand the scope of the strengthening project (more addresses in scope and also an increase in the average claim amount per address) and an addition for the Care Agreement.

The part of the provision for compensation arrangements including loss of value and compensation for non-material damage and loss of enjoyment of living is based on the expected number of households that are entitled to compensation. The estimate of the expected compensation amount is based on internal and/or external information. Based on the Hammerstein report of 14 November 2019, the provision has been updated based on the assumptions of 'Atlas van Gemeenten' and the development of the value of the houses.

Given the bandwidth of the different 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 financial statements is the most plausible and substantiated outcome based on the current available information.

(16) Current and non-current borrowings

In EUR mln

	2019			2018		
	total	non-current part	current part	total	non-current part	current part
debenture loans	944	529	415	1,120	911	209
private loans	3	3	-	-	-	-
total borrowings	**947**	**532**	**415**	**1,120**	**911**	**209**
cash loans	-	-	-	132	-	132
collateral on derivatives	52	-	52	39	-	39
total	**999**	**532**	**467**	**1,291**	**911**	**380**

On 4 July 2019 CHF 235 million was repaid. The equivalent in euros amounted to EUR 211 million, while the corresponding derivative represented a (positive) value of EUR 15 million at transaction date. On 4 July, the total net repayment amounts to EUR 196 million. No collateral has been provided for the debenture loans. The loan agreements contain clauses that limit the provision of collateral. EBN has a commercial paper program of EUR 2,000 million. This is unchanged compared to 2018. At year-end 2019, no additional commercial paper is issued (nor at year-end 2018).

In 2019 EBN agreed upon a loan facility 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 projects. The loan facility can be taken out in instalments in the coming years. Taken out instalments are transferred by EBN as capital contributions to the share premium of EBN Aardwarmte. A first instalment of EUR 3 million was taken out and received in 2019. No security has been provided for this facility and the agreement in question has no financial ratio covenants. The fixed interest rate is 0% per year. The loan will be repaid as of 2027 in six annual instalments.

The cash loans concern deposits. At year-end 2019 no cash loans were outstanding. At year-end 2018, EUR 100 million of these cash loans were issued by third parties and EUR 32 million by GasTerra. The cash loans concern deposits, of which EUR 100 million is placed with third parties and EUR 32 million placed at GasTerra. The deposit with GasTerra is based on a Deposit and Loan Facility Agreement that EBN and Nederlandse Aardolie Maatschappij (NAM) entered into with GasTerra in 2014. Under this agreement, GasTerra can propose to EBN and NAM (as joint parties) to place a deposit with EBN and NAM for a period ranging from three days to three months. GasTerra can also request a loan from EBN and NAM (as joint parties) for a similar term under this agreement.

The collateral on derivatives concerns cash deposited by banks for the difference between the market value of the respective portfolio and the threshold as agreed per bank. This deposited collateral is interest bearing and is included under cash and cash equivalents and will not be used for commercial purposes. Agreements about the exchange of collateral are recorded in Credit Support Annexes (CSAs) as Annex to the International Swaps and Derivatives Association (ISDA) agreements with the respective banks. CSAs were concluded with all banks, except for one bank, and for one bank not all derivatives fall under the CSA.

On 18 August 2015, a committed revolving credit facility was agreed with three banks (ING Bank, BNP Paribas and Rabobank) for an initial period of five years. This facility offers EBN the possibility to make withdrawals up to EUR 400 million in credit for general business purposes. From the start, this facility has not been used. The interest costs on any used part of the credit line 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 security 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.

Non-current borrowings, including those borrowings with a due date within one year, are composed as follows:

In EUR mln

					2019	2018
CHF	325 mln	2.125%	debenture loan	2010/2020	300	289
CHF	125 mln	2.125%	debenture loan	2010/2020	115	111
CHF	150 mln	1.625%	debenture loan	2011/2023	138	133
CHF	235 mln	0.625%	debenture loan	2012/2019	-	209
CHF	125 mln	1.125%	debenture loan	2012/2024	115	111
CHF	175 mln	0.500%	debenture loan	2014/2022	161	156
CHF	125 mln	0.875%	debenture loan	2014/2026	115	111
EUR	48 mln	0.000%	private loan	2019/2032	3	-
					947	**1,120**

There is a difference in the amounts of outstanding non-current borrowings at the end of 2019 compared to 2018 because of exchange differences, which are incorporated in the consolidated statement of comprehensive income under finance income and costs (see note 5). For an overview of the estimated fair value, see note 19.

The principal sums of these borrowings and the associated interest costs in foreign currency are fully converted to euros via cross currency interest rate swaps. The average interest rate of all outstanding non-current borrowings per the end of the year, including the effects of the cross currency interest rate swaps, is 2.18% (2018: 2.12%).

All cross currency interest rate swaps have fixed interest rates, except those associated with the CHF 2014/2022 and CHF 2014/2026 borrowings. At year-end 2019, 29% (2018: 25%) of the financing through the outstanding cross currency interest rate swaps has variable interest rates.

The following table shows the outstanding debenture loans in order of their maturity.

In EUR mln

	2019	2018
within 1 year	415	209
within 1 to 2 years	-	400
within 2 to 3 years	161	-
within 3 to 4 years	138	156
within 4 to 5 years	115	133
after 5 years	118	222
total	**947**	**1,120**

More than 39% of the outstanding non-current borrowings have remaining terms to maturity of more than three years. Borrowings with a due date within one year are presented as current liabilities.

(17) Other non-current liabilities

The other non-current liabilities relates on one hand to the non-current lease obligation for the 'right-to-use asset' (IFRS 16) with an amount of EUR 7 million and, on the other hand, to the reservation for the payments for National Program Groningen following the agreement between the State and NAM and is included under non-current liabilities for EUR 110 million (2018: EUR 137 million). EUR 30 million is recognised under current liabilities (2018: EUR 60 million).

(18) Trade payables and other current liabilities

Trade payables of EUR 70 million (2018: EUR 60 million) are joint interest billings of operators for the month of December.

The other current liabilities consist of:

In EUR mln

	2019	2018
payments due to the State	110	402
interest payments due	17	19
other liabilities	211	229
total	**338**	**650**

The payments due to the State includes an amount received in advance of EUR 90 million relating to the compensation from the interim agreement on the additional deployment of Norg for the accelerated phasing out of the Groningen field, as well as the outstanding special profit levy for 2019 of EUR 20 million.

The other debts include the current liability of EUR 30 million relating to the Groningen National Program, EUR 35 million of government grants received in advance and EUR 98 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 long-term borrowings an endeavour is made to prevent the concentration of redemptions in a certain future year and so to spread the maturity profile.

Due to the capital contribution to the share premium of EUR 450 million the equity increased and the solvency increased from 5% to 12%. This has created a larger buffer to accommodate any future setbacks.

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

			2019		2019
	Borrowings loans	Net interest loans & derivates	Payment at redemption	Cash flow derivatives	Total cash out
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 EUR mln

			2018		2018
	Borrowings loans	Net interest loans & derivates	Payment at redemption	Cash flow derivatives	Total cash out
within 1 year	380	- 21	- 380	13	- 388
within 1 to 2 years	400	- 17	- 400	84	- 333
within 2 to 3 years	-	- 7	-	-	- 7
within 3 to 4 years	156	- 7	- 155	11	- 151
within 4 to 5 years	133	- 7	- 133	8	- 132
after 5 years	222	- 2	- 222	14	- 210
Total	**1,291**	**- 61**	**- 1,290**	**130**	**1,221**

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 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.

For money market funds a minimum credit rating of Aaa from Moody's and AAA from Standard & Poor's and Fitch applies and EBN's participation per money market fund is maximised to 5% of the fund. If derivatives transactions are carried out in the context of long-term financing this is only done with a counterparty possessing a minimum of A2 Moody's or A Standard & Poor's and Fitch long-term rating, with which EBN has entered into an 'International Swaps and Derivatives Association' (ISDA) agreement. New long-term derivatives are concluded with a Credit Support Annex (CSA). This is a contract in which it is agreed with the counterparty to deposit collateral if a derivatives position has a substantial value, to reduce the counterparty risk.

In 2019, as in 2018, there were no credit losses on financial instruments.

With the exception of one bank, Credit Support Annexes (CSAs) have been entered into with all banks with which current derivatives are concluded. In respect of cross currency interest rate swaps with a nominal value of EUR 583 million (CHF 725 million), CSAs have been agreed with the relevant counterparties. For that reason, at the end of 2019 on balance, there was EUR 52 million collateral placed at EBN by banks (at the end of 2018: EUR 39 million). The collateral on derivatives concerns cash deposited by banks in the amount of the difference between the market value of the respective portfolio and the threshold agreed in the CSA. This paid collateral largely bears interest and is included under cash and cash equivalents and will not be used for commercial purposes. The corresponding liability is included in current liabilities as part of borrowings. The maximum credit risk on the outstanding derivatives as at year-end 2019 is EUR 100 million (EUR 152 million market value derivatives minus EUR 52 million collateral).

With the valuation of the derivatives, the credit risk on counterparties is taken into account in the case of a positive market value and the credit risk of banks on EBN in the case a negative market value. If the market value of the total of derivatives per counterparty is positive, then a Credit Valuation Adjustment (CVA) is included in the valuation; if it is negative then a Debt Valuation Adjustment (DVA) is included (IFRS 13.48 portfolio exception). These adjustments are based on Credit Default Swap (CDS) spreads associated with the weighted average remaining term of the portfolio and the market value of the derivatives for each counterparty. Consequently, the valuation of the derivatives has decreased by EUR 0.6 million at the end of 2019 (the decrease in 2018 was: EUR 1.8 million).

Credit risk on receivables

The credit risk on receivables from sales is low. EBN mainly sells to counterparties with a high credit rating. 33% of the receivables are at GasTerra (long term credit rating Standard & Poor's AA +) and 66% of the receivables at NAM (Joint Venture Shell and Exxon Mobil). In 2018 the relevant percentages were 55% and 44% respectively. EBN monitors the creditworthiness of all customers on a periodic basis and applies credit limits per customer.

Interest rate risk

Interest rate risk is the risk of financial results or changes in the balance sheet caused by fluctuations of market interest rates. In addition to achieving minimal net interest charges, the goal of EBN's interest rate risk policy is to limit interest rate risks arising from the company's funding. A maximum of 60% of the non-current borrowings and financial derivatives will have a variable interest rate in accordance with internal guidelines. At year-end 2019, 29% (2018: 25%) of this non-current debt position was at a variable interest rate.

The following table shows the interest rate sensitivity of the financial instruments on the shareholder's equity and the result. The analysis of the sensitivity of borrowings and related financial derivatives to interest rate movements is based on a direct change of 1 percentage point in the interest rates compared to 31 December 2019. All other

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	3,369	3,369	-	-
receivables	210	210	-	-
current borrowings	- 467	- 471	-	-
other current and non-current liabilities	- 525	- 525	-	-
non-current borrowings	- 532	- 560	-	-
cross currency swaps used for non-current borrowings	55	55	- 13	13
cross currency swaps used for current borrowings	98	98	-	-
total	**2,208**	**2,176**	**- 13**	**13**

In EUR mln

2018	carrying amount	fair value	effect of the change in interest rate +1%	effect of the change in interest rate -1%
cash and cash equivalents	2,760	2,760	-	-
receivables	279	279	-	-
current borrowings	- 380	- 381	-	-
other current and non-current liabilities	- 847	- 847	-	-
non-current borrowings	- 911	- 953	-	-
cross currency swaps used for non-current borrowings	115	115	- 17	18
cross currency swaps used for current borrowings	12	12	- 1	1
total	**1,028**	**985**	**- 18**	**19**

variables remain unchanged. A reduction of 1 percentage point in interest rates would result in an estimated decrease of EUR 13 million in net financing costs, based on the portfolio of financial instruments at 31 December 2019. An increase in interest rates by 1 percentage point would result in an estimated increase of net financing costs of EUR 13 million. The main reason for these effects is that a change in the fair value of derivatives as a result of a change in interest rate is charged directly to the consolidated statement of comprehensive income.

Currency risk

The currency risk is the risk of financial results or changes in the balance sheet caused by fluctuations in a currency rate on the foreign exchange market. EBN aims to eliminate or reduce these fluctuations.

The foreign currency risk management instruments include spot, forward exchange transactions and cross currency interest rate swaps. EBN fully hedges currency risks arising from sales and purchases at the time the trade receivables or trade liabilities arise. Expected transactions that have not yet taken place are not hedged. At year-end 2019, there were two outstanding DKK positions of DKK 1,342 million, which was hedged by means of a forward exchange transaction (at year-end 2018, USD 0.5 million trade receivable). In the case of investments or funding in foreign currency, the currency risk is immediately hedged. In the case of funding in foreign currency, both the currency risk on the principal and interest obligations are fully covered.

Currency risks on current borrowings in foreign currencies are hedged with forward exchange contracts. At year-end 2019 there were no forward exchange contracts relating to current borrowings issued in foreign currencies (year-end 2018: nil).

Currency risks on non-current borrowings in foreign currency are hedged with cross currency interest rate swaps (see note 19).

In the table below the sensitivity of the financial instruments to exchange rate fluctuations is shown on the shareholder's equity and the results. It is based on a 10% movement in all exchange rates in relation to the euro compared to the levels at 31 December 2019, with all other variables remaining unchanged. A change of +10% means that the euro weakens in relation to the foreign currencies. A change of -10% means that the euro strengthens in relation to the foreign currencies.

Fair value of financial instruments

Derivatives which serve to hedge long-term instruments (and thus themselves are also long term) are classified under the fixed assets or long-term liabilities.

The table below summarises the carrying amounts and estimated fair values of financial instruments:

In EUR mln

2019	carrying amount	fair value	effect movement in exchange rate +10%	effect movement in exchange rate -10%
cash and cash equivalents	3,369	3,369	-	-
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 used for non-current borrowings	55	55	63	- 51
cross currency swaps used for current borrowings	98	98	47	- 39
total	**2,208**	**2,176**	**-**	**-**

In EUR mln

2018	carrying amount	fair value	effect movement in exchange rate +10%	effect movement in exchange rate -10%
cash and cash equivalents	2,760	2,760	-	-
receivables	279	279	-	-
current borrowings	- 380	- 381	- 23	19
other current and non-current liabilities	- 847	- 847	-	-
non-current borrowings	- 911	- 953	- 107	88
cross currency swaps used for non-current borrowings	115	115	107	- 88
cross currency swaps used for current borrowings	12	12	23	- 19
total	**1,028**	**985**	**-**	**-**

In EUR mln

	31 December 2019		31 December 2018	
	carrying amount	fair value	carrying amount	fair value
assets				
current receivables	210	210	279	279
non-current financial derivatives	55	55	115	115
current financial derivatives	98	98	12	12
cash and cash equivalents	3,369	3,369	2,760	2,760
liabilities				
non-current debenture loans	529	560	911	953
other non-current borrowings	3	3	-	-
non-current financial derivatives	-	-	-	-
current debenture loans	415	419	209	210
other current borrowings	52	52	171	171
other current and non-current liabilities	525	525	847	847

Fair values of non-current debenture loans are based on published rates (level 1 according to IFRS). The other fair values are calculated based on available market information, including interest rate and exchange rate levels (level 2 according to IFRS). All financial assets and liabilities at fair values with changes through profit and loss are classified at level 2. These valuation techniques are assessed annually. The valuation techniques were not adjusted in 2019.

The fair value of the non-current borrowings amounts to EUR 560 million as at 31 December 2019 (2018: EUR 953 million). The valuation technique is in line with level 1 (as in 2018). The carrying amount of the non-current borrowings amounted to EUR 529 million (2018: EUR 911 million). The non-current borrowings in foreign currency are recognised at 'mid-market' rates, as published by Reuters. The corresponding derivatives are recognised at market value. As a result, fluctuations in market interest rates in foreign currencies in relation to each other can cause temporary unrealised results in the income statement.

Current receivables, cash and cash equivalents and current and non-current liabilities are recognised at their carrying amount. In view of the short term to maturity of these instruments, these amounts approximate their fair values.

The following table summarises the carrying amounts of financial derivatives, specified according to type and objective:

In EUR mln

	assets	liabilities	total
cross currency interest rate swaps	153	-	153
forward currency contracts	-	-	-
Balance at 31 December 2019 for the total financial derivatives in relation to borrowings	**153**	**-**	**153**

cross currency interest rate swaps	127	-	127
forward currency contracts	-	-	-
Balance at 31 December 2018 for the total financial derivatives in relation to borrowings	**127**	**-**	**127**

Market price risk

EBN has the policy not to hedge against the risk of fluctuations in oil and gas prices on the oil and gas markets. These market price fluctuations can significantly affect EBN's results. However, since these risks originate directly from the core activities of EBN they are not hedged.

Other notes

(20) Contingencies

As indicated in the summary of significant accounting policies, EBN takes part in a a large number of joint operations. The basis for these joint operations is laid down in agreements of cooperation or Joint Operating Agreements, from which multi-year financial rights and obligations arise. The investment obligations at year-end 2019 amount to EUR 445 million (2018: EUR 426 million) whilst the majority of these obligations are claimable within 1 year.

Moreover, EBN's (in)direct share of proven and probable gas reserves of fields in which EBN participates at 31 December 2019 is 61 billion Nm^3 GE (2018: 83 billion Nm^3 GE). As a result of the decision by Minister Wiebes to reduce the production volume for Groningen and to stop the extraction of natural gas from the Groningen field by 2022, part of the proven and probable gas reserves has been written off (see note 4). With the phasing out of the Groningen field, the core activity of GasTerra, the sales office of Groningen gas, will eventually stop. GasTerra has drawn up a phasing-out plan based on the principle that GasTerra can continue to contribute in the coming years to a responsible reduction of gas extraction from the Groningen field and, moreover, to meet its long-term obligations.

As usual in the industry, including through the associated participation GasTerra, continuous renegotiations take place over the pricing of sales contracts. The results of these negotiations can have a significant positive or negative impact on EBN's future results. It is not possible to make a reliable estimate of the outcomes of these renegotiations or related arbitration proceedings.

As a result of the earthquakes caused by gas production from Groningen, future obligations arose. These obligations primarily concern damage repair, preventive reinforcement of buildings and infrastructure, compensation measures to improve the safety and liveability of the earthquake area.

A provision is included on damage claims, a number of structural reinforcements of buildings and infrastructure, compensation measures, value loss, compensation for immaterial damage and loss of living enjoyment (see note 15). The cost of the structural strengthening of buildings and compensation measures cannot always be reliably estimated; a provision is therefore only included when concrete agreements are under negotiation or in the case of ongoing legal procedures where the likelihood that EBN is ordered to pay earthquake costs is greater than 50%. The total scope of the costs could therefore be higher. Based on its participation in the Groningen licence, EBN will contribute 40% of these costs.

In 2018, a lease obligation existed until 2030 for the company's registered address at Daalsesingel 1 in Utrecht of EUR 11 million. This off-balance sheet obligation of 2018 has been fully included in the other long-term liabilities in 2019 as a result of the introduction of IFRS 16 (note 17).

(21) Notes on the statement of cash flows

In the preparation of the cash flows 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	2019	2018	Delta
Balance sheet decrease / (increase)				
property, plant and equipment	9	2,480	2,552	72
Excluding investments	9			227
total				**299**

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

In EUR mln

	note	2019	2018	Delta
Balance sheet (decrease) / increase				
other non-current borrowings	17	117	137	- 20
trade payables	18	70	60	10
other	18	338	650	- 312
total				**- 322**
Excluding non-cash items				
right-of-use liability		- 7	-	- 7
payments to the State	18	- 110	- 402	292
total				**285**
total				**- 37**

In EUR mln

	non-current	current	cash and cash equivalents and derivatives	total
Net debt				
1 January 2018	1,078	130	- 2,086	- 878
cash flows	-	-	- 756	- 756
other changes	- 167	250	- 45	38
Net debt at 31 December 2018	**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**

Explanation of unrealised financial income and expenses:

In EUR mln

	note	2019	2018
revaluation income on derivatives	5	41	45
exchange differences on other financial instruments	5	- 33	- 42
other financial income and expense		15	22
total		**23**	**25**

(22) Related parties

Gasterra and EBN are related parties. EBN has 56 active (2016: 57) gas sales contracts with GasTerra. Of the net sales of EUR 2,194 million, EUR 651 million is realised through GasTerra (2018: EUR 1,205 million). The receivables in 2019 includes an amount of EUR 63 million (2018: EUR 118 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 with EBN and NAM for a period of from three days to three months as a fixed term deposit. GasTerra can also request a loan from EBN and NAM (as joint parties) for a similar term under this agreement. For further information, please refer to note 16.

The State as a shareholder is classified as a related party. All levies, corporation taxes, Norg compensation (relates to the compensation from the interim agreement on the additional deployment of Norg (natural gas storage) for the accelerated reduction of the Groningen field) and net profits are paid to the State. More information can be found in notes 7, 14 and 18 in these financial statements. In addition, EBN has received a loan from its shareholder in accordance with market conditions (see note 16).

NOGAT and NGT-Extensie, as associates, are classified as related parties. EBN pays transport costs to NOGAT and NGT-Extensie within the framework of its joint operations. This happens in the ordinary course of business and at market conditions.

Geothermie Plukmade, Geocombinatie Leeuwarden and Warmtebron LEAN, companies in a start-up phase, are also related parties. EBN did not perform any transactions with these related parties in 2019, other than a contribution to the share capital.

(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 members of the Supervisory Board) amounts to EUR 1.0 million as at 31 December 2019 (2018: EUR 0.9 million; 4 members of the executive team and 5 members of the Supervisory Board). The total salary of the executive team members is specified in the table below. As of 28 April 2019, Mr. Boekelman left the executive team and Cees den Ouden took on this role ad-interim from 28 April 2019 until 14 October 2019. As of 14 October 2019, Bas Brouwer is finance director. The remuneration of these 3 people is included in the total salaries of executive team members. The periodic rewards include compensation for capping the accrual of pension.

In EUR

	2019	2018
regular remunerations	858,671	769,575
pensions	50,430	52,306
total	**909,101**	**821,881**

The gross remuneration of the Supervisory Board members (excluding VAT) can be specified as follows:

In EUR

	2019	2018
Mr. H.M.C.M. van Oorschot (until 22 March 2018)	-	5,521
Ir. J.G. Huijskes	24,500	23,486
Prof. Mr. E.M. Kneppers-Heijnert	20,000	20,000
Drs W.S. de Vries	20,000	20,000
Ir. D.M. Samsom (starting 22 March 2018 until 31 October 2019)	16,667	15,493
Mr. J.W. Weck	20,000	20,000
total	**101,167**	**104,500**

The following change took place in 2019. Mr Samsom stepped down as a member of the Supervisory Board with effect from 31 October 2019. No successor has yet been appointed. In addition to their gross salary each supervisory director 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, 6 March 2020

CEO
Ir. J.W. van Hoogstraten

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

Company statement of comprehensive income

In EUR mln

	2019	2018
share of profit from associates, after tax	36	20
other results, after tax	220	744
net profit	**256**	**764**

Company balance sheet (before profit appropriation)

In EUR mln

ASSETS	note	31-12-2019	31-12-2018
non-current assets			
property, plant and equipment	9	2,355	2,426
associates and other non-current assets	A	284	364
deferred tax asset	7	40	30
		2,679	**2,820**
current assets			
inventories	11	29	27
trade receivables and other current receivables	12	215	267
tax receivables	7	140	6
derivatives	19	98	12
cash and cash equivalents	13	3,276	2,661
		3,758	**2,973**
Total		**6,437**	**5,793**

LIABILITIES	note	31-12-2019	31-12-2018
shareholder's equity	B		
share capital		128	128
share premium		450	-
retained earnings		197	151
		775	**279**
provisions			
provisions	15	4,167	3,413
		4,167	**3,413**
non-current liabilities			
borrowings	16	532	911
other non-current liabilities	17	117	138
		649	**1,049**
current liabilities			
borrowings	16	467	380
trade payables	18	70	60
other	18	309	612
		846	**1,052**
Total		**6,437**	**5,793**

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 84 to 92.

A) Associates and other non-current assets

Associates and other non-current assets comprise derivatives of EUR 55 million (for details of derivatives please see note 19) and the following items:

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**

In EUR mln

	Group company	Associates	Loans	Receivables	2018 total
balance at 1 January	49	86	100	-	235
changes	-	-	-11	4	-7
profit share	20	14	-	-	34
dividend paid	-	-14	-	-	-14
balance at 31 December	**69**	**86**	**89**	**4**	**248**

Reference is made to note 10 for more details.

Loans relates to a loan granted to EBN Capital B.V. for the investments in the Bergermeer gas storage. This loan facility has a maximum of EUR 200 million and a duration from 1 January 2013 to 31 December 2041. No securities have 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 2019, 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

To the General Meeting has been proposed that the net profit as referred to in Article 20.2 of EBN's Articles of Association is appropriated as follows: EUR 46 million is added to the shareholder's equity and for 2019 no dividend will be paid.

Other notes

The financial fixed 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 125 million) and the provision for decommissioning and restoration costs (EUR 62 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 92 to 116.

Security

EBN has issued a liability statement for both EBN Aardwarmte B.V. and EBN Capital 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. and EBN Aardwarmte 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. and EBN Aardwarmte 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 2019 were EUR 354,000 for statutory audit services (2018: EUR 334,000), EUR 345,000 for other audit services (2018: EUR 381,000) and no other services (2018: EUR 10,000).

Directors' remuneration

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

In EUR

J.W. van Hoogstraten	2019	2018
regular remuneration	268,448	264,282
variable remuneration	46,433	46,380
pension	19,146	17,435
total	**334,027**	**328,097**

Periodic remunerations as presented in the table above include compensations for the capping on the pension accrual.

In 2019 there are no payments to former directors who are no longer employed by EBN.

In 2019 the remuneration to the Supervisory Board amounted to EUR 101,167 (2018: EUR 104,500). See note 23 for further details about the remuneration of the individual supervisory directors.

Utrecht, 6 March 2020

CEO
Ir. J.W. van Hoogstraten

Supervisory Board
Ir. J.G. Huijskes
Prof. Mr E.M. Kneppers-Heijnert
Drs. 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.

To the shareholder:

- each year, once the financial statements have been adopted, a portion of the profit as final special distribution of profits, after deduction of provisional payments is paid out;
- the remainder of the net profit is made available to the shareholder.

9. Independent auditor's report

This assurance report is a translation of the original assurance report accompanying the original annual report 2019, 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 2019

Our opinion

In our opinion, the financial statements of EBN B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2019, and of its result and its 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.

What we have audited

We have audited the accompanying financial statements 2019 of EBN B.V., Utrecht. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the following consolidated statements for 2019: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2019;
- the company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

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

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 requirements 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

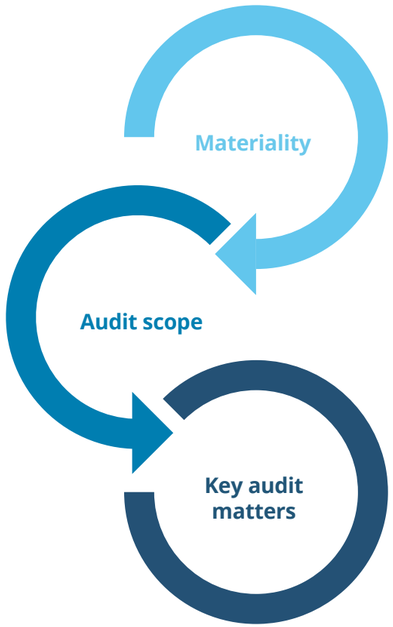
EBN is dependent on the development of oil- and gas prices, as a result of which volatility in the annual results can occur. In addition, the results are impacted by (reversals of) impairments of property, plant and equipment and earthquake-related expenses. These aspects have influenced the determination of our materiality as described in the section 'Materiality' of this audit opinion. The indicated items have also been subject to specific focus in our audit, reference is made to the section 'Key audit matters' of this audit opinion. The group comprises two components, EBN B.V. and EBN Capital B.V., and therefore we considered our group audit scope and approach as 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 the 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: EUR 42.000.000 represents 4% of the average profit before tax over the current financial year and the past 2 years, adjusted for (reversals of) impairments on property, plant and equipment and additions to the provision for costs related to earthquakes.

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 three components were audited.

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	**EUR 42.000.000 (2018: EUR 39.600.000)**
Basis for determining materiality	4% of the average profit before tax over the current financial year and the past 2 years, adjusted for (reversals of) impairments on property, plant and equipment and additions to the provision for costs related to earthquakes. These items are incidental by nature and have a specific audit focus, refer to 'Key audit matters'.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the Company. The results of EBN have been volatile over the past few years, mainly due to external factors as fluctuating oil- and gas prices. Items like the number of participations, transactions, financing activities and the organisational structure are part of EBN's normal course of business and are not directly impacted by price or produced volumes. We therefore deem using an average profit as the basis for our materiality assessment appropriate for the activity level of EBN.
Component materiality	The financials of EBN Capital B.V. are audited using the materiality allocated to this component, which is less than our overall group materiality.

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 EUR 2.100.000 (2018: EUR 1.900.000) 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., which was not subjected to audits of their complete financial information represented more than 0,5% of total group revenue or total group assets.

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.

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.

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 4 '(Reversal of) impairments and depreciation'

During the annual review process of the valuation of assets, management identified a triggering event for impairments, being the decision to speed up the closure of the Groningen gas field. As a result of this triggering event, EBN performed analyses to identify potential impairment for a number of her assets. Each analysis includes various variables that are subject to (significant) estimates, including the determination of a cash generating unit, price scenarios, expected recoverable reserves, production profiles, expected operational and earthquake-related costs, the discount rate, long-term contracts, available gas storage capacity 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' identification of triggering events and we have taken note of relevant letters to the parliament and related appendices. We have compared the expected volumes per gas year with the production profile and reserves. We agree with the existence of managements identified triggering event.

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.

Amongst others, we have analysed based on contracts and agreements the determination of the cash generating unit. We have assessed with the help of internal valuation experts that EBN's higher estimated future gas prices are in line with the market and are within the accepted bandwith. We have agreed the expected volumes per gas year to the Interim Outline Agreement ('Interim Akkoord'). 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.

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 62% (EUR 4.058 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 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 fact that 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 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 and EBN's internal technical studies. 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;
- Our organisation;
- Our position in the energy chain;
- Results;
- Risk & Corporate Governance;
- The Supervisory Board's report;
- About this report;
- Annexes.
- 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 Executive Board is responsible for the preparation of the other information, including the Executive Boards' 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 4 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 Executive Board and the Supervisory Board for the financial statements

The Executive Board 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 Executive Board 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 Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going-concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board 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.

Rotterdam, 6 March 2020
PricewaterhouseCoopers Accountants N.V.

Appendix to our auditor's report on the financial statements 2019 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 Executive Board.
- Concluding on the appropriateness of the Executive Board's 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 safeguards.

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 a translation of the original independent assurance report accompanying the original annual report 2019, 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 2019

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 2019 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 corporate social responsibility; and
- the thereto related events and achievements for the year ended 31 December 2019
- in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied 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 2019, as included in the following sections in the annual report (hereafter: "the sustainability information"):

- Foreword;
- Our organisation;
- Our position in the energy chain;
- Results.

This review is aimed at obtaining a limited level of assurance.

The sustainability information comprises a representation of the policy and business operations of EBN B.V., Utrecht (hereafter: "EBN") with regard to corporate social responsibility and the thereto related business operations, events and achievements for the year 2019.

The basis for our conclusion

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N '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'. 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 internally applied reporting criteria, as disclosed in section 7 'About this report' of the annual report 2019. 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 the 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 2019. 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, 6 March 2020
PricewaterhouseCoopers Accountants N.V.

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	Annual report, results, dividend Corporate governance Current developments
	Policy maker: Ministry of Economic Affairs and Climate Policy / (Director-General of Energy, Telecom and Competition)	Regular: Strategic consultation and Executive Team consultation Mining and Gasgebouw consultation Ad hoc	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 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 consultation	Current developments
Local authorities	Provinces / Inter-provincial Consultative Committee (IPO)	Ad hoc consultations Networking Meetings Conferences / symposiums	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	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	Safety, efficient production, decommissioning and re-use Development (ultra-deep) geothermal energy HSE benchmark Execution of SCAN programme
	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	Projects Collaboration Investments Cost management Reserves Decommissioning and re-use Long-term strategies for 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	Geothermal energy development in the Netherlands Collaboration Implementation of the Master Plan Geothermal Energy in the Netherlands
Consultative bodies	North Sea Consultation (*Noordzeeoverleg*) Greenpeace, TenneT, NWEA, Visned, Nederlandse Vissersbond, Havenbedrijf Rotterdam, EBN, WNF, Vogelbescherming Nederland, NOGEPA, Natuur & Milieu, Stichting De Noordzee, KNAW, and the Ministries of Economic Affairs and Climate of Agriculture, Nature and Food Standards and Infrastructure and Water Management	Regular meetings	The North Sea Consultation, 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	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	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	Decommissioning and re-use of onshore and offshore oil and gas infrastructure in the Netherlands Innovation Cost reduction in decommissioning and re-use
	DAGO (Dutch Association of Geothermal Operators)	Regular meetings Informal contacts Workshops Ad hoc consultations	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
	Dutch Geothermal Platform	Regular meetings Informal contacts Workshops Ad hoc consultations	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

Stakeholder	Organisation	Form of interaction	Discussion points
	NVDE (Dutch Association for Sustainable Energy)		
	Gasgebouw (NAM, GasTerra, Shell, Exxon)	Regular meetings (CVG, RVC, AGM, AC, CBM, Budget Committee) Expert meetings Informal contacts	Collaboration Investments Cost management Role of natural gas Energy transition Earthquakes
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
	Credit rating agencies S&P and Moody's	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	Regular meetings (CVG, RVC, AC, AGM) GILDE, KVGN (Dutch gas industry association) Ad hoc	Sales prices Processing and transportation Liability Warranties Public support Role of natural gas Energy transition

Stakeholder	Organisation	Form of interaction	Discussion points
Natural gas transport	Gasunie/GTS	Regular meetings GILDE, KVGN (Dutch gas industry association) Ad hoc	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
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 group)	Project basis (Joint Industry Projects or JIPs)	JV terms Customer acquisition Project execution Agreements with service providers e.g. TAQA/ONE
	Gasunie, Tata Steel and Port of Amsterdam (partners in Athos), emitters	Project basis	

Stakeholder	Organisation	Form of interaction	Discussion points
Advisory bodies	Berenschot Deloitte McKinsey PwC RHDHV EY Sustainalize Darel	Sporadic and upon request	Consultancy Support Research
Social organisations	NGOs	Sporadic	EBN's role and strategy Natural gas in the energy transition Decommissioning and re-use Geothermal energy development in the Netherlands
Residents	Residents Participations 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 (EAE) Regular meetings JIPs (TNO) Ad hoc	Collaboration 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, offsite 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 FTE at EBN (end of 2019)	108.78	41.88	66.90
Number of people (headcount) employed at EBN (end of 2019)	118	47	71
Number of employees with permanent contracts	96	36	60
Number of employees with temporary contracts	22	11	11
Number of employees with a full-time contract	75	23	52
Number of employees with a part-time contract	43	24	19
25-34 age group	23	15	8
35-44 age group	41	21	20
45-54 age group	28	6	22
55-64 age group	22	4	18
65+ age group	4	1	3

Interns

	Total	Women	Men
Number of interns at EBN (average FTE 2019)	5.7	2	3.8
Number of interns at EBN (headcount)	16	5	11

External staff

	Total	Women	Men
Number of outside workers in staff positions (average FTE 2019)[1]	2.5	2	0.5
Number of outside 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.

Recruitment in 2019

	Total	Women	Men
Number of people hired by EBN in 2019	22	13	9
Under 25 age group	1	0	1
25-34 age group	6	5	1
35-44 age group	9	5	4
45-54 age group	3	2	1
55-64 age group	3	0	3
65+ age group	0	0	0

Attrition in 2019

	Total	Women	Men
Number of employees who left the company in 2019	8	2	6
25-34 age group	0	0	0
35-44 age group	3	1	2
45-54 age group	3	1	2
55-64 age group	1	0	1
65+ age group	1	0	1

About EBN employees

	2019	2018
Percentage of women employed at EBN (end of 2019)	39.8%	34.6%
How many women are there in pay scale 9 or higher and/or are hierarchical managers (compared to the total number of employees in management and professional positions) (end of 2019)?	31.0%	27.0%
Average age (end of 2019)	44.3	44.5
Percentage under the age of 45 (end of 2019)	54.2%	54.0%
University degree (end of 2019)	80.5%	80.8%
Higher professional education (end of 2019)	8.5%	6.7%
Secondary vocational education (end of 2019)	11.0%	12.5%
Absenteeism (for all of 2019)	5.3%	3.8%
Short-term absenteeism	0.7%	0.7%
Medium-term absenteeism	0.4%	0.5%
Long-term absenteeism	4.1%	2.5%
Average notification frequency	0.9	1.1
Average training hours per year (end of 2019)	27.0	22.3
Total number of training days (end of 2019)	394.7	290.4

Staff development

	Total
Total training hours	3,157.50
Calculated in terms of days	394.7
Percentage of employees that have had a career development review	100% All employees that were hired before 1 July 2019 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 6 March 2020)

Name	Age	Profile/specific expertise	Task at EBN	Appointment term	Relevant secondary positions
J.W. van Hoogstraten (m)	55	• Mining engineering & petroleum production (engineer), 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 programme managers, the AM/BD/Sales domain and 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 Maatschap Groningen Member of the Advisory Board of Clingendael International Energy Programme Chairman of the Supervisory Board of the Nexstep association Member of the Strategische Adviesraad: Energie Transitie TNO Member of the New Energy Coalition (NEC) Foundation Board

Name	Age	Profile/specific expertise	Task at EBN	Appointment term	Relevant secondary positions
B. Brouwer (m)	47	• Econometrics (drs.), 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 Business Finance domain and the Accounting & Reporting, Treasury and Information Management departments.	From 14 October 2019	
B.C. Scheffers (m)	56	• Geophysics (drs.), 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. He is chairman of the reserve board and serves as the employer for the Geoscience, Engineering and Data & Knowledge domains.	From 2011	

Supervisory Board governance table

Name	Age	Profile/specific expertise	Task at EBN	Year appointed	Reappointed	End of term	Relevant secondary positions
J.G. Huijskes (m)	55	Portfolio: Knowledge of the oil and gas sector	Chairman of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/ Selection and Appointment committee	2016	2020	2024	Non Executive Director Gulf Key Stone Petroleum PLC. Member of the Supervisory Board of IHC Merwede
E.M. Kneppers-Heijnert (f)	68	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
D.S. Samsom (m)	48	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	22 March 2019		31 October 2019 (voluntary resignation)	Advisor to HVC Alkmaar (geothermal energy) Advisor to DNV-GL (offshore wind energy) Advisor to the Dutch national government Chairman of the Built Environment sector round table

Name	Age	Profile/specific expertise	Task at EBN	Year appointed	Reappointed	End of term	Relevant secondary positions
W.S. de Vries (m)	66	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)	72	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 2019 for the CEO and the Supervisory Board of EBN.

In 2019, 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 statutory 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 an austere 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.

In formulating the remuneration policy, consideration was given to the fact that under the guidelines of the government's 2013 Policy Document on State Shareholdings, long-term variable remuneration can no longer be awarded. The nature of the generic EBN objectives is such that they nevertheless incorporate a long-term perspective in terms of contributing 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 that the amount of remunerations can be a sensitive issue in the public debate, so it is advisable to adopt an austere approach. At the same time, in the interests of EBN, the Supervisory Board must ensure 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 2019, please see page 121 of the financial statements, where a distinction is made 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 an additional variable remuneration of 6%, bringing the maximum variable remuneration to 20%. This maximum variable remuneration policy is in line with the shareholdings policy of the Dutch national government. The target objectives for variable remuneration are determined annually by the Supervisory Board. These include team-related objectives (for the entire Executive Team) and objectives for EBN as a whole. 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 2019, the Remuneration committee set the following target objectives for EBN:

	Topic	Material theme	Note	Objective
1	EBN's profit	Maintain Financial clout and resilience	EBN's profit shown in million EUR	≥ 1,355
2	Administration costs		EBN's costs for staff, hiring expertise, office, etc. shown in million EUR	≤ 22.7
3	Reserves 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%).	≥ 5.4
4	Great Place to Work	Connecting relevant stakeholders, both internal and external	The overall figure obtained in this employee satisfaction survey.	7.6
5	Transparency benchmark score	Transparency	A position in the transparency benchmark, 'energy, oil and gas' sector, 7th to 8th ranking. The transparency benchmark is an annual review of the content and quality of social reporting. The target objective is linked to EBN's relative position in the 'energy, oil and gas' sector.	7th to 8th ranking
6	Seismic campaign geothermal energy Netherlands (SCAN)	Strengthening, accelerating and improving the Dutch geothermal energy sector	Recording 60% of the planned seismic lines in Area C. See page 41.	60% recorded in Area C

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 through 4 are determined on the basis of the work programme and budget drawn up in December 2018. Objective 5 is determined by the EBN's ranking on the transparency benchmark for the 'energy, oil and gas' sector. Objective 6 was specifically included for 2019. Moreover, objectives 1 and 3 can be considered social results, which means that the social results count for two sixths of the total.

The team-related objectives are derived from the EBN objectives and thus derived from the company strategy. For 2019, 41 projects, distributed across the six themes and various corporate departments, were named.

Pension

The CEO is enrolled in a pension scheme with the General Pension Fund for Public Employees (ABP) in accordance with the terms 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 2019

In December 2019 the Remuneration committee reviewed the preliminary achievements towards the objectives for 2019. Definitive realisation of the objectives for 2019 will be determined on 6 March 2020.

Remuneration ratio at EBN

The median of the total remuneration to EBN employees amounted to EUR 82,000 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 2018, the remuneration ratio amounted to 1 : 3.8. The current remuneration ratio has hardly changed compared to the 2018 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. The other members receive a remuneration of EUR 20,000 per year. All members of the Supervisory Board are entitled to reimbursement of their expenses. The remuneration for the Chairman of the Supervisory Board differs from that of the other members of the Supervisory Board because of the extra tasks assumed by the chairman.

No loans, advance payments or guarantees were provided to the members of the Supervisory Board by the company. A liability insurance was taken out for the members of the Supervisory Board.

Total remuneration for the Supervisory Board for 2019 is stated on page 116 under Key management.

Utrecht, 6 March 2020

10.5 GRI-index 2019

GRI Standard	Disclosure title	Explanation	Reference & answer
Organizational 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 Impact and value creation model; 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 number of operations iii. Net sales 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 & answer
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 regarded as 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 contract for a specific period of time with an end date. We define the number of employees with a part-time contract as all employees with a contract 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. 3.1 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. EBN has created a new entity for its geothermal activities.
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 Risk profile and risk appetite, 5.3 Main strategic risks

GRI Standard	Disclosure title	Explanation	Reference & answer
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
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 Assocation 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. Preface
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, 3.2 Supply 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, Control and reporting

GRI Standard	Disclosure title	Explanation	Reference & answer
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
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	a. No collective labour agreement applicable
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	a. 4.6.1 Interaction 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. Materiality analysis and determination; 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

GRI Standard	Disclosure title	Explanation	Reference & answer
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. 7. About this report - Shifts 2019
102-50	Reporting period	a. Reporting period for the information provided.	a. 1 January 2018 until 31 December 2019
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	a. 2 April 2019
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. This annual report was prepared in accordance with 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.	GRI content index

GRI Standard	Disclosure title	Explanation	Reference & answer
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. 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
Active approach to risks: Stimulating 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 themes; 7.2 Analysis and determination of materiality b i, ii. 2.6 Material themes c. The sub-theme Stimulating Safety relates to the employees of our operators and the local residents in the area where our extraction activities take place. The sub-theme Reducing Emissions and Discharges covers the direct and indirect emissions and discharges of the operations in which EBN participates as a non-operating partner.

GRI Standard	Disclosure title	Explanation	Reference & answer
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; 2.9 Connectivity matrix; 4.6.2 Sustainability; 5.3 Main strategic risks b. All measures are aimed at ensuring the safety of the employees of operators and local residents in our work areas and reducing the negative impact on the environment. c. i, ii, vii. 4.6.2 Sustainability; 5.3 Main strategic risks iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality - Control and reporting
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.6.2 Sustainability iii. Since 2019, EBN has been reporting its strategic objective for 2025 under the sub-theme Reducing Emissions and Discharges, see 2.9 Connectivity matrix.
Own indicator	Occupational accidents	a. Occupational accidents that led to absence (expressed in Lost Time Accidents).	a. 2.9 Connectivity matrix; 4.6.2 Sustainability; 7.6 Measurement methods for material issues
Own indicator	CO_2 emissions	a. Percentage change of the small fields CO_2eq emissions per cubic meter extracted in 2018 compared to 2017.	a. 2.9 Connectivity matrix; 4.6.2 Sustainability; 7.6 Measurement methods for material issues
Maintain 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

GRI Standard	Disclosure title	Explanation	Reference & answer
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; 2.9 Connectivity matrix; 5.3 Main strategic risks b. All measures are aimed at increasing EBN's financial strength and resilience. c. i. 2.9 Connectivity matrix iii. 2.9 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 of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.5. Financial results iii. Since 2019, EBN has been reporting its strategic objective for 2025 under the material theme Financial strength and resilience, see 2.9 Connectivity matrix.
Own indicator	Financial resilience	Solvency	2.9 Connectivity matrix, 4.5 Financial results, 8 Financial statements, 7.6 Measurement method for material issues
Creating connecting strength: Facilitating informed dialog, 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 & answer
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. 2.9 Connectivity matrix; 4.6.1 Interaction with stakeholders; 4.6.3 The people of EBN b. All measures are aimed at strengthening informed dialog, stimulating knowledge development and sharing, and stimulating the connection of relevant stakeholders. c. i, ii. 2.9 Connectivity matrix; 4.6.1 Interaction with stakeholders; 4.6.3 The people of EBN iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materialit, Control and reporting vii. 4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy; 4.6.1 Interaction with stakeholders; 4.6.3 The people of EBN
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.2 Our Dutch Gas; 4.3 Return to Nature; 4.4 New Energy; 4.6.1 Interaction with stakeholders; 4.6.3 The people of EBN iii. Since 2019, EBN has been reporting its strategic objective for 2025 under the sub-themes Facilitating informed dialog and Knowledge development and sharing, see 2.9 Connectivity matrix.
Own indicator	Informed dialog	Update infographic	4.6 Social results
Own indicator	Connecting stakeholders internally	Score Great Place to Work employee survey (the so-called Trust Index)	2.8 Output and impact value creation, 4 Results, 4.6 Social results, 7.6 Measurement method for material issues, 10.4 Remuneration report, 2.6 Material themes

GRI Standard	Disclosure title	Explanation	Reference & answer
Stimulate and accelerate exploration and production of Dutch small 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
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; 2.9 Connectivity matrix b. All measures are aimed at detecting, developing and producing gas reserves in the Netherlands in the most sustainable way possible. c. i, ii. 2.3 Strategic pillars iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality, Control and reporting vii.4.2 Our Dutch Gas
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.2 Our Dutch Gas iii. Since 2019, EBN has been reporting its strategic objective for 2025 under the material theme Stimulate and accelerate exploration and production of Dutch small gas fields, see 2.9 Connectivity matrix.
Own indicator	Natural gas extraction	a. Number of new natural gas wells drilled	a. 2.9 Connectivity matrix; 7.6 Measurement methods for material issues

GRI Standard	Disclosure title	Explanation	Reference & answer
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
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; 2.9 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. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality, Control and reporting vii.4.4 New Energy
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.4. New Energy iii. Since 2019, EBN has been reporting its strategic objective for 2025 under the material theme Strengthening, accelerating and improving the Dutch geothermal energy sector, see 2.9 Connectivity matrix.
Own indicator	Geothermal energy production	a. Number of PJ developed	a. 2.9 Connectivity matrix; 7.6 Measurement methods for material issues

GRI Standard	Disclosure title	Explanation	Reference & answer
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
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; 2.9 Connectivity matrix b. All measures are aimed at encouraging the re-use and decommissioning of obsolete oil and gas infrastructure at the lowest possible cost to society. c. i, ii. 2.3 Strategic pillars iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality, Control and reporting vii.4.3 Return to Nature
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.3 Return to Nature iii. The strategic objective for 2025, which is now included under the material theme Responsible decommissioning and, where possible, re-use of infrastructure, was last year included under the material theme Natural gas production, see 2.9 Connectivity matrix.
Own indicator	Re-used sites	Number of re-used sites (site remains and will be given another function)	a. 2.9 Connectivity matrix; 7.6 Measurement methods for material issues

GRI Standard	Disclosure title	Explanation	Reference & answer
Use of 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
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; 2.9 Connectivity matrix b. All measures are aimed at stimulating the re-use and use of the underground space for the production, transport and/or storage of CO_2, sustainable energy and heat. c. i, ii. 2.3 Strategic pillars iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality, Control and reporting vii.4.3 Return to Nature
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.3 Return to Nature iii. Since 2019, EBN has been reporting its five (instead of two) strategic objectives for 2025 on the material theme Use of underground space to make the energy system more sustainable, see 2.9 Connectivity matrix.
Own indicator	CO_2 storage	a. Volume of MT and CO_2 in storage per year in the Netherlands and in projects in which EBN participates.	a. 2.9 Connectivity matrix; 7.6 Measurement methods for material issues

GRI Standard	Disclosure title	Explanation	Reference & answer
Exploring and developing energy innovations for the benefit of 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
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; 2.9 Connectivity matrix b. All measures are aimed at stimulating the exploration and development of energy innovations for the benefit of the Dutch energy transition. c. i, ii. 2.3 Strategic pillars iii. 2.9 Connectivity matrix iv. 7.2 Analysis and determination of materiality, Control and reporting vii. New Energy
103-3	Evaluation of the management approach	i. the mechanisms for evaluating the effectiveness of the management approach. ii. the results of the evaluation of the management approach. iii. any related adjustments to the management approach.	i. 2.9 Connectivity matrix ii. 2.9 Connectivity matrix; 4.4. New Energy iii. Since 2019, EBN has been reporting its seven strategic objectives for 2025 on the material theme Exploring and developing energy innovations for the benefit of system integrations in the Dutch energy transition, see 2.9 Connectivity matrix.
Own indicator	Green gas production	a. Number of BCM green gas developed	a. 2.9 Connectivity matrix; 7.6 Measurement methods for material issues

10.6 10 years of EBN

In EUR mln

IFRS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
number of EBN participations in joint ventures:										
- production licences onshore	34	33	33	33	33	31	29	27	24	23
- production licences offshore	115	113	110	109	109	107	106	101	101	103
- production licences	40	39	44	46	48	55	56	48	47	48
sales (bln m³, 100%)	30	33	39	46	51	66	79	73	72	80
change in % compared to previous year (100%)	- 10	- 15	- 15	- 10	- 22	- 17	8	1	- 10	14
- sales Groningen (bln m³, EBN share)	6	7	9	11	12	17	21	19	18	20
- sales small fields (bln m³, EBN share)	6	7	8	9	9	10	11	11	12	13
total sales (bln m³, EBN share)	12	14	17	20	21	27	32	30	30	33
average selling price of gas										
(€ -cents per m³ 35.17 MJ/m³)	15.33	16.61	15.68	13.68	20.26	22.23	25.52	26.76	22.63	18.58
sales and other income from:										
- continuing operations	2,206	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103	6,486
- discontinued operations										
total sales and other income	2,206	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103	6,486
change from continuing operations in %										
compared to previous year	- 17	- 11	- 3	- 35	- 28	- 25	3	20	10	2
net profit from:										
- continuing operations	256	764	556	333	450	1,614	2,327	2,360	2,131	2,076
- discontinued operations	-	-	-	-	-	-	-	-	-	-
total profit	256	764	556	333	450	1,614	2,327	2,360	2,131	2,076

IFRS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
net profit from continuing activities										
in % of sales	12	29	18	11	9	24	26	28	30	32
property, plant and equipment										
- capital expenditure onshore	33	42	25	37	102	290	275	202	228	224
- capital expenditure offshore	194	142	131	244	462	475	377	419	383	383
total capital expenditure	227	184	156	281	564	765	652	621	611	607
depreciations	586	430	434	490	557	660	652	745	617	499
(reversal of) impairments	-	- 155	35	299	660	-	-	-	-	-
shareholder's equity	775	279	217	178	184	199	219	200	204	174
gearing ratio (%)	n.a.	n.a.	n.a.	n.a.	87	90	87	88	91	91
outside capital	5,752	5,612	5,331	5,458	5,644	5,465	5,309	5,565	5,684	5,146

10.7 Glossary and reference list

Aquifer
An underground layer of water-bearing permeable rock, from which heat can be extracted.
Athos
Amsterdam-IJmuiden CO_2 Transport Hub and Offshore Storage. A CCS partnership of the Port of Amsterdam, Tata Steel, Gasunie and EBN.
CCS
Carbon capture and storage.
CC(U)S
Carbon Capture, Utilisation and Storage.
CH_4
Methane.
CHF
Swiss Francs (currency).
CO_2
Carbon dioxide.
COSO-ERM
Enterprise Risk Management. Management model developed by COSO, Committee of Sponsoring Organisations of the Treadway Commission.
Corporate Governance Code (old)
Code of conduct for listed companies.
Corporate Governance Code (new)
The Dutch Corporate Governance Code, published by the Corporate Governance Code Monitoring Committee.
Consortium
An association or partnership of a temporary nature, established by several parties in order to achieve a particular project.
CPI
Consumer price index. Inflation indicator published by Statistics Netherlands.
CSR
Corporate social responsibility.
DAGO
Dutch Association of Geothermal Operators.
DEF
Designation of specific blocks (D, E and F) within the offshore areas where EBN conducts subsurface exploratory research.
Dinantian
The oldest era of Carbinoferous.
Downstream activities
Sale and transport of geological resources.
DSA
Decommissioning Security Agreement.
DSMA
Decommissioning Security Monitoring Agreement.
EBN
Energie Beheer Nederland.
Energy mix
Combination of different energy sources used by the Netherlands.
E&P
Exploration and Production.
EUR
Euro.
EZK
Ministry of Economic Affairs and Climate Policy.
FID
Final Investment Decision.
FTE
Fulltime equivalent, a unit of measure representing one staff member working a full working week.
Gasgebouw
Public-private partnership in the Maatschap Groningen and GasTerra.
Gas resouces
Subsurface gas resources that can be extracted.
GE
Groningen equivalent (Nm^3 of natural gas with a calorific value of 35.17 MJ at 0 degrees Celsius and 101.325 kPa).
Geothermal energy
Thermal energy from the earth.
Geothermal Heat Master Plan
The Master Plan describes an ambition and associated action plan for geothermal energy in the Netherlands, heat networks and heat demand.
Great Place to Work (GPTW)
Employee survey, international method for measuring job satisfaction.

Green Deals
Agreements between central government and companies, social organisations and other public authorities that promote the implementation of sustainable initiatives.
GRI
Global Reporting Initiative.
Groningen reinforcement task
Government task to strengthen houses, buildings and infrastructure at the heart of the earthquake area of Groningen.
Heat exchanger
Extracts heat from water and transfers it to the water in a heat network.
HEAVENN consortium
International consortium of public and private parties for the Hydrogen Valley project in the north of the Netherlands.
HR
Human Resources.
HSE benchmark
Health, Safety and Environment. A sector-wide comparison of Health, Safety and Environmental performance.
Hydrogen Valley
Project in Groningen, Friesland and Drenthe for the development of a green hydrogen chain.
ICT
Information and Communications technology.
IFRIC
International Financial Reporting Interpretation Committee.
IFRS
International Financial Reporting Standards.
IMS
Integrated management system.
IPO
Interprovincial consultative body.
IPRES
EBN's exploration database.
IRO
Association Industrial Council for Oil and Gas.
JIP
Joint Industry Project.
Climate agreement
The Dutch Government's national climate agreements of 2019, the objective of which is to reduce greenhouse gas emissions.
KNMI
Royal Dutch Meteorological Institute.
KVGN
Royal Association of Gas Manufacturers in the Netherlands.
Lead+
Areas that are strongly suspected to contain oil and gas reserves.
LOI
Letter of intent.
Maatschap Groningen
Joint venture for managing the production from the Groningen field.
Midstream activities
Transport and storage of geological resources.
Mining Act
Dutch law that sets out rules for the exploration, production and storage of minerals.
MJA3
Multi-year agreements on energy efficiency. Agreements between central government, companies and sector organisations. MJA3 includes the most recent agreements for 2001-2020.
MOR+SA
Additional revenue scheme Groningen + State share.
NAM
Nederlandse Aardolie Maatschappij.
NCG
National Coordinator Groningen.
New Energy Coalition
Knowledge base for the energy transition, originating from Energy Valley, Energy Academy Europe and Energy Delta Institute.
Nexstep
National Re-use and Decommissioning Platform.
Nm^3
Normal cubic metre; the standard unit used to measure natural gas.
NOGEPA
Netherlands Oil and Gas Exploration and Production Association.

North Sea consultation
Consultation by government, businesses and societal organisations concerning the performance of (future) activities in the North Sea to balance the various interests.
NOV management
Non-operated venture management.
ONE B.V.
Oranje-Nassau Energy B.V.
Operating partner
See operator.
Operator
Party in the production process, which carries out activities on behalf of partners.
OPEX
Operating Expenditures, recurring charges for a product, system or company.
OPI
Operational Performance Indicators.
ORTISI
Opportunity Realisation Through Improved Seismic Imaging.
OvS
Cooperation Agreement between EBN and licence holders.
PJ
Petajoule. 1 PJ = 1,000,000,000,000,000 joules (1 followed by 15 zeros).
Porthos
Port of Rotterdam CO_2 Transport Hub and Offshore Storage. A CCS partnership between the Port of Rotterdam Authority, Gasunie and EBN.
PosHYdon
Pilot for offshore green hydrogen production, a collaboration between TNO, Nexstep, Neptune Energy, TAQA, NAM and EBN.
RES
Regional energy strategies. The plans of 30 energy regions in the Netherlands to achieve the objectives of the Climate Agreement.
RVO
Netherlands Enterprise Agency.
SCAN
Seismic Campaign Geothermal Heat Netherlands. Seismic research into geothermal energy by EBN.
SDG
Sustainable Development Goals.
Sm3
Standard cubic metre.
SodM
State Supervision of Mines.
SPG
Stichting Platform Geothermie. Knowledge base and platform for the government, companies and institutions with an interest in geothermal energy.
State participation
Shareholding of the Dutch State.
SWOT analysis
SWOT = strengths, weaknesses, opportunities and threats.
TJ
Terajoule. 1 TJ = 1,000,000,000,000 joules (1 followed by 12 zeros).
TKI
Top Consortia for Knowledge and Innovation.
TNO
Netherlands Organisation for applied scientific research.
Transition community
All parties that play a role in completing the energy transition.
Treasury
Management of a company's money.
Triassic
A geological period that spanned from approximately 252.2 to 201.3 million years ago.
TTF
Title Transfer Facility. Virtual gas trading facility, set up by Nederlandse Gasunie.
TWh
Terawatt-hours. 1TWh = 1,000,000,000,000 watt-hours (1 followed by 12 zeros).
UDG
Ultra deep geothermal energy.
Upstream activities
Exploration and production of geological resources.

VNG
Association of Dutch Municipalities.
VPB
Corporation tax.
WACC
Weighted Average Cost of Capital.
WOR Article 24
Works Council Act, Article 24 describes the mandatory number of consultation meetings and the presence of directors and supervisory directors.
Zechstein
The Zechstein or Zechstein Group is a unit of rock layers in the subsurface of large parts of western and central Europe.

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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