

2018 Annual Report

energytransition in practice



Research for the potential of geothermal energy

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1 Foreword

The earthquake at Zeerijp (Groningen) on 8 January 2018 radically altered the Dutch energy landscape. It prompted the decision to wind down the gas production in the Groningen field at an accelerated rate to zero by 2030. Green slogans such as 'gas-free' and '100% sustainable' took on fresh urgency. However, impressionistic perceptions and wishful thinking are a world apart from reality and facts. For the Netherlands, gas is traditionally the fuel of choice. Virtually all homes are connected to the gas network and gas still accounts for about 40% of the energy we use. It is also clear that gas will remain in demand in the coming decades. The stocks under the North Sea are still sufficient to meet all or most of this need. Energie Beheer Nederland (EBN) advocates that these gas stocks should be used for the Dutch energy system wherever necessary.

The climate problem is high on our agenda. The time for words is over, it is time for actions. With our knowledge of the Dutch subsurface, EBN can make a substantial contribution to the acceleration of the energy transition. In 2018, for instance, we drew up the Master Plan Geothermal Energy together with the geothermal energy sector, which sketches a clear picture of the possible role of this sustainable form of energy. Geothermal energy can play a major part in the transition to a more sustainable heat supply. Acting on behalf of the Ministry of Economic Affairs and Climate Policy, EBN is carrying out a seismic survey of the potential use of the subsurface via a project called SCAN.

Financially too, 2018 was a good year for EBN. Whilst the revenue was slightly lower than in 2017 (EUR 2.7 billion against EUR 3.0 billion), the net profit showed a significant



increase, rising from EUR 556 million to EUR 764 million. The payments to the State ran to EUR 962 million. The Draft Climate Agreement is an extensive and coherent package of measures that can enable the Netherlands to cut its CO₂ emissions by at least 49% in 2030. All of the one hundred-plus parties who took part in the drafting of the agreement back this aspiration. EBN did not have a direct seat at any of the negotiating tables, but did make a contribution with the Master Plan Geothermal Energy and the Fact Finding CCS. Whilst 2030 and 2050 may still seem a long way off, we cannot afford to wait until tomorrow to act. Speed is of the essence. Everyone must genuinely work together and make use of each other's strengths. Only then can we make meaningful progress on this huge challenge.



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Within our organisation our employees act as the ambassadors of a more sustainable energy system on behalf of EBN. They pursue this goal on a daily basis by actively sharing knowledge and forging partnerships to make existing activities more sustainable, develop knowledge and drive innovation. Via our widely ramified network, we engage in an ongoing dialogue with our stakeholders and other interested parties inside and outside the sector in order to facilitate the provision of information and widen the social acceptance of our activities.

For the EBN employees, 2018 was the first full year of working in the new theme-based organisational structure. This structure was created to respond effectively to the major changes within society that are also confronting the gas sector. The EBN population was further increased in 2018 to help fulfil our organisation's ambitions.

Looking at the energy sector as a whole, it is clear that the multiple actors in this field have not been standing still in recent years. We are actively exploring and researching ways of making the gas value chain more sustainable. Within the KVGN (Royal Association of Dutch Gas Manufacturers), EBN works together with parties from the gas sector to steadily integrate sustainable alternatives (such as geothermal energy, green gas and hydrogen) into the energy mix.

Traditionally EBN invests in the exploration, production and storage of gas and oil. That is our statutory task, which we will continue to carry out in the coming years. The phasing out of the Groningen field, the large Groningen gas field, means that steadily more emphasis will be placed on the small fields in the coming years. In his letter about these fields to parliament of 30 May 2018, Minister Wiebes wrote: 'During the phasing out of natural gas, the cabinet prefers

gas production from the small fields to gas importation, provided this can be done in a safe and responsible manner: gas production from small fields offers climate advantages and is better for the economy and the security of energy supply.'

This year, EBN made an infographic of the energy system in the Netherlands for the third time. This infographic, entitled 'Energy in the Netherlands', provides a clear picture of how our energy system works, where we stand in terms of production and usage, and the extent to which sectors emit CO₂. This year's version follows the key themes of the Climate Agreement. The infographic provides good insight into how our energy system consists of both electrons (electricity) and molecules (e.g. natural gas) and how the energy demand is influenced by seasonal fluctuations. Our aim remains to give as many Dutch people as possible insight into the system and thus help to initiate an informed dialogue. In this way, too, we are 'energising the transition'.

The theme of this report is 'The energy transition in practice'. In concrete terms this is expressed in the five interviews contained in the report. Interviews with partners from the energy sector, each of whom is busy helping to shape and drive the energy transition. Each of our strategic pillars ('Our Dutch Gas', 'Return to Nature' and 'New Energy') is highlighted in these stories.

Jan Willem van Hoogstraten

CEO



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Key figures

Key figures	2018	2017	2016
Number of joint ventures	195	197	198
Of which exploration	39	44	46
Sales EBN share (billion Nm ³)	14	17	20
Revenue (EUR million)	2,673	3,015	3,094
Net profit (EUR million)	764	556	333
Payments to the State (EUR million)	962	1,497	1,277
Investments (EUR million)	184	156	281
Depreciation and (reversal) of impairment (EUR million)	275	469	789
Social			
Number of employees	104	82	81
Percentage of women	35%	33%	33%
Absenteeism through illness	3.80%	4.00%	4.90%
Environment¹			
CO ₂ -emissions		685 Kton	655 Kton
Methane emissions		4.9 Kton	5.0 Kton
Energy consumption		18.9 PJ	18.2 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 2018 figures will only be available later this year and will be published on our website.



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2 Our organisation

2.1 About EBN

Energie Beheer Nederland B.V. (EBN) was set up over 55 years ago to represent the 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 has now also been entrusted with the task of facilitating the transition to a more sustainable energy system, with a specific focus on the public interest, safety, sustainability, affordability, technical integration and innovation.

EBN is a policy participation whose shares are wholly (100%) owned by the Dutch State and managed by the Ministry of Economic Affairs and Climate Policy. EBN implements parts of the Ministry's energy policy. In addition, EBN advises the government on the climate and energy policy and puts opportunities for innovation on the agenda.

EBN wants to make a significant contribution to the energy transition and its acceleration with a view to achieving the climate objectives. Our primary guideline in this endeavour is the main objective of the Climate Agreement: prevent climate change by reducing the greenhouse gases in the Netherlands by almost half (49%) compared to 1990 levels, by 2030.

EBN plays a key role in shaping public-private joint ventures for energy production. At present, gas and oil production still account for 83% of our energy production. With its capital and unique knowledge of the Dutch subsurface and energy system, EBN participates in virtually all oil and gas production projects in the Netherlands. Mindful of the interests of Dutch society and the practical challenges facing operators, EBN safeguards the revenues for the State as well as safe and sustainable production.

We are active as a non-operating partner in almost two hundred joint ventures with oil and gas companies. We generally take a 40% stake in these joint ventures. In this role, EBN puts the Mining Act into effect. This is explained in more detail in the value creation model on page 37. EBN also has interests in the infrastructure: offshore pipeline systems and onshore gas storage. In addition, it has a 40% interest in GasTerra B.V., a partnership with the State, Shell and ExxonMobil. EBN sells its gas through this gas wholesaler.

Drawing on its expertise EBN sees opportunities to make an active contribution to the acceleration of the energy transition and to play a role in the sustainable energy system. Gas is primarily used for the production of heating. To make the production of heating more sustainable, EBN is currently exploring the opportunities for the development of geothermal energy in the Netherlands. Geothermal energy could account for a significant share of a sustainable heating system. Based on its current role and expertise, EBN could act as a driver of this development if this is added to its public task. Furthermore, EBN also expects to make a contribution in other areas, such as hydrogen, green gas, the re-use of empty gas fields and the management of underground risks.

Regarding Carbon Capture and Storage (CCS) in empty gas fields under the North Sea, EBN is actively involved in advising and connecting parties such as industry, ministries and civil society organisations. In spring 2018 EBN, along with Gasunie and the Port Authority of Rotterdam, completed a feasibility study with a positive conclusion. This concerned a feasibility study into the realisation of basic public infrastructure for the capture and transportation of CO₂ in the Rotterdam port area and offshore storage (Porthos



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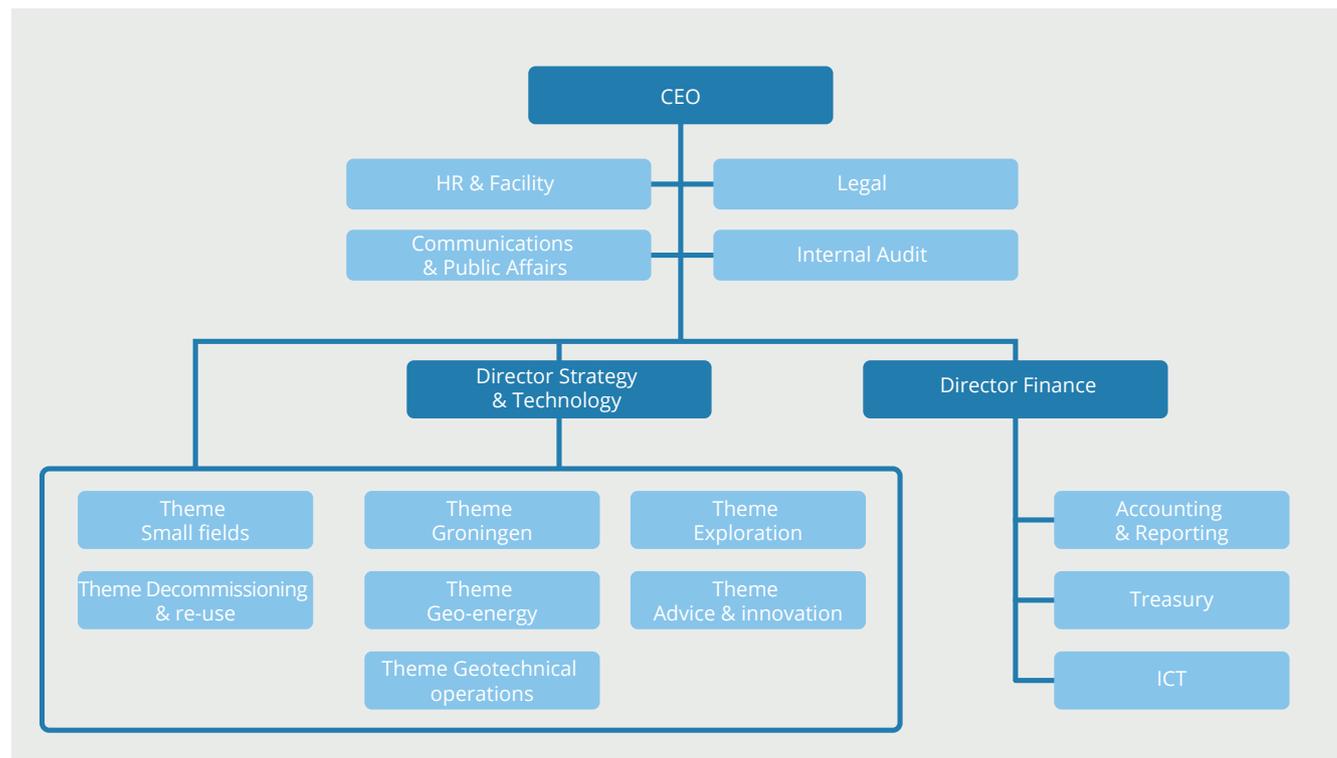
Rotterdam CCUS project). By bringing parties and knowledge together, we act as a connector in the energy transition. By actively developing and sharing knowledge, EBN wants to create a knowledge platform for the energy sector.

Employees of EBN have specialised knowledge: in-depth expertise of the Dutch subsurface and wide-ranging knowledge of the energy system. Our core values – we stand for the public cause, we create connections, we add economic and social value and we dare to take the lead – guide our actions and the manner in which we contribute to the renewal of the energy system in the Netherlands.

The drive and commitment we bring to the transition resonates in our motto: Energising the transition

EBN is only active in the Netherlands and has over 100 employees, all of whom are based in Utrecht. EBN has a CEO/Executive Committee and a Supervisory Board and is organised into seven multidisciplinary thematic teams: Small fields, Groningen, Exploration, Decommissioning & re-use, Geo-energy, Advice & innovation and Geotechnical operations. EBN also has several support departments: HR & Facility, Legal, Communications & Public Affairs, Internal Audit, Accounting & Reporting, Treasury and ICT. Specialist disciplines are brought together in dedicated sections within EBN.

Organisational structure



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Jan Boekelman (Director Finance), Berend Scheffers, (Director Strategy & Technology), Jan Willem van Hoogstraten (CEO)

New thematic team: Geotechnical operations

Geotechnical operations is a new thematic team within EBN which started up in May 2018 after the Minister of Economic Affairs and Climate Policy had instructed EBN to perform a survey of the Dutch subsurface in relation to geothermal energy. The team consists of a small core surrounded by a flexible layer of experts. In view of the importance of building broad-based support, dedicated communication professionals were added for expert stakeholder manage-

ment and community engagement. The team comprises the specific expertise required to examine and update existing subsurface data as well as to initiate and manage activities to obtain new subsurface data wherever necessary to fill any gaps in our information. This takes place on the basis of a White Spaces Study performed by TNO, a partner of EBN, in 2017. The acquired knowledge is shared and made public for the benefit of all stakeholders.



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2.2 Mission and vision

We pursue our mission - 'Realising value from geological sources of energy in a safe, sustainable and economically responsible manner' - on the strength of three strategic pillars: making optimal use of Dutch gas sources (Our Dutch Gas), taking a leading role in decommissioning and re-use – with a specific focus on the 30% reduction of the total decommissioning costs and the development of a guarantee system (see under 4.2.3) – and contributing to the development of carbon storage (Return to Nature) and the acceleration of the development of geothermal energy and energy storage (New Energy).

EBN mission: Realising value from geological sources of energy in a safe, sustainable and economically responsible manner.



Accelerate the energy transition by making a constructive contribution to carbon transportation and storage and to the development of geothermal energy as a source of sustainable energy



Ensure that we act in a safe and responsible manner in relation to the subsurface and the environment, both in onshore and offshore gas production and in the development of geothermal energy



Create value from geological energy sources, Dutch oil and gas by taking a generic part in Groningen and Small fields and influencing the operator as well as value from new energy by influencing geothermal operators

The illustration shows the objectives arising from our mission, both in the existing energy system and in the development of the future energy system.

Our vision is that Dutch geological energy sources can play an important role in the energy transition and that EBN can also help to accelerate the energy transition, drawing on its unique knowledge of the Dutch subsurface and capacity to realise large capital-intensive and complex projects. In other words, EBN sees opportunities to harness the value of the subsurface for the future of the aboveground world.

2.3 Our position in the energy chain

Ever since its inception EBN has invested in the exploration and production of gas and oil from the Dutch subsurface. In the transitional period to sustainable energy sources, gaseous energy carriers, and natural gas in particular, will continue to play a prominent part in our energy system. That is why we remain committed to the exploration of offshore natural gas sources and the optimisation of offshore infrastructure. We are also promoting the re-use of oil and gas infrastructure for sustainable applications. Together with NOGEPA, we have formed Nexstep to play a leading role in the sustainable and efficient decommissioning of disused infrastructure.

The illustration on page 11 shows what our role is in the energy chain. EBN sees it as its social responsibility to make a contribution to an independent, reliable, affordable and sustainable energy system in the Netherlands. Our activities to provide essential energy from the Dutch subsurface are always carried out in cooperation with our partners.



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Exploration and production of energy sources

EBN invests in the exploration, production and storage of different forms of energy such as natural gas and oil and explores opportunities for the future production of geothermal energy from the Dutch subsurface. These 'upstream' activities belong to EBN's core operations. Our principal partners in this context are the operators, who carry out the actual work. EBN, for its part, acts as co-investor and plays a proactive role in the exploration and organisation of collaboration and clustering. As a partner in a joint venture, EBN (and indirectly the State) shares in the revenues as well as the incurred costs. The development of oil and gas reserves and geothermal energy is carried out in several steps, see pages 13 and 14.

Sale of oil and gas

Oil and gas companies sell most of the extracted natural gas and oil to wholesalers such as GasTerra, our main partner in this area. GasTerra sells gas to brokers and end users. EBN is 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. EBN plays no role in the steps following the sale of its own gas.

Storage of energy sources

Empty gas fields can be used for the storage of energy sources, such as gas, and in the future for the storage of hydrogen and green gas. Storage capacity is necessary for gas as the time of production does not always coincide with the time of usage. EBN, together with Taqa and NAM (our main partners in this context), is co-owner of four underground gas storage facilities. EBN is thus also involved in 'midstream' activities.

Carbon storage

EBN has teamed up with partners from the sector to explore the opportunities for the use of empty offshore gas fields for carbon storage in the near future. Porthus, our CCUS partnership project with Gasunie and the Port Authority of Rotterdam (our main partners in this project), will help us take this forward.

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

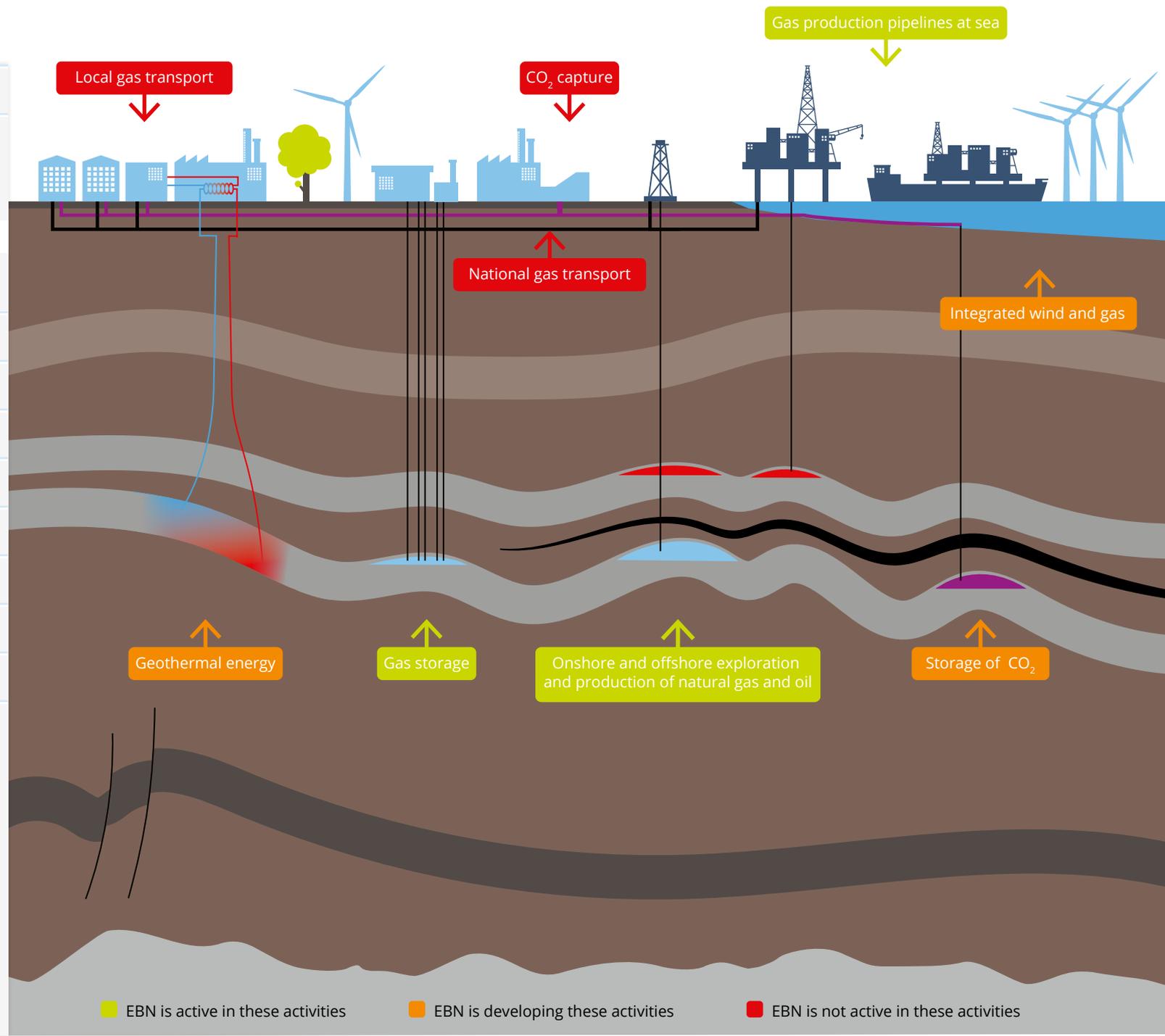
Infrastructure inevitably becomes obsolete at the end of its production life cycle, but may still be put to good use for other applications. The infrastructure, for instance, can be used for hydrogen applications, carbon storage and electrification. EBN acts as a catalyst for the effective re-use and sustainable decommissioning of disused infrastructure. Together with the oil and gas companies we have set up Nexstep, the National Platform for Re-use and Decommissioning in which NOGEPa (the energy industry representative) is our main partner. We have taken a leading role in the efforts to address the decommissioning challenge.

2.3.1 Energy chain responsibility

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



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Good conduct in the energy chain

EBN is committed to the integrity of the entire energy chain. As well as acting as a good employer within its own organisation, it encourages partners to assure good conduct in their part of the energy 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. This document, which has been made available to the public and our stakeholders via our website, stipulates that our suppliers must adhere to the code of conduct (as included in the document) in order to continue working with us.

Monitoring of compliance with EBN code of conduct

Compliance with the EBN code of conduct is monitored annually by sending the operators with whom we work an email requesting them to provide explicit information on their performance as well as that of their suppliers, contractors and subcontractors in respect of EBN's code of conduct for suppliers. The results are presented each year in our annual report. If necessary, we discuss these results in the periodic work meetings with operators. The findings in 2018 did not give rise to any compliance improvement plans. EBN reserves the right to carry out audits whenever this is considered appropriate. Suppliers are informed in good time of any audits that are to be undertaken.

Whistleblower policy

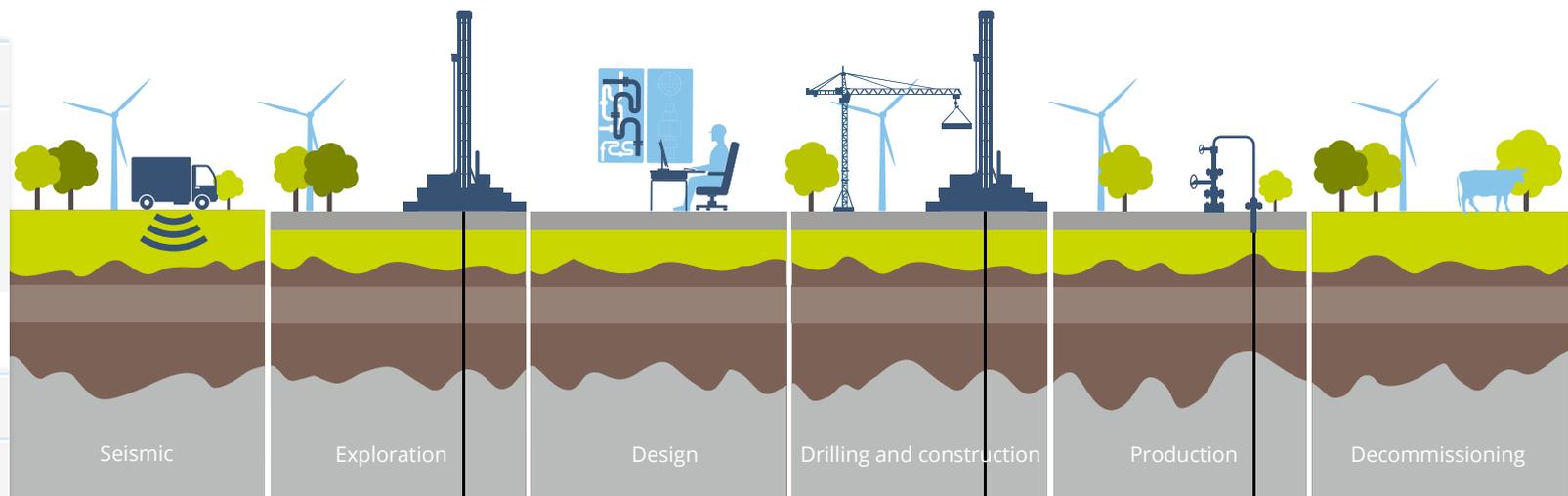
The EBN whistleblower policy enables our employees to report any suspicions of misconduct that pose a risk to the public interest. External parties can raise their concerns via the general email address on our website. During the seismic investigations within the SCAN programme, EBN can be reached 24 hours a day and seven days a week on a dedicated hotline number. If necessary, EBN will proactively end any misconduct stemming directly from our own operations (see also 5.3 Main strategic risks). Matters beyond our direct control come under the responsibility of our partners, but EBN is always ready to provide support and advice whenever necessary.

All questions, requests and measures concerning gas production activities in Groningen can be directed to the National Coordinator Groningen. The National Coordinator Groningen has a website providing information about all relevant measures for interested parties.

As part of its supply chain responsibility, EBN carries out studies and publishes the results while also sharing these with knowledge and operational partners. In this way, EBN 'indirectly' promotes better decision-making on safety issues through the provision of knowledge to and cooperation with operators.



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Development of oil and gas field

2.4 The creation of value from the subsurface

The development of a geological energy source (oil, gas or geothermal energy) is illustrated on page 13 and 14, from prospecting through to re-use for new sustainable purposes or removal of infrastructure. There are many similarities between the approaches for, respectively, oil, gas and geothermal energy.

Prospecting

- Oil and gas: EBN carries out studies into potential new oil and gas sites using regional knowledge and seismic images.
- Geothermal energy: feasibility studies are conducted on behalf of the Ministry of Economic Affairs and Climate Policy to determine a region's suitability for geothermal energy production. The subsurface is explored using available knowledge about the region and seismic images. The SCAN programme serves to gather information on the parts of the Dutch subsurface that have not yet been charted in detail.

Start of exploration

- Oil and gas: together with licence holders, test drills are performed to determine the possible presence of gas or oil deposits.
- Geothermal energy: exploration is not necessary with geothermal energy. The question is not whether geothermal energy is present, but whether it can be mobilised. If the feasibility study has identified a suitable location for geothermal drilling, the geothermal operator must apply for a licence to the Minister of Economic Affairs and Climate Policy. Once this has been obtained, the first well can be drilled.

Construction

- Oil and gas: together with our partners, we develop economically viable deposits.
- Geothermal energy: when a suitable aquifer (an underground water-bearing layer) is found 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.



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Production

- Oil and gas: the reserves are produced for as long as economically viable; as a rule, the investments are earned back in this stage. The gas finds its way through the chain to the end users.
- Geothermal energy: hot water is pumped up from the well, fed through a heat exchanger and then pumped back into the ground through the other well. The heat exchanger extracts the heat from the water and transfers it to the water in a heating network. The heat then flows through the heating network to the end users.

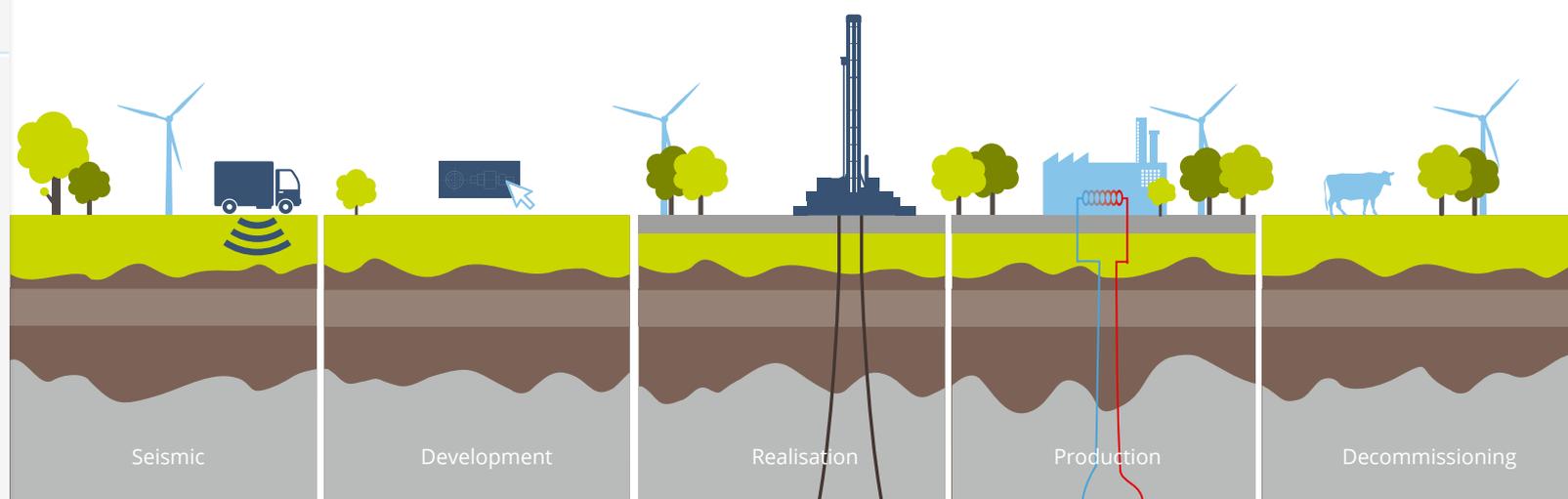
Decommissioning

- 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 carbon storage. Ultimately the operator must permanently seal wells and dismantle the infrastructure. The natural surroundings must be restored to their former state.

- Geothermal energy: once a well is exhausted, the location will no longer be used. The operator must (permanently or temporarily) seal the wells. The installations may be suitable for re-use for another geothermal source in the vicinity. If this is not possible, the installations are removed and the natural surroundings are restored to their former state. After a few years, the source will have warmed back up to the right temperature and may be suitable for re-use.

Drilling for oil, gas or geothermal energy takes place under the supervision of State Supervision of Mines (SSM) to ensure the safety of people and the environment and compliance with laws and regulations. For more information on the development of oil and gas fields, visit: www.hoewerktgaswinnen.nl. For more information about the development of geothermal energy, visit: www.hoewerктаardwarmte.nl.

Development of geothermal energy



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Climate Forum Chairman Ed Nijpels

The energy transition is irreversible



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The objective of the Climate Agreement – reduce our carbon emissions by at least 49 per cent by 2030 in order to curb climate change – is clear. Ed Nijpels, Chairman of the Climate Forum, talks about the Climate Agreement negotiations involving over 100 parties, where we stand now and how it all began for him 30 years ago.

Nijpels: “Consensus thinking is part of the Dutch DNA but even for the Netherlands, hammering out a Climate Agreement with over 100 parties divided over five thematic groups was, in the cabinet’s words, a historic feat. And that’s no exaggeration. Because we’re talking about one of the biggest reconstruction exercises in the Netherlands since World War II. And the best thing for me is that the pessimists who kept warning that it would never work have been proved wrong.”

Compromises

The Draft Climate Agreement was achieved in the end, but sparks flew at those negotiating tables, says Nijpels. “With special interest groups and the environmental movement at the table, the discussions were obviously robust. Parties sometimes went a lot further than they had planned, but no one went for 100%. If you want it all your own way, there’s no point coming to the table. The upshot is that the hundreds of proposals we

made are all compromises, many of which were discussed at great length and sometimes up to the very last minute.”

First global climate conference

“We were onto it at an extremely early stage,” says Ed Nijpels regarding the first-ever global climate conference that he organised back in 1989 as the Minister of Housing, Spatial Planning and the Environment. That was the start of the international debate about the climate. “And I am just as motivated today as I was back then. Once you have fully grasped the problems that we as a world are facing, it’s something that won’t let you go. Unfortunately it took thirty years before we got the breakthrough in Paris to genuinely put the policy into practice.”

**We are the last generation
that can do something about it**



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Energy transition now irreversible

Nijpels thinks that the energy transition is now irreversible. “It is not 2030 yet, but with the Energy Agreement we have already swung into action. The obligatory gas connections have disappeared. The car industry is going through a revolution to electric power. Industry can no longer afford not to put this at the top of its agenda. Nobody in the climate negotiations challenged that 49 per cent target and nobody walked away from the talks. The only pity was that the environmental organisations and the FNV trade union pulled out at the last minute. But even the green organi-

sations and the FNV have admitted that the draft Climate Agreement is a good piece of work. They could hardly have done otherwise, because the environment movement’s fingerprints are stamped on virtually every page.”

Not a green mafia

Nijpels continues: “Clearly, there are always parties that want to discuss the speed and effectiveness of the measures. They claim to be standing up for ordinary citizens, that it’s a disaster for them and that the proposed steps are too big. Many people who object to action on the climate don’t even believe there is

an issue in the first place. They deny the climate problem or think that the human impact is negligible. What a nerve! There are about 3000 experts in the UN’s Intergovernmental Panel on Climate Change (IPCC). They agree that our climate is changing and that it’s largely man-made. Apart from that, 195 countries made a decision together in Paris. Are these 195 countries all mad? No, they are not mad. Nor are they climate fanatics, or a green mafia. From many sides, the politicians are being told very matter-of-factly ‘you only have a short while to intervene’. Obama put it really well: ‘We are the first generation



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to feel the impact of climate change and the last generation that can do something about it.' I think that this is the naked truth."

Nobody is arguing for an unaffordable Climate Agreement

Nijpels says that his task boiled down to ensuring that the five thematic groups in the climate negotiations did their homework so that their efforts added up to a 49 per cent carbon reduction. "For the rest, I operate as a roving problem-solver and try to help wherever I can." Much has been said about part two of our

climate ambitions: their affordability. Nijpels dismisses that debate as 'fairly nonsensical': "Nobody in this country is arguing for an unaffordable Climate Agreement. Everyone wants the costs to be fairly divided between businesses and households and agrees that those who can't afford it receive assistance. But that's not an issue we can discuss at the negotiating tables. That's what politicians were made for."

At the back of the pack of renewable energy

Ed Nijpels observes that the Energy Agreement puts an end to the erratic

energy policy in our country and that we can now start catching up. "Looking at the figures, the Netherlands is still at the back of the pack of renewable energy, together with Malta and Luxembourg. The Climate Agreement marks a major step forwards and will put us at the top of Europe. So we are not the front-runner. We are a little earlier. That, we hope, will give our businesses a headstart in developing innovations that can be sold abroad."



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3 Strategy

The Netherlands is currently in the transition to a CO₂-neutral power supply in 2050. The energy system that we know today 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 business model of EBN has been adapted accordingly.

Through our strategy (3.1) we respond specifically to trends and developments (3.2) that are relevant to our operating practice and the potential risks we identify in the changing playing field within which we operate. The threats and opportunities we recognise have been evaluated and combined in the SWOT analysis (SWOT = strengths, weaknesses, opportunities and threats) (3.3). The interests of our stakeholders are embedded through the way in which we have determined our material themes (3.4) in dialogue with those stakeholders. At global level, we accept our social responsibility by linking our objectives to the Sustainable Development Goals (SDGs) (3.5) that are relevant for our role and activities. We implement EBN's mission and social role by means of our three strategic pillars (3.1): Our Dutch Gas, Return to Nature and New Energy. For each of the strategic pillars, we create particular value through our resources, our role in the energy chain and our activities. This is reflected in our value creation model (3.7).

3.1 Strategic pillars

Our strategic pillars are:



Our Dutch Gas: the optimum, safe and sustainable use of Dutch energy resources



Return to Nature: the efficient decommissioning and re-use of oil and gas infrastructure



New Energy: contributing (e.g. with knowledge) to the development of new sustainable energy sources such as geothermal energy and energy storage



Our Dutch Gas

Following the earthquake on 8 January 2018, the Minister for Economic Affairs and Climate Policy decided in March 2018 to speed up the rate at which gas production in the Groningen field would be halted. However, at present, 41% of our primary energy consumption consists of natural gas. In the transition phase to a sustainable energy system, natural gas will continue to play an important role. Also throughout the energy transition, our power supply must be secure, reliable and affordable. The Netherlands still has considerable potential gas stocks outside the Groningen field. As long as natural gas is part of our energy mix, and that gas can be produced safely and responsibly, the best option is to make use of our own stocks. The cessation of production from the Groningen field and the slowdown in production from smaller fields increase the urgent need to explore new offshore fields and to optimise the offshore infrastructure through cooperation and clustering.



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EBN fulfils a proactive role in this process by encouraging operators to invest in exploration and data acquisition while taking account of the social importance of natural gas and the interests of the various stakeholders and the oil and gas industry.



Return to Nature

Over the past few decades, an extensive infrastructure has been established in the Netherlands for the production and transport of oil and gas. A large number of these oil and gas fields are approaching the end of their economic useful life.

Together with the sector, EBN is working towards the safe, sustainable and cost efficient re-use or decommissioning of the existing infrastructure. Together, via Nexstep, we are promoting cooperation in the decommissioning and possible re-use of the oil and gas infrastructure. The ambition of Nexstep is to reduce the total costs of decommissioning by 30%. This will be achieved by sharing knowledge, by combining activities through cooperation and by developing and introducing innovations. We recognise clear potential for the re-use of certain elements for the energy transition. Take for example offshore electrification of production platforms, the production of hydrogen, the storage of CO₂ in empty gas fields and geothermal energy applications in onshore wells. CO₂ can be stored in exhausted gas fields on the North Sea in order to reduce CO₂ emissions. EBN is a knowledge partner in projects for the development of CO₂ storage.



New Energy

Based on its expertise, EBN can play a role in ensuring sustainable power supply for the Netherlands. In order to achieve CO₂-free power supply in the Netherlands, among others the supply of heat will have to be made sustainable. Geothermal energy is a sustainable energy source that has the potential to supply 20% of our heat needs by 2050.



EBN is working to establish collaborative ventures to investigate how geothermal energy can be efficiently utilised in the development of a CO₂-neutral energy system. EBN (as non-operating partner) offers support by providing knowledge and expertise and by working alongside partners on a portfolio approach.

The Master Plan Geothermal Energy in the Netherlands that was elaborated in the spring of 2018 (in collaboration with DAGO, SPG, WNW and many others) is a route map for the optimum utilisation of the geothermal energy potential.

It may well be necessary to adapt mining regulations in order to facilitate a greater role for EBN in respect of both geothermal energy and CO₂ storage, if those options are taken up.



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By means of three strategic pillars, we fulfil our mission. We maintain a robust strategy through periodic evaluation and fine-tuning, wherever necessary. This takes place on three levels: improving our core activities and keeping them profitable; developing new activities (for the time being as knowledge partner); investigating new options that could contribute to the development of our new energy system such as hydrogen, green gas and new forms of energy storage.

In the result section, for each strategic pillar, an overview is provided of the most important objectives we achieved in 2018 and how they contribute to our material themes.

3.2 Trends & developments

In our strategy, we take account of our environment and the impact of our activities on that environment. We respond to trends and developments that influence our operations and ambitions. In this section we describe exactly how we do this.

Accelerating the energy transition

Climate change is a global problem that has a huge influence on our global society. The urgency of the challenge facing us is enormous. Reducing our CO₂ emissions by 49 percent by 2030 will call for a major turnaround. Only six percent of our current energy consumption is sustainable, and our demand for energy has risen over the past few years.

It is essential that we accelerate the energy transition, and that will require a managed and joint approach. The government's Climate Agreement will set the course to be followed. In the vision of EBN, far-reaching cooperation is essential if the energy transition is to succeed and if we are to meet our very ambitious targets. In line with the gas value chain, EBN is investigating options for the upscaling of

solutions that appear likely to succeed, such as geothermal energy and carbon storage in empty gas fields.

Urgency for north sea gas exploration

The Netherlands is a true gas country. At present, 41% of our primary energy consumption consists of natural gas. Across the EU, the average is approx. 20-22%. Although the trend is to reduce gas consumption, in the transition phase to a sustainable energy system, natural gas will continue to play an important role. In particular in the North Sea, the Netherlands still has considerable potential (access to) gas. That could be exploited over the coming decades. With the cessation of production from the Groningen field and the slowdown in production from smaller fields, is it urgent that these new gas stocks continue to be explored and developed. EBN fulfils a proactive role for the operators by encouraging investments in exploration so as to identify and produce Dutch gas. EBN also encourages data acquisition with a view to generating and sharing offshore 3D seismic information about the geological structure of the subsurface with the energy sector.

Energy system for the future

The energy system in the Netherlands is changing. The development of new sources of energy is desirable from a social point of view. Our future energy mix will continue to consist of both electrons (current/electricity) and molecules (liquids and gas). In the public debate, the term electrification is often heard. However, electrification will not be the only solution. It is not 'either, or' but 'and, and, and'. The replacement of natural gas represents a challenge in continuing to satisfy the major seasonal fluctuations in the demand for heat.

EBN expects gas-based energy carriers to remain necessary in the future and, together with its partners, is therefore



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investigating the possibilities of applying and upscaling new, more sustainable gas-based energy carriers such as hydrogen and green gas for our future energy system.

Public support for underground activities

The subsurface of the Netherlands belongs to us all: it is of key social importance that the Dutch subsurface be deployed as effectively as possible for the energy transition. Social interest in the subsurface is considerable. On the one hand there is a clear recognition of the necessity of increasing the use of the subsurface; on the other hand, support within society for activities in that subsurface is declining, and there are concerns that support for local projects for the production of sustainable energy, such as geothermal energy, wind and solar energy, is constantly shrinking. EBN aims to deploy its knowledge of the Dutch subsurface to accelerate the transition. All our activities have in-depth

links with the subsurface, and across the board relate to the gas value chain in which gas is an essential element of Dutch electricity and heat supply. Support for these activities is of crucial importance. We are therefore fully transparent in the information we provide to various stakeholders and in organising dialogue about the value and necessity of using the subsurface as an essential element of secure, affordable, reliable, achievable and sustainable energy supply. We undertake these activities in conjunction with market parties, whereby each party plays an individual role.

From trends to strategy

The trends, developments and issues relating to the energy transition set the course for our strategy. The strategy section describes the response from EBN.



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3.3 SWOT & dilemmas and reflection & future prospects

In elaborating the strategy, a SWOT analysis 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.

EBN is an enterprising knowledge partner in the Dutch energy sector. Based on our knowledge of the subsurface and the Dutch gas value chain in particular, we aim to contribute to accelerating the energy transition in the Netherlands. We view this as our social role. As well as offering challenges, the energy transition also offers many opportunities for society. We are investigating the role we should play in that respect. In 2016, we reassessed our strategy and implementation of that strategy within the

organisation was initiated in 2017. In practice, this means that our activities and efforts are focused on improving our core activities and keeping them affordable; developing new activities and investigating new options that contribute to the development of our new energy system, such as hydrogen, green gas and energy storage.

At present, EBN itself is undergoing a transition by further developing its organisation to fulfil its ambitions.

3.3.1 Dilemmas

On the basis of the SWOT analysis, we can identify a number of dilemmas:

Gas paradox

Natural gas is both part of the problem (CO₂-emissions) and



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the solution (facilitating the energy transition through flexibility, transportability, storage options, re-use of the gas infrastructure and lower CO₂ emissions as compared with coal). The challenge lies in a careful and balanced response by offering accurate and factually sound communication to partners and social stakeholders and responding to support in the public arena.

Acting in the phase leading up to statutory mandate

It is expected that the Minister of Economic Affairs and Climate Policy will award EBN a broader mandate in the field of geothermal energy. As this document is published, that mandate is not yet in place. At the same time, it is essential for EBN as an organisation to be prepared for this potential mandate. That means that essential processes can be laid out and potential future collaborations investigated. What can we do and what not? Where are the priorities? How should we communicate? EBN is aware of the potential dilemmas and is acting with all due caution in approaching partners and stakeholders.

Internal organisation

To fulfil new roles, our organisation has grown and undergone considerable change over the past year. New employees have been attracted with a different profile and a different set of competences to enable us to fulfil our role more effectively. EBN is now organised on a thematic basis, in order to focus more clearly on results.

3.3.2 Reflection & future prospects

In 2018, the organisation of EBN was further equipped to allow us to continue the role we currently play in the energy transition. The internal organisation has been further adapted to this and professionalised, for example with regard to our employment policy, the introduction of

performance management and internal audits. In 2018, EBN was more visible than in previous years. That is the natural consequence of our contribution to the energy transition. On the one hand by 'broadening' the stakeholder base in particular to include local government (for example with the project Seismic Campaign Geothermal Energy the Netherlands) and the implementing role played by EBN in that project and on the other hand through the way in which EBN aims to initiate an informed dialogue in the Netherlands, based amongst other things, on its infographic 'Energy in the Netherlands'. In 2018, the core value 'creating links' was put further into practice. Excellent examples are the Porthos project (with the Gasunie and Rotterdam port authority) and Nexstep, of which EBN is one of the founding fathers. These and other projects will be discussed in detail in the chapter '[Results](#)'. 2018 can be seen as the year in which in many respects the organisation laid down the markers and prepared itself for the coming years (both internally and externally). With the cost calculation for the Climate Agreement, EBN will be able to make a real contribution to achieving the climate objectives.

In 2018, EBN also identified a number of areas in which improvement is possible. For example, harmonisation with the shareholder (Minister of Economic Affairs and Climate Policy) must be improved and based on shared expectations. In order to satisfy all those expectations, there is also a clear need for improved harmonisation with relevant stakeholders with regard to the determination of the figures in the infographic. Across the board, EBN has developed plans to strengthen stakeholder management and to create support. An improvement plan has also been drawn up for the ICT environment, that is currently being rolled out.



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EBN is also facing a changing environment (and consequently changing expectations) which will have consequences for the culture and leadership of the organisation. In 2018, a culture programme was launched, and a leadership programme will be developed and rolled out in 2019.

3.4 Material themes

To further develop the strategy at EBN, a large group of

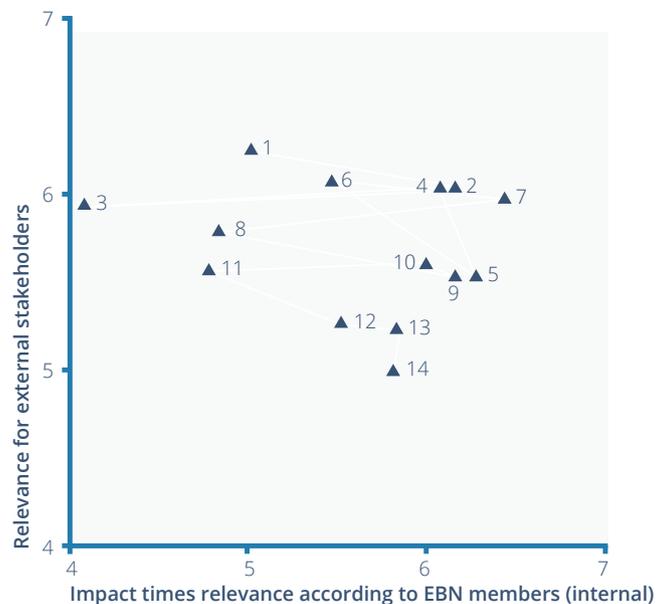
external stakeholders has been involved in ranking the material themes on the basis of relevance and impact on society. This list of themes was established on the basis of a media and peer analysis, and validated by the Executive Committee. Read more about how we determined our material themes on page 102.

The most relevant material subjects for EBN and its external stakeholders appear in the figure.

NR	Material theme	Contribution by	Page
1.	Security	5.3 Main strategic risks	72
		4.6.2 Sustainability	56
2.	Knowledge sharing	4.2 Our Dutch Gas	43
		4.3 Return to Nature	47
		4.4 New Energy	49
3.	Creating support for our activities	5.3 Main strategic risks	72
		4.4 New Energy	49
4.	Decommissioning and re-use of oil and gas infrastructure	4.3 Return to Nature	47
5.	Natural gas production	4.2 Our Dutch Gas	43
6.	Geothermal energy	4.4 New Energy	49
7.	Transparency	4.6.1 Stakeholder management	55
8.	Greenhouse gases in our operations	4.6.2 Sustainability	56
9.	Attracting and developing talent	4.6.3 The people of EBN	59
10.	Cooperation	4.2 Our Dutch Gas	43
		4.3 Return to Nature	47
		4.4 New Energy	49
11.	Knowledge development & Innovation	4.3 Return to Nature	47
		4.4 New Energy	49
12.	Advice and influencing	3.7 Managing our current oil and gas participations	33
		4.2 Our Dutch Gas	43
13.	Carbon capture and storage (CCS)	4.3 Return to Nature	47
14.	Creating economic value	4.5 Financial results	53
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Caption to table: Numbering corresponds with the numbering in the table. The combination of relevance for stakeholders on the y-axis and relevance and impact of our organisation on the x-axis shows the contribution from the various material themes for our stakeholders and for EBN. This materiality matrix provides a selection from the most material themes for the EBN annual report.

These subjects and the results we wish to achieve in those areas are described in this annual report. On page 30 a list is provided of our material themes together with information about their definition and demarcation.

The Executive Committee is responsible for activities relating to all material aspects that influence the strategy and social policy of EBN. In determining our strategic objectives, our material themes and the SDGs to which EBN is committed are the guiding principles. Our Strategy and Technology Director is responsible for coordinating the process of determining annual strategic objectives and long-term objectives.

The Executive Committee bears joint responsibility for policy and performance. The Supervisory Board assesses strategic objectives in relation to strategy. A focus on the material themes Natural gas production, Decommissioning and re-use, Carbon capture and storage and Geothermal energy is integrated in the corporate strategy. The theme Creating economic value is entrusted to the CFO at EBN.

Our policy on Corporate Social Responsibility (CSR policy)

Our CSR policy and our activities are integrated in our operations by assessing the relevant objectives according to our material themes and subsequently embedding them in our corporate strategy. Although the theme team Advice & Innovation helped to define the CSR policy, a number of other departments are responsible for the various material themes. The theme team Small fields, for example, is responsible for activities relating to the material themes Security and Greenhouse gases in our operations. The development of policy and objectives for the themes Attracting and developing talent lies with the HR department. The material themes Transparency, and Creating support for our activities are integrated in the stakeholder management approach by the Communications & Public Affairs department (see page 7).

As indicated in the connectivity matrix on page 30, the material themes are linked to our strategic pillars. For each material theme, KPIs and long-term objectives have been laid down and harmonised with the relevant departments, enabling us to maintain supervision of progress. The material themes Knowledge sharing, Knowledge development and innovation, Cooperation and Advice and influencing are elements of our core activities, on the basis of our value creation model, and are therefore not individually allocated to the Executive Committee or a single department. The work towards these objectives takes place in all departments of the



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company, because through their activities each department makes a contribution to these themes. The Global Reporting Initiative (GRI) content index (page 185) describes how we work towards and evaluate these themes. The impact our material themes have on society is described in the connectivity matrix on page 30.

Theme teams and departments are themselves responsible for the content and implementation of the annual targets within their area of focus. These are the activities that contribute to the long-term objectives of our material themes. The reader's guide on page 25 lists the sections in which more information is available about the actions undertaken and the accompanying results. Progress with regard to the annual objectives and material themes is monitored by two progress supervisors who consult with each theme team and each department. They report on progress to the Executive Committee in the form of target progress reports. The Executive Committee evaluates the progress of the results and makes any necessary adjustments in respect of material aspects.

3.5 The contribution of EBN to the SDGs

EBN aims to contribute to achieving the Sustainable Development Goals (SDGs) of the United Nations. In the UN's proposal for a new global agenda, these seventeen sustainable development goals should 'make the world a better place by 2030'.

We view the SDGs as a stimulus in making our value chain more sustainable and delivering a constructive contribution to accelerating the energy transition. By fulfilling the SDGs we continue to work towards our mission: 'Creating value from geological energy sources in a safe, sustainable and economically responsible manner'. We view this as our social role. We contribute to a sustainable, reliable and affordable energy system in the Netherlands, thereby serving the public interest.

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



SDG 7: Sustainable and affordable energy



SDG 9: Innovation and sustainable infrastructure



SDG 12: Sustainable consumption and production



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SDG	SDG objectives	Explanation of contribution	Contribution by
 <p>SDG 7: Sustainable and affordable energy</p>	<p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3: By 2030, double the global rate of improvement in energy efficiency</p>	<p>Through its activities in mapping out the potential for geothermal energy, EBN is contributing to accelerating the transition to the production of sustainable energy sources.</p> <p>EBN also encourages its operators to work as sustainably as possible through efficient and sustainable energy consumption.</p> <p>Establishing the HSE benchmark in 2017 made a major contribution to this.</p>	<p>4.4 New Energy</p> <p>4.6.2 Sustainability</p> <p>4.6.2 Sustainability</p>
 <p>Innovation and sustainable infrastructure</p>	<p>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</p> <p>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, with all countries taking action in accordance with their respective capabilities.</p>	<p>Although EBN itself does not install infrastructure, EBN does invest in establishing the infrastructure necessary for value creation from geological energy sources in the Netherlands.</p> <p>EBN also plays an active role in the sustainable decommissioning and of 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. Together with NOGEP, EBN has taken up a pioneering role in establishing the national platform for re-use and decommissioning, Nexstep.</p>	<p>4.2 Our Dutch Gas</p> <p>4.3 Return to Nature</p>



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SDG	SDG objectives	Explanation of contribution	Contribution by
 SDG 12: Sustainable consumption and production	12.2: By 2013, achieve the sustainable management and efficient use of natural resources	Encouraging the re-use of platforms and gas fields for new purposes contributes to the sustainable re-use of resources and reduced waste production.	4.3 Return to Nature
	12.4: By 2020, achieve the 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.	In addition, the possibility of new applications for empty gas fields and the investigation of opportunities for upscaling their use for alternative energy sources, such as geothermal energy, promote the sustainable management and efficient use of natural resources.	4.4 New Energy
	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and re-use.		

In 2018, we also made an inventory of how EBN can actually contribute to the SDGs. We investigated our areas of influence and determined where the greatest gains could be achieved. We investigated how the SDGs can tie in with our strategic objectives and made this information known internally. In consultation with the programme managers, the management of EBN matched the strategic objectives with the SDGs. The result is that the three SDGs now set the course for our strategic objectives for 2019. Step by step, EBN is examining how it can expand its contribution and will report on progress over the coming years.

3.6 Connectivity matrix¹

In 2018, we recharted our material themes. For all material themes we have formulated strategic objectives for the period through to 2025. For 2018, we linked the objectives to our material themes on which the strategic objectives for 2025 are based. Because of the review of our material themes, for 2018 we have not yet formulated an objective in all theme areas, but have expressed the ambition of achieving tangible results in these themes in the period 2019 to 2025 according to the formulated strategic objectives.

¹ This is the first time that EBN has reported on its new material themes and the accompanying KPIs. For this reason, the figures for 2017 are not included in the connectivity matrix in this 2018 annual report.



Strategic spearhead	SDG's	Material theme	Risks (from SRA)	Opportunities (from SWOT)	Strategic Objectives 2025	EBN/Strategic Objective 2018	Definition	KPI	'18	Impact	
  	  	1. Security	Security; Support; Business case	Strengthening results HSE	Together with other parties EBN is developing a broadly supported risk standard for induced seismicity - namely 0 earthquakes. n/a	Inventory ICT integrity KV, GRO HSE zero measurement	Implementing an inventory for the digital security of the assets in which EBN is a participant Inventory of current HSE situation whereby the results re-use as basis for further studies.	Nine operators approached Inventory completed	yes yes	Energy supply	
		2.2. Knowledge sharing (including Knowledge Development & Innovation, Attracting & developing talent, Cooperation)	Support; Business case	Social debate; Knowledge hub	n/a	n/a		Promotional exploration of Dutch gas from Small offshore Fields are trade fairs (where EBN attends) or conferences (where EBN speaks)	Attendance at 11 PhD graduation moments (and active role)	11	Energy supply
		3. Creating support for our activities (including Advice & Influencing)	Resilience of the organisation	Business case; Security	Social debate; Investigating new energy applications; Knowledge hub	Together with partners in geothermal energy, EBN is developing projects growing towards 20 PJ	Attendance at VNG Conference for geothermal energy	Attendance at annual VNG Conference	Attendance with stand	yes	Energy supply
				n/a	n/a	n/a	Number of publications in technical journals, memoranda for EZK and attendance during workshops and symposia where EBN has presented, all about seismicity	Number of publications, presentations & workshops on seismicity*	27	Energy supply	
				Together with partners in geothermal energy, EBN is developing projects growing towards 20 PJ		Optimisation in 2018 of the planned programme Green Deal Ultra Deep Geothermal (UDG)	Execution UDG exploration work programme Green Deal UDG	yes	Energy supply		
				Investigating options		The production of innovation road maps for each of the themes in the EBN organisation	Innovation roadmap per EBN theme	yes	Energy supply		
				At least 35 percent (2018)		% women in service at EBN as at 31-12-2018	% women in service at EBN	35	Energy supply		
				Social debate	3%	% total wages spent on courses/study and conferences/seminars	% wage sum spent on training	2.7	Economy		
		7. Transparency	Business case; Effectiveness and influencing; Support	Support; Security	Investigating new energy applications	Investigating options		Implementation (together with TNO-AGE) of an inventory of the various (possible) forms of storage in the Dutch deep underground environment	Study underground energy storage	ja	Energy supply
				Support	Social debate			Publishing an infographic about the Dutch energy system (energy in the Netherlands) based on the latest available figures (for 2017) from Statistics Netherlands	Update infographic	ja	Energy supply
 	 	5. Natural gas production	Support; Effectiveness of policy and regulations; Business case; Security	Strengthening results of HSE	The number of operational gas handling locations for the offshore gas network has been halved from 6 to 3. To achieve maturation of 70% per year, all offshore economically viable prospects have been identified and drilled before 2027	target 5.5 ct/ Nm ³ GE. Number of operational gas handling locations from offshore gas network	The Operating Expenditure (OPEX) per cubic metre of natural gas and condensate produced for only Small Fields EBN Number of gas handling locations	OPEX/m ³ Number of gas handling locations	EUR 5,8 ct /Nm ³ GE 6	Energy supply; Climate	
		8. Greenhouse gases in our operations	Support; Security	Social debate; Strengthening results of HSE			Net maturation to developed reserves	Net maturation to developed reserves	3.6 billion Nm ³ GE	Energy supply; Climate	
											Support; Security
 	 	4. Re-use and dismantling, oil and gas infrastructure (including CO ₂ capture and storage (CCS))	Business case; Security; Effectiveness of policy and regulations	Re-use of infrastructure for new energy applications	4	Signing DSA & DSMA and implementation for all operators	Number of sites re-used for new energy applications (e.g. hydrogen)	Number of re-used sites	0	Economy	
			Support; Business case; Effectiveness of policy and regulation		4 Mt CO ₂ per year are stored in the Dutch underground environment Projected unit costs for transport and storage are reduced to EUR 20 per tonne In addition to FID from Porthos (expected 2019) at least 1 additional CCS project will have been delivered to FID.		Agreement in which permit holders agree together how they will guarantee their share of the cleaning obligation in a particular licence when the residual assets fall below the expected cleaning costs	Number MT CO ₂ in storage per year in the Netherlands and in projects in which EBN is a participant	Volume MT CO ₂ in storage per year in the Netherlands and in projects in which EBN is a participant	0	Climate
  	  	6. Geothermal energy	Support; Business case; Resilience of the organisation; Effectiveness of policy and regulation	Developing knowledge hub geothermal energy; Accelerating the energy transition; Strengthening results HSE	Together with partners in geothermal energy, EBN is developing projects growing towards 20 PJ (depending on Geobrief Minister to Lower Chamber)		Number of PJ developed	Number of PJ developed	0	Climate; Energy supply	

*A number of DSAs were signed by the operator in December 2018 and by EBN in January 2019. These were included in the total of 8.

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In the connectivity matrix, we have focused on eight very relevant themes. A number of themes are more future-oriented given the review of the themes, and taking account of the political mandate (geothermal energy). We have combined a number of themes in the matrix, which together contribute to the same objectives:

Knowledge sharing: knowledge development & innovation, attracting & developing talent, cooperation

The theme knowledge sharing has been placed in a broader context in the matrix, and also includes activities in the framework of knowledge development and innovation, attracting and developing talent and cooperation. By sharing knowledge, we facilitate knowledge development and innovation; to develop knowledge, we attract talent and we act as knowledge partners in cooperation with various parties.

Support and advice & influencing

The theme advice and influencing has been placed in the matrix under the overarching theme support, because the two themes are so interwoven and because one cannot survive without the other. Creating economic value is a KPI under the heading natural gas production. Carbon capture has been linked in real terms to the theme re-use in the matrix. The theme security is a key operating theme with which we are more involved in relation to our role with Geotechnical operations.

3.7 Impact and value creation model

In our value creation model on page 37, for each of the six forms of capital contained in the framework from the International Integrated Reporting Council (IIRC), we show how we deploy our capital for achieving our strategic

objectives. This model also shows how EBN creates value by means of its core activities.

The value creation model assumes six forms of capital: natural capital, produced capital, intellectual capital, human capital, social/relational capital and financial capital. These six forms of capital form the input for our core activities for the creation of social and economic value.

Our ambition energising the transition

In the context of the transition to a sustainable power supply, the focus at EBN is shifting towards contributing to a secure, sustainable, reliable, affordable and achievable power supply. EBN wants to make a significant contribution to the social ambitions with regard to the climate and is investigating how it can help to accelerate the energy transition in the Netherlands.

Within the energy transition too, the creation of value with sources of energy in the Dutch subsurface is our starting point. We can contribute to more sustainable heat supply by making use of geothermal energy. Through the storage of CO₂ in empty gas fields we can contribute to CO₂ reduction in the shorter term. Wherever necessary, we actively contribute our knowledge of the Dutch subsurface, and play a linking role in public private partnerships.

In our value creation model, we demonstrate how all our forms of capital re-use to bring about a secure, reliable, sustainable, affordable and achievable energy system. Our primary objective is to constantly expand our positive impact and work towards new solutions aimed at neutralising the negative impact.



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The input: six forms of capital

Natural capital

The reserves of geological energy sources such as oil, gas and geothermal energy sources in the Dutch subsurface represent our natural capital. In addition, EBN operates a large portfolio of (future) exhausted oil and gas fields, that could in the future be used for the storage of energy or CO₂.

Produced capital

EBN participates in almost two hundred collaborative ventures in exploration and production activities and is co-owner of onshore and offshore oil and gas infrastructure, including wells, platforms, five pipeline systems, one gas handling installation and four gas storage locations.

Intellectual capital

EBN has in-depth knowledge of the Dutch subsurface and wide-scale knowledge of the gas value chain. Often in collaboration with others, we undertake studies into possible energy sources in the subsurface, and the related production techniques. EBN has unique knowledge of the Dutch subsurface and of the gas value chain in particular. Through our expertise, we create value by deploying our knowledge to accelerate the energy transition.

Human capital

EBN has a great deal of knowledge and expertise within its organisation. Around 81% of our employees are specialists with a (post-)graduate background.

Social/relational capital

EBN operates at the interface between public and private partnerships in energy production. By adopting a proactive key role and by bringing together parties and knowledge, we are a binding force in the energy transition. Our network

in the Dutch energy sector and our partnerships form our social/relational capital. We recognise the importance of seeking dialogue with our stakeholders. We also maintain close contacts with centres of expertise and universities.

Financial capital

EBN is a cash-rich partner in the energy sector. We have access to extensive cash flows and funding resources that enable us to make financial investments in a variety of operations and projects.

Commercial activities and commercial processes

The heart of our value creation model consists of three core activities:

1. Investment and cooperation, both in our current and in new partnerships;
2. Development and application of knowledge for our (future) participations, sharing knowledge for and developing knowledge of new applications for the Dutch subsurface;
3. Managing our participations.

Investment and cooperation

We invest in the secure, sustainable and optimum use of existing gas and oil fields and the creation of collaborative ventures for the future.

We invest in the exploration and identification of all economically producible (not yet discovered) gas and oil fields. EBN is also keen to establish wide-ranging cooperation and clustering in the offshore infrastructure to ensure an economically healthy offshore production system. Together with ORTEC, EBN has developed an optimisation model for the offshore infrastructure to save costs and to extend the lifecycle of gas fields.



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Wherever oil and gas infrastructure (pipelines, platforms) have reached the end of their lifecycle, we invest in the effective re-use and/or decommissioning process. Together with NOGEPA, via the National Platform for re-use and decommissioning, Nexstep, we fulfil a pioneering role in the decommissioning programme.

We are the driving force in accelerating the energy transition based on the subsurface. Far-reaching cooperation is essential for success in this respect. Based on our core value 'creating links', we are thoroughly convinced of this need.

The Master Plan Geothermal Energy in the Netherlands (in collaboration with DAGO, SPG, WNW and many others), represents a route map for the optimum utilisation of potential geothermal energy. One of the conditions for achieving the necessary growth is the further development and sharing of knowledge and experience with all stakeholders. To create public support, we will focus on clear, transparent information, and positive dialogue with all stakeholders.

EBN wishes to make a contribution to the ambitions of the Cabinet to reduce CO₂ emissions by 49% by 2030 as compared with 1990. We will do this by bringing parties together to investigate the possibilities for the successful introduction of CO₂ storage in empty offshore gas fields, as a means of reducing emissions in the short term. Public support for this process is an essential precondition.

Developing and applying knowledge

EBN has in-depth knowledge of a mass of data about the subsurface. As a partner to all oil and gas operators, EBN has access to all available data. EBN also brings together fragmented knowledge of the subsurface and develops new knowledge. Moreover, EBN invests in exploration and data acquisition to obtain information about the geological

structure of the subsurface using offshore 3D seismics and sharing that information with the energy sector. EBN operates alongside TNO in the SCAN programme aimed at understanding the potential of geothermal energy in the Dutch subsurface in areas where there is insufficient information.

Through continuous and structural cooperation, (mutual) knowledge interchange is guaranteed. We invest in our own studies and contribute to studies by partners or third parties. We generate insights into the possibilities and opportunities for new developments in the Dutch subsurface such as geothermal energy and the storage of energy and CO₂. We create value by applying our knowledge on behalf of the Dutch energy sector. We also advise the Ministry of Economic Affairs and Climate Policy.

Managing our current oil and gas participations

Based on knowledge and analyses, EBN is able to directly influence operators (oil and gas companies) in their choices and decisions. Wherever possible, on the basis of our insights, we encourage operators to continue investing in the exploration and production of Dutch natural gas and oil offshore.

The urgent nature of exploration requires EBN to adopt a far more proactive position, and possibly a new role in respect of operators. EBN aims to have identified all economically producible offshore oil and gas fields before 2025.

We closely monitor the performance of our participations. In that way, wherever necessary, we can fine tune. We make use of a (two-yearly) standardised analysis of, among other things, operational costs and charges. In that way we monitor how the offshore participations are performing as compared with other exploration and production players.



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We encourage the sharing of best practices so that operators can learn from each other's knowledge and analyses, wherever possible.

The output: What is it worth?

Knowledge, economic value, energy and partners are the primary elements of output for EBN. These are invested to secure the continuity of energy production in the Netherlands for a reliable and sustainable energy system.

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 could use empty gas fields for CO₂ 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, 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, in the long term EBN is establishing a knowledge platform for the energy sector.

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 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. 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 respect of dismantling activities, we also attempt to save on costs through knowledge sharing, cooperation and innovation. In the longer term, the revenue and cost reductions will contribute to maintaining a financially stable organisation.



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The impact: social effects

Our activities and those of other parties in the chain have a clear impact on society: mainly on energy supply, the economy, the (living) environment and the natural environment. In the following text we describe how our material themes relate to the dimensions on which we exercise an impact (see also 3.6 Connectivity matrix).

Positive impact

Power supply. EBN shares its expertise and knowledge of the subsurface with partners in the sector, enters into collaborative agreements for (research into) gas exploration and new energy applications and advises the Ministry of Economic Affairs and Climate Policy. By focusing on the material themes Knowledge sharing, Knowledge development & Innovation, Cooperation, Advice and Influencing, EBN contributes to a secure, reliable, sustainable, affordable and achievable energy system in the Netherlands, and increases its positive impact on society.

Climate - Energy transition. We assist in accelerating the energy transition by contributing to knowledge development for and advising on alternatives for our energy system, for example in relation to the material themes Geothermal energy and Carbon capture and storage. As regards the potential of geothermal energy in particular, a great deal of research is still needed and experience must be acquired by means of pilot projects. To ensure the success of new activities in the framework of the energy transition, our attention is specifically focused on the subjects Creating support for our activities and Transparency by initiating continuous dialogue and remaining in discussion with our stakeholders. We reduce the scale of achievability issues and risks by strengthening the sector.

Economy – Wealth and employment. The creation of economic value is secured by EBN through the optimisation of the organisation's financial results. Economic value creation is the cash flow to the Dutch State: net profit plus charges and taxes. Natural gas production has over the past few decades had a huge influence on prosperity in the Netherlands, but this impact has shrunk over the past few years due to the downturn in natural gas production. The sustainable energy sources from the Dutch subsurface, such as geothermal energy, offer the potential of being a powerful driving force for the local economy. The sectors are good for direct and indirect employment. We attract the knowledge for these new energy applications by focusing on Attracting and developing talent and thereby increasing employment opportunities within our own organisation.

Negative impact

Economy – Local community. Although we attempt to restrict the negative impact of our activities as far as possible, there clearly is negative impact, in particular with regard to Security. In Groningen, for example, the production of natural gas heavily influences the local (living) environment. The impact of earthquakes is considerable. They can result in damage to buildings and infrastructure. The damage in the gas production area is greater than just material damage and among many people results in a negative perception of safety. We take account of these security risks and, wherever relevant to our role, aim to structurally improve the current circumstances.

Climate – Greenhouse gas emissions. The production of oil and gas and the consumption of these fossil fuels for energy and for their own production lead to Greenhouse gases in our operations which, among other things, can be negative for the environment and contribute to global warming. There



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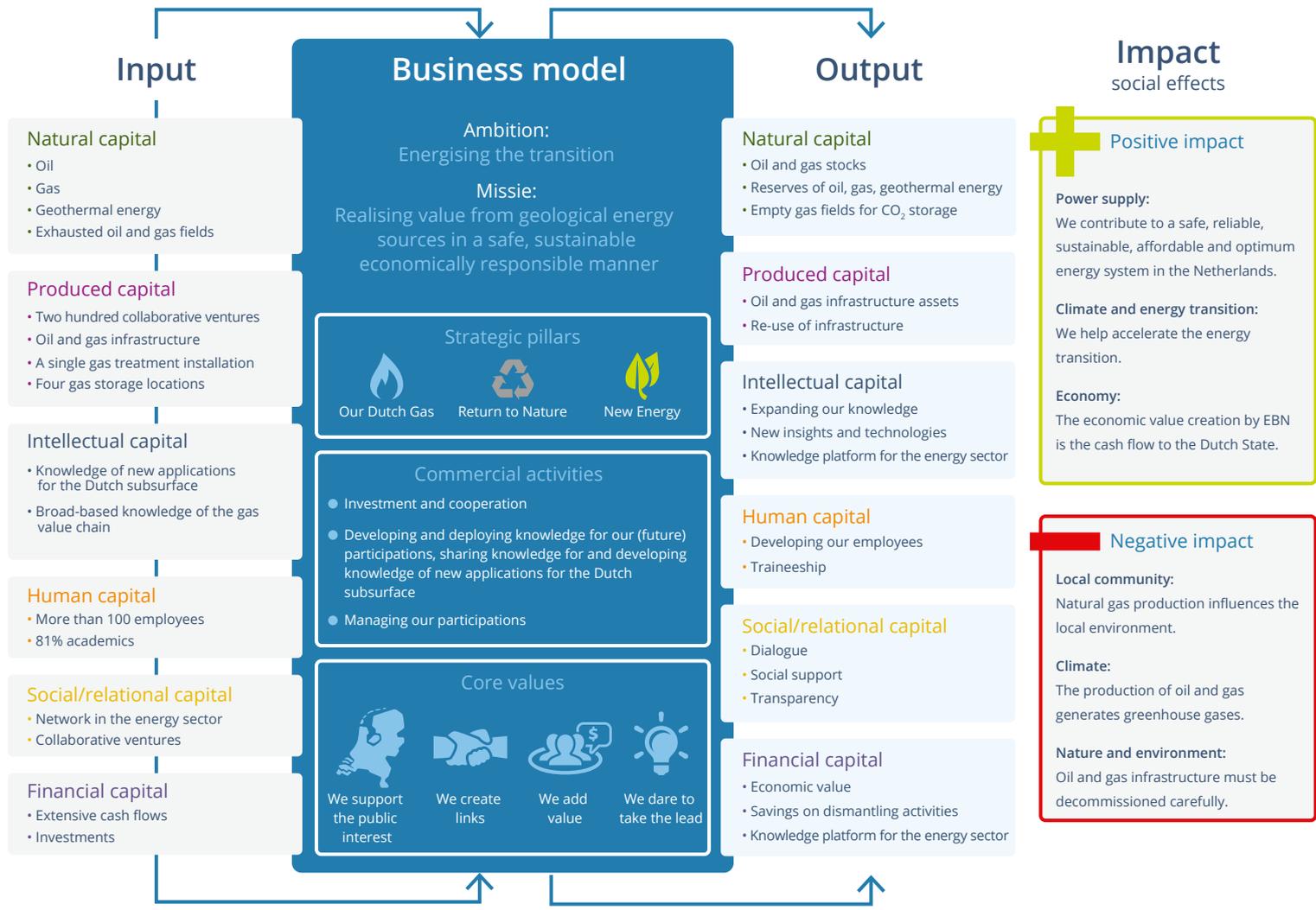
is also a (very restricted) risk of direct contamination for example as a result of spillages. By working on short-term solutions for the reduction of CO₂ and renewable energy sources for the future, we hope to neutralise these negative effects.

Nature and the environment. The infrastructure of oil and gas fields (onshore and offshore) approaching the end of their lifecycle is a constant concern. Within the material theme Decommissioning and re-use we are proactive in our efforts to responsibly dismantle platforms. Pipelines and wells offshore must be left behind clean and safe. In certain cases, pipelines have to be removed. Wherever possible, we extend the lifecycle of the infrastructure through re-use.



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Impact and value creation model



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Nienke Homan, energy transition delegate for the Province of Groningen

Taking **initiative** ourselves



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Nienke Homan has been a delegate for the Dutch Green Party (GroenLinks) in Groningen since 2015. Her special focus is the energy transition. "The problems we are experiencing with gas production have made us extra motivated. And, slowly but surely, we are making really significant and concrete progress."



Homan: "People would literally say to me: 'being the energy transition delegate is all well and good, but how about dealing with the earthquakes first. I had to point out that we also depend enormously on energy and employment in the energy sector. To get rid of natural gas, we need something to replace it first. Alternatives that also offer a sustainable solution for jobs. People in the north of the Netherlands now realise that more than in the rest of the country."

The right example

Homan continues: "You can't tell other people to give up gas and do nothing yourself. Groningen, for its part, must set the right example and take the lead. By greening industry in a big way, getting people on board the transition train, and rethinking your provincial spatial planning and instruments. In 2018 we made preparations for the large-scale generation of renewable energy. In the province of Groningen we have organised things so that we are not dependent on others and can now make really big strides forwards ourselves."

I know what's best

Homan assures us that it works if you put people at the helm from the outset and encourage them to become part



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of the new economy. "But you need to have a clear objective," she emphasises. "The choice is not whether we are going to do something. People can have their say about what they want in their own area, how they want things to be, and what they want in return. They can actually make themselves some money. Large projects are fine, but only if people take the initiative themselves. What's it to be? Wind turbines? Large solar farms? Energy saving? Heat sharing with companies? With this approach, you don't mobilise the people who aren't willing to budge, but the people who think 'I want to be part of this and I have some ideas that might help' or 'my company can make a central heating system for hydrogen'. We now have three villages that want their own local network: one only wants heating, another wants a combination of hydrogen and green gas, and the third wants its own hydrogen network. That's self-sufficiency on a small scale. People are doing things themselves, thinking up their own solutions, putting them into action. We need much more of this: so that when you walk into some place, you actually see that people made it happen themselves."

The choice is not whether we are going to do something

Geothermal energy really necessary

As well as a lot of damage, the earthquakes in Groningen have caused a strong sense of insecurity. But certain sources of renewable energy, such as geothermal energy, are also locked up in the subsurface. So what if people choose to stay away from the subsurface? Homan is adamant: "No, we made a technical analysis with universities and worked out viable scenarios for driving carbon reduction forward. The findings were unequivocal: you really need everything in the mix: wind energy, energy efficiencies in homes and industry, and also geothermal energy. We are now going to work on heating plans on a neighbourhood-by-neighbourhood basis. That's an exciting prospect, because it involves making very concrete connections between people and the geothermal source or the company or hospital supplying the residual heating. Very early in the process we showed what migrating a whole neighbourhood to geothermal energy entailed: it



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starts with a licence application to ensure everything is safe. Next everyone must be advised of the changes they need to make in their home and the costs. People also understand that all-electric is not yet an option for all old houses."

Steps forwards

The plans for the regional energy strategy are being developed in the coming period. Homan: "The experiences gathered in 2018 will be of great use for this purpose. We know what does and does not work when translating high-level planning to what people on the ground want for their own homes.



For too long, we never got beyond the stage of making sustainability plans. Now we must carry out these plans and show what it actually looks like. Bring it close to the people: what are we doing in their area and what does it mean for their home? What you must not do is let yourself be drawn into the reverse energy of people who step back because things are going too fast. My only question to them is: 'What do you want to start with today?' We are not going to push everything back. That must be absolutely clear: We are going to press ahead and achieve our objectives."

Sticking your neck out

Nienke Homan concludes: "The most important thing is daring to stick your neck out. I have often made claims which I knew would be hard to achieve, because not everybody was ready for them. But we mustn't shy away from putting things on the agenda. Whether you are an operative or an administrator, we are all experts in something. If you see a development and think 'that's got potential, that's something I have a solution for and that can help our carbon reduction efforts', then you must at least flag it up for the agenda. We all have that responsibility."



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4 Results

To give substance to our core activities (investing and collaborating, developing and applying knowledge and managing our participations):

- 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 and
- we conduct reviews, our own technical studies and pilot projects.
- This is how we create economic and social value.

For the results achieved by EBN in 2018 in a nutshell, we refer to the overview of the key figures on page 5.

General objectives

For 2018, the Executive Committee along with the Supervisory Board has determined a number of general objectives for EBN. These objectives, and the results obtained, are shown in the table.

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. In addition, we highlight a number of objectives and results that have contributed to our material themes of Knowledge development & innovation, Knowledge sharing and Cooperation. Knowledge sharing is one of our distinguishing values, and thus transcends the level of the themes. Knowledge sharing is discussed for each of the three strategic pillars.

	Topic	Explanatory notes	Objective	Realisation
1	EBN's profit	EBN's profit shown in million EUR	≥ 300	764
2	Administration costs	EBN's costs for staff, hiring expertise, office, etc. shown in million EUR	≤ 19.8	18.5
3	Reserves maturation small fields	The net supplementation (maturation) of gas reserves in the Netherlands in GNm ³ GE.	≥ 7.2	3.6 Nm ³
4	Drilling	The number of drills at sea (exploration, evaluation and production)	≥ 18	12
5	Define stage Porthos project reached	The reaching of the define stage (phase in project planning) of the Porthos project with the Port of Rotterdam and Gasunie.	Define stage reached	No
6	EBN's financial participation in geothermal projects	EBN's participation in an alliance with a geothermal energy party to explore the possibilities for a specific geothermal energy project.	≥ 2 project	4





4.2 Our Dutch Gas

Topic	Explanatory notes	Achieved result 2018	More information on page
Signing Decommissioning Security Agreement (DSA) Decommissioning Security & Monitor Agreement (DSMA) and implementation for all operators	The signing of agreements by all operators for the introduction of a new guarantee system to organise the financial securities for the future offshore decommissioning obligation.	The objective has largely been realised: All parties signed the DSA/DSMA* agreements and we intend to complete the implementation in the first half of 2019.	45
Final Investment Decision (FID) for at least one field development based on a re-used platform (topsides)	Stimulating and mediating in the re-use of an existing platform for the same purpose at a different location.	The objective has been realised	45
EBN organises a 'best practices forum' for the Dutch exploration & production (E&P) industry	The organisation of a forum to share knowledge about and stimulate cooperation in improving offshore logistics by using ships with a walk-to-work system.	The objective has been realised	44
≥ 3 letters of intent (LOI) from operators to (further) investigate exploration possibilities in NL	Getting operators interested in exploration in the Netherlands.	The objective has been realised	45
Advice for shortening the procedure for granting exploration concessions	Exploring possibilities for shortening the period between application and granting of exploration concession.	The objective has been realised	44
Adopted new small fields policy of the Ministry of Economic Affairs and Climate Policy	Providing advice and support during the reassessment of the small fields policy.	The objective has been realised	46
Organisation of two workshops for operators regarding offshore 3D seismic programme	Organisation of workshops to encourage collaboration in a seismic acquisition campaign.	The objective has been realised	45

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4.2.1 Knowledge development & innovation

Earthquake studies in Groningen

Following a strong quake at Zeerijp on 8 January 2018, fewer quakes were recorded in the Groningen field during the rest of the year. In response to the quake at Zeerijp, the five clusters in the Loppersum area were almost immediately enclosed. During the rest of the year, various efforts were made to produce no more than necessary from the Groningen field, to contribute to a safer and responsible production from the Groningen field and to work together with stakeholders to responsibly reduce gas production from the Groningen field.

The Groningen field is currently one of the best studied fields. EBN follows the current studies on the Groningen field and undertakes its own research projects. EBN actively shares the experiences and insights that these studies about Groningen field have produced, both within and outside the organisation. EBN regularly organises technical workshops with NAM, Dutch knowledge institutes and other



partners in order to share the latest scientific insights. The Knowledge Programme for Mining Effects (KEM) of the Ministry of Economic Affairs and Climate Policy and SSM started in 2018. In 2019, various research results will be available and followed up with new research.

Advice for shortening procedure for granting exploration concessions

There is sometimes a period of years between the submission of an application and the granting of an exploration concession. This discourages potential investors in exploration, especially smaller operators with fewer financial resources and a limited project portfolio. The result is fewer investments in exploration and therefore fewer new field developments and ultimately less gas production in the Netherlands. In consultation with the Ministry of Economic Affairs and Climate Policy, EBN has investigated how the procedure can be modified to shorten the application period. The result is that the period is shortened by running a number of partial procedures in parallel.

4.2.2 Knowledge sharing

EBN organises a 'best practices forum' for the Dutch E&P industry

In 2018 EBN organised a forum to share knowledge about and stimulate cooperation in the improvement of offshore logistics by using ships with a walk-to-work system. The advantages of this relatively new technique compared to the use of helicopters are: cost savings due to more effective working hours and it is safer. However, only larger operators can make the switch. At EBN's request, these operators shared their (positive) learning experiences with the industry. This has resulted in a number of smaller operators taking initiatives to switch over together and to collaborate more closely in other areas as well.

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Two workshops on offshore 3D seismic programme organised for operators

To stimulate investments in exploration for the discovery and production of Dutch gas, EBN organised a workshop in June 2018 for all operators active in the Netherlands. During the workshop EBN explained the plans for a possible seismic acquisition programme for areas for which seismic data are not available. In November 2018, this was followed up with the EBN Exploration Day for the entire Dutch E&P industry. The technical content of seismic work programmes and potential cooperation was also discussed with various operators.



4.2.3 Cooperation

Signing DSA & DSMA and implementation for all operators

Now that we have reached the end of the production cycle of many fields and larger parties are selling to smaller parties with less financial security, the risks are increasing. Together with NOGEPA, EBN conducted exploratory research into the existing guarantee system and subsequently developed a new system that overcomes the risks involved. This means that the residual value of the asset and the costs of cleaning it up are determined annually according to a set methodology. If the residual value of the asset is lower than the cost of the decommissioning obligation, partners provide for the difference in guarantees for their own share. These guarantees are securely placed in a foundation, in the event that a partner is unable to comply with its obligation, with the Dutch State as possible final beneficiary. All parties signed the DSA/DSMA¹ agreements and we intend to complete the implementation in the first half of 2019. EBN holds a monitoring role and a signalling function towards the Ministry of Economic Affairs and Climate Policy.

FID for at least one field development based on a re-used platform (topsides)

Using an existing platform for a new purpose means lower decommissioning costs for one party and a cheaper platform more quickly at the disposal of the other party (earlier income from gas production). EBN played a stimulating and mediating role in the negotiation of an agreement between two partner groups of the same operator, Wintershall. The agreements have been signed and the platform in question is being prepared for the new location and will be taken into use in 2019 for a new field development.

≥ 3 LOIs from operators to (further) investigate exploration possibilities in NL

Gas will still be required for several decades in order to make the transition to sustainable energy sources. In this respect, own Dutch production is preferred. It is cheaper, creates jobs and makes us less dependent on imports. However, the gas fields in Groningen will eventually close. In addition, gas production from existing fields is declining sharply and the Netherlands is already dependent on imports from politically less stable countries. More own gas is needed and that must be sought and found. For this reason, investments from domestic and foreign oil and gas companies are necessary. Globally, however, these are at a low level due to the low oil prices. Together with Deloitte, EBN conducted a study to compare the E&P investment climate in the Netherlands with several other countries in the world and to investigate which specific actions would be needed to interest potential investors in the Netherlands. Based on the insights from the studies, EBN gave presentations at various congresses, scout meetings and fairs and gave a workshop to a specific operator. These efforts to attract potential partners have resulted in the application for offshore exploration concessions from

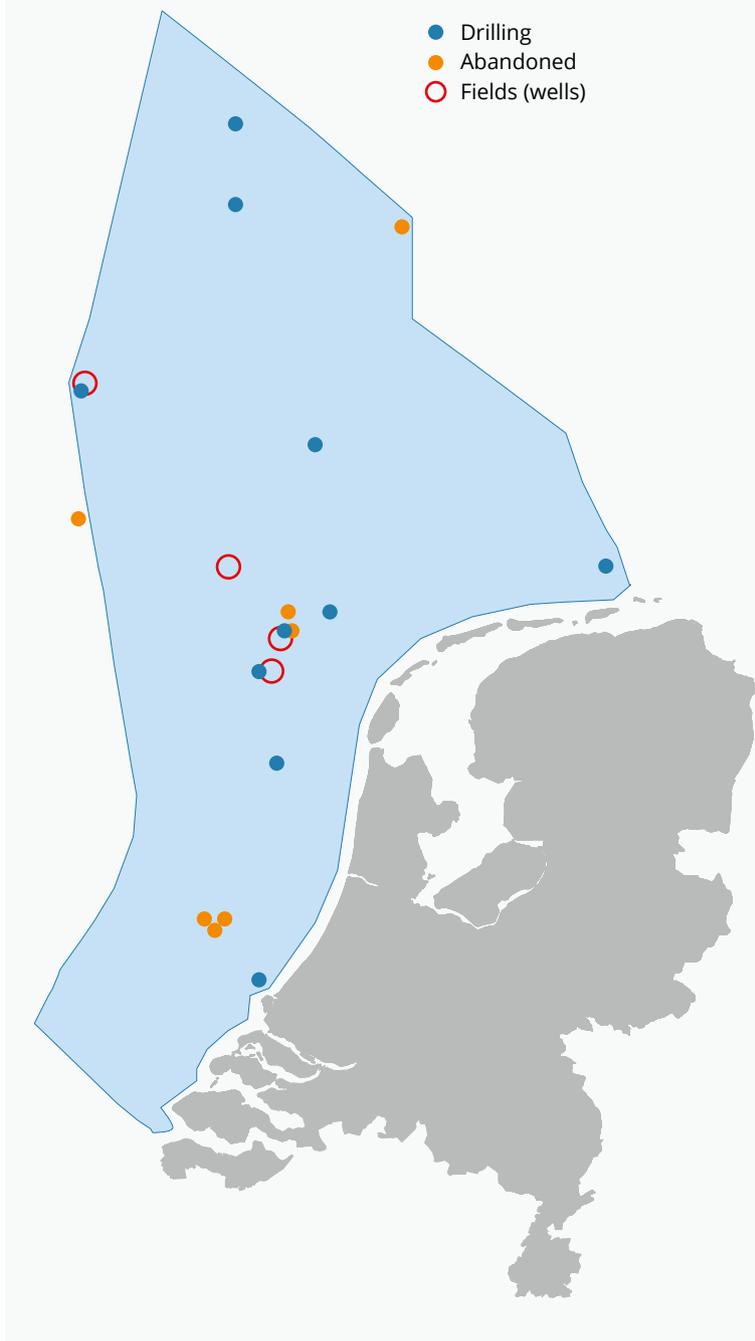


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two operators that are already active in the Netherlands. Two new potential investors are exploring the possibilities for exploration in the Netherlands.

Adopted new small fields policy of the Ministry of Economic Affairs and Climate Policy

Following the advice on the reassessment of the small fields policy that the EBN issued to the Ministry of Economic Affairs and Climate Policy in 2017, additional questions from this Ministry were answered in the first quarter of 2018 and additional calculations were performed for the letter to the Dutch Parliament on Small Fields. On 30 May 2018, the Minister sent a letter containing his revised small fields policy to the Lower House of Parliament. Following questions from the House about the costs and additional revenues from the proposed increased investment tax credit for offshore gas production, a second letter to the Dutch Parliament was sent on 17 August. This was based on EBN's calculations. It is possible that support may still have to be provided in 2019 in order to answer questions from Brussels about the investment tax credit. The new small fields policy is important for the security of supply of Dutch natural gas, the Dutch economy in general and contributes to maintaining the gas infrastructure for a longer period.



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4.3 Return to Nature

Topic	Explanatory notes	Result 2018	More information on page
Accepted NOGEP standard 45	The development of a new standard for the methodologies that can be or are applied within the oil and gas industry when abandoning wells as a result of changes to the mining regulations.	The objective has been realised	47
Nexstep innovation programme 2019	Setting up an innovation programme for the development and operationalisation of new methodologies to achieve 30% cost savings when decommissioning.	The objective has been realised	47
Rotterdam CC(U)S declaration of intent signed	The signing of a declaration of intent by the parties for cooperation in the concept select phase of Porthos.	The objective has been realised	48
First multi-party decommissioning campaign identified and included in Nexstep Decom report	Identifying a joint decommissioning campaign based on the sharing of the planning by operators.	The objective has been realised	48



4.3.1 Knowledge development & innovation

Nexstep innovation programme 2019

The National Platform for Re-use and Decommissioning (Nexstep) is investigating how oil and gas infrastructure that is no longer in production can be decommissioned as safely and efficiently as possible. EBN is a member of Nexstep and makes a (40%) contribution in manpower. In 2018 Nexstep organised a number of work sessions that resulted in the 'Road to 30%' programme: a long-term innovation programme to develop and operationalise new methodologies in order to realise 30% cost savings when decommissioning. Four roadmaps form the basis of the innovation programme. The kick-off meeting of 'Road to 30%' programme took place on 17 January 2019.



4.3.2 Cooperation

Accepted NOGEP standard 45

The Mining Regulations are outdated and only partially describe the methodologies that are and can be applied within the oil and gas industry when abandoning wells. For this reason NOGEP has written standard 45 as a guideline for the industry; SSM has advised in this. The Ministry of Economic Affairs and Climate Policy accepted this new standard (with amendments) in 2018 and submitted it to stakeholders and the public for internet consultation. The proposed changes provide more clarity on how to close a borehole and more possibilities to apply innovative techniques (e.g. as part of the Nexstep innovation programme).



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Rotterdam CC(U)S declaration of intent signed

The declaration of intent includes the agreement to cooperate in the concept select phase of the Porthos project. The declaration of intent has been signed by all parties involved in CCUS Porthos. Approval was thus granted for the start of the activities in the next project phase (the concept select phase) of Porthos and for cooperation in the following themes: strategic environmental management and communication, relevant legislation and licensing procedures, financial instruments.

First multi-party decommissioning campaign identified and included in Nexstep Decom report

In the first half of 2018, operators shared their planning for the future decommissioning of wells, platforms and pipelines with Nexstep. Sharing this information contributes to: transparency towards the outside world (as part of license to operate), transparency towards the service industry (how much work is coming in) and is a first step towards creating a shared vision of future decommissioning activities in the Netherlands. The data can be used to identify possible joint decommissioning campaigns. A joint campaign will be prepared in the first half of 2019. Operators will decide before the summer of 2019 whether this campaign will actually be implemented (in 2020).





4.4 New Energy

Topic	Explanatory notes	Result 2018	More information on page
Execution of Exploration Work Programme 2018 (UDG)	The realisation of cooperation with all consortia in a joint exploration plan	delayed due to necessary SCAN integration, new planning realised	52
Entering into at least three partnerships	Seeking cooperation with parties in the sector in order to share knowledge and expertise in the field of geothermal energy	The objective has been realised	50
1 workshop / month for Province / Municipality / Water Boards + VNG congress	Developing workshops and meetings to promote cooperation and present the possibilities of geothermal energy in the heat transition to provinces and municipalities and many other parties involved in the sector	The objective has been realised	50
Study of underground energy storage in the Netherlands	The study provides insight into the possibilities that the subsurface offers for storage for the energy transition. Estimates have also been made of the possible future demand for energy storage	The objective has been realised	50
Innovation Roadmap	Publishing a roadmap to provide an overview of the seismic data acquisition projects that exist in the geothermal energy sector, their prioritisation and the gaps that exist	The objective has been realised	50
Setting up and implementing the Seismic campaign for geothermal energy in the Netherlands (SCAN)	Filling in the so-called 'white spots' in the Netherlands so that the opportunities for geothermal energy can be estimated	The objective has been realised	51
Developing a strategic plan to ensure support for SCAN	Developing a plan to create a basis for performing activities to identify the potential for geothermal energy	The objective has been realised	51
Set up strategic and operational contract framework as needed to commit the allocated SCAN funds for seismology, including acquisition of one test line.	Developing a strategy for the tendering and safe and efficient execution of the seismic survey within SCAN	The objective has been realised	52

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4.4.1 Knowledge development & innovation

Study of underground energy storage in the Netherlands

At the request of the Ministry of Economic Affairs and Climate Policy, EBN together with TNO-AGE made an inventory of the various (conceivable) forms of storage in the Dutch deep subsurface, with an emphasis on the relevance for the energy transition. The report was delivered in the third quarter of 2018 and was made public on 1 November 2018. The study provides insight into the possibilities that the subsurface offers for storage for the energy transition. Estimates have also been made of the possible future demand for energy storage. The study thus contributes to the creation of a policy vision on storage.

Innovation Roadmap

At the request of the Ministry of Economic Affairs and Climate Policy, EBN commissioned an innovation roadmap for geothermal energy. Engineering firm RHDHV has carried out this assignment and spoke to many stakeholders. The roadmap has been published. The roadmap provides an overview of the ongoing seismic data acquisition projects, the research questions that exist in the geothermal energy sector and their prioritisation. This has made it clearer in which areas research is already being performed and in which areas seismic data acquisition is still required. The next step, a coordinated approach to geothermal innovation, was discussed at the sector meeting of Stichting Platform Geothermie (SPG) and will be further elaborated by EBN in 2019 in collaboration with stakeholders. With the roadmap, more direction can be given to innovation.

4.4.2 Knowledge sharing

1 workshop / month for Province / Municipality / Water Boards + VNG congress

Together with Stichting Platform Geothermie (SPG) and other parties, EBN highlighted the development of geothermal energy in the heat transition to provinces, municipalities, water boards and housing corporations. Important partners in the transition because this takes place within their sphere of operation with the involvement of their residents. EBN organised a number of meetings to explain its activities and share the knowledge it has acquired, particularly for the Green Deal on Ultra-Deep Geothermal Energy (UDG) and the Seismic campaign for geothermal energy in the Netherlands (SCAN), but also for the 'Upscaling Geothermal Energy in Thermal Networks' study. In addition, EBN and SPG had a stand at the VNG annual conference on 26 and 27 June 2018 and held a well-attended working session. Together with partners, EBN has frequently presented the possibilities of geothermal energy to provinces and municipalities and many other parties involved in the sector at meetings, congresses and seminars. Through these activities, EBN has brought the potential of geothermal energy throughout the Netherlands to the attention of the public and promoted cooperation and knowledge sharing between all parties.

4.4.3 Cooperation

Entering into at least three partnerships

In order to efficiently share knowledge and expertise with the sector, EBN sought cooperation in various areas with parties in the geothermal sector and other relevant stakeholders in 2018. Among other things, the initiative was taken to compile the Master Plan Geothermal Energy in the Netherlands. Together with SPG, DAGO, Stichting



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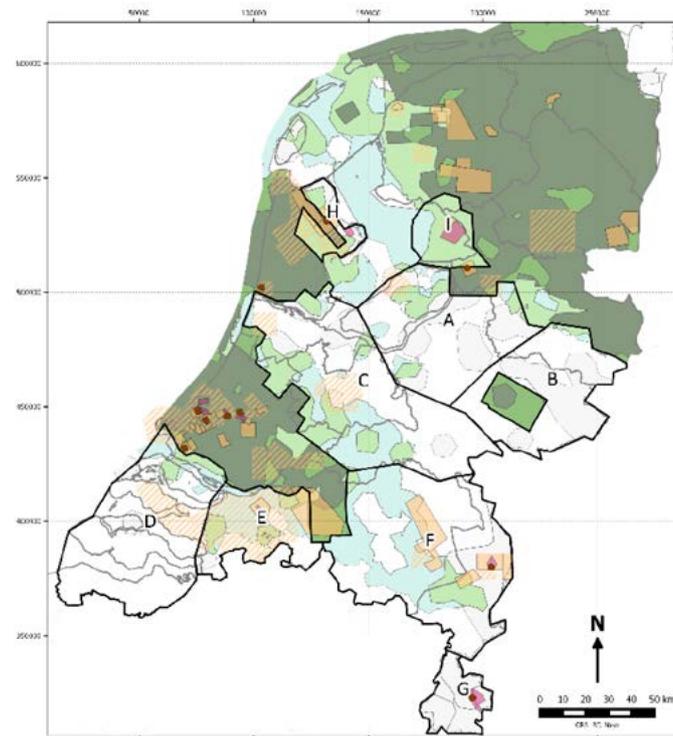
Warmtenetwerk and the Ministries of Economic Affairs and Climate Policy and of Interior and Kingdom Relations, roadmaps and actions have been described for the national ambition of 50 PJ and 200+ PJ of geothermal energy in the Netherlands in 2030 and 2050 respectively. The 'Upscaling Geothermal Energy in heat networks' study (published at the beginning of 2019) provided a good platform to discuss the development of geothermal energy with the sector and to contribute EBN's knowledge of doing business in the subsurface, including the smart development of the subsurface by means of the so-called play-based portfolio approach (on which a report was published in May together with TNO): the integrated, coordinated, planned development of geothermal energy, in which cooperation and knowledge sharing are important ingredients.

In 2018, the decision of the Ministry of Economic Affairs and Climate Policy regarding EBN's financial participation in geothermal energy (the actual joint undertaking of projects) remained unclear. Because various parties in the sector saw the added value of involving EBN in the development of specific projects, a cooperation agreement was concluded for a number of projects in 2018. All these projects are still in the start-up phase, no investments have yet been made.

Setting up and implementing the Seismic campaign for geothermal energy in the Netherlands (SCAN)

At the request of the Ministry of Economic Affairs and Climate Policy, EBN and TNO have made a proposal for filling in the so-called 'white spots' in the Netherlands (where little information is available about the Dutch subsurface) so that the opportunities of geothermal energy can be assessed. At the beginning of 2018, EBN was asked to further develop and coordinate this programme on behalf of the Ministry of Economic Affairs and Climate Policy in cooperation with TNO. Intensive coordination takes place with the stakeholders in the areas

where the seismic acquisition will take place, such as provinces, municipalities, water boards, landscape management, etc. In 2019, there will be continuous information and interaction with stakeholders to strengthen cooperation.



White spots in the Netherlands

Developing a strategic plan to ensure support for SCAN

With a test line, initial experience will be gained before the major programme commences. In 2018, a major effort was made to create support by seeking cooperation with municipalities and stakeholders and involving them in and informing them about geothermal energy, what it is, how it works, how it fits into the energy mix and how seismic



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acquisition is used to map the potential of geothermal energy. A strategic plan has been drawn up for SCAN in order to guarantee support. This strategy was subsequently applied to stakeholder management and communication with respect to the test line. Communication about this included personal discussions and meetings directed towards provinces, all municipalities along the test line, landowners, plot users, residents and other stakeholders.

Set up strategic and operational contract framework as needed to commit the allocated SCAN funds for seismic data, including acquisition of one test line.

In 2018, the seismic survey along the Utrecht-Almere line was put out to tender in Europe. The contracts were signed in December. The 36 km long test line is intended to gain more insight into the technical and economic aspects of seismic data acquisition in the Netherlands and to better estimate the logistics and costs of seismic data acquisition in the SCAN areas. In this way, the programme can be organised and managed more efficiently. Based on the initial experiences and with input from a number of experts (inside and outside EBN) a strategy has been developed for the tendering and safe and efficient execution of the seismic survey within SCAN. Preparations for the seismic survey started in December 2018.

Execution of Exploration Work Programme 2018 (UDG)

In 2018, EBN optimised the envisaged Green Deal Ultra Deep Geothermal Energy (UDG) programme to maximise synergy with the SCAN programme and avoid overlap. National components are included under SCAN, regional and local activities under UDG. This improved the financial attractiveness of several consortia and paved the way for six out of seven consortia to enter into the cooperation agreement.

In the meantime, SCAN has started working on the Dinantien, which produces important knowledge for the UDG consortia. Knowledge is actively created and shared with the geothermal sector. EBN regularly organises knowledge-sharing sessions and actively collects data that can be used for research. A UDG symposium with 200 participants and a special session on seismic acquisition took place in 2018.

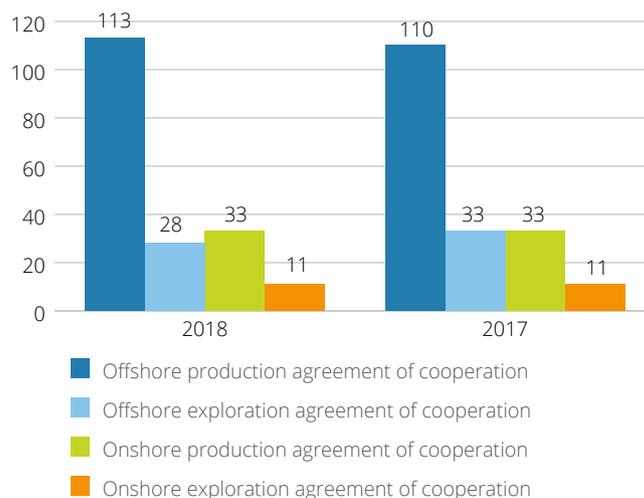
The consortia jointly draw up an exploration plan in which the business case and the social value of possible pilot projects are described. By the end of 2019, if there are sufficient positive results, a proposal will be made to the Ministry of Economic Affairs and Climate Policy to support one or more pilot projects. The intended impact is that geothermal energy can also provide a solution for higher temperatures by drilling to greater depths. This can help the industry to reduce consumption of natural gas. Due to the necessary integration of the SCAN programme, the cooperation agreement was signed later than expected.



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4.5 Financial results

Number of participations at year-end



4.5.1 Financial developments

The turnover for 2018 fell by 9 percent to EUR 2.7 billion, compared to EUR 3.0 billion in 2017. The decrease in turnover was mainly caused by lower sales (- EUR 0.4 billion), which was compensated by higher prices (+ EUR 0.1 billion). The net profit amounted to EUR 764 million. Operating costs excluding earthquake-related costs amounted to EUR 649 million (2017): EUR 613 million). The earthquake-related costs increased from EUR 349 million to EUR 736 million. Total payments to the Dutch State, including levies, amounted to EUR 1.0 billion (2017: EUR 1.5 billion).

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 investment expenses. This is also expected to be the case in 2019.

As a result, solvency is considered to be excellent, even though the solvency ratio is low in figures. From the annual net earnings remaining after payment of the special profit distributions, 60% is added to equity and 40% is paid out as dividend to the shareholder. This addition to equity takes place in principle until EBN has reached 10% solvency. EBN's good solvency is also reflected in the long-term credit ratings, being Aaa at Moody's and AA- at Standard & Poor's.

The cash position as at year-end 2018 was EUR 2,761 million (2017: EUR 2,004 million). EBN is able to comfortably meet its outstanding current financial obligations because of this position and due to the significant free cash flows that are also expected for 2019. Of the long-term loans, a loan of CHF 235 million (EUR 209 million) must be repaid in July 2019. This is included under current liabilities. It is expected that this repayment can be paid 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 line with three reputable banks, which allows EBN to withdraw up to EUR 400 million for general business purposes. This credit line runs until August 2022. Neither instrument was used at year-end 2018. The liquidity position is thus excellent, which is also reflected in the short-term credit ratings, being P-1 at Moody's and A-1+ at Standard & Poor's.



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4.5.2 Investments

The investments in production and storage licences rose by 18%: from EUR 156 million in 2017 to EUR 184 million in 2018. Following the low point of the downward trend of recent years in 2017, 2018 appears to be the turning point. We expect investments to increase further from 2019. It is important to continue to develop offshore fields and to add new reserves to keep production up to level 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 increasing demand for gas on the world market, gas prices in the Netherlands have been almost thirty percent higher than in 2017: an average of 22 EUR/MWh. Prices on the Title Transfer Facility (TTF), one of the most liquid virtual trading places for gas in northwestern Europe, peaked at more than EUR 29/MWh at the end of September following a summer of relatively high gas prices, when gas was still sold at around EUR18/MWh in the first quarter.

The volume-weighted average selling price for the EBN gas portfolio was approximately six percent higher than in 2017: namely EUR 17/MWh. Total sales fell by approximately seven-percent to less than 14 billion Nm³. This was mainly the result of further production limitation of the Groningen field and the natural declining production from small fields.

Gas storage capacity from the Bergermeer underground storage facility was again auctioned off in 2018. For the current storage year 2018-2019, 3.25 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 13.75 TWh.

For the storage year 2019-2020, 17.25 TWh was freely available, of which in December 2018 4 TWh was sold at a fixed price and 4.25 TWh on the basis of multipliers. In the spring of 2019 another 3 TWh will be auctioned at a fixed price. 6 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 2018 was EUR 60. That is about twenty-five percent more than the previous year. The price fluctuated within the range of EUR 44 to EUR 75 per barrel during the year. Price fluctuations were mainly caused by uncertainty about the success of the production restrictions of Russia and OPEC.

The weighted average selling price for EBN's oil and natural gas condensate portfolio in 2018 was in excess of EUR 56 per barrel, which is more than twenty-two percent more than in 2017. 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 2018 amounted to 2.3 million barrels, eight percent less than in 2017.



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4.6 Social results

4.6.1 Interaction with stakeholders

EBN wants transparent reporting on its interaction with stakeholders: who they are, how we shape our interaction and what issues are discussed. For 'interested parties' we use the definition of the word 'stakeholders' in 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 achieving EBN's 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, EBN employees, (local) government bodies.

- Our other stakeholders: 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, local residents, suppliers and other stakeholders.

Interaction

We have personal contact with representatives of stakeholder groups at all levels within our organisation. Our Executive Committee is also directly involved and has frequent contact with various stakeholders during the year. They hold discussions with our shareholder and Supervisory Board in relation to the long-term strategy (up to and including 2025) for EBN and the associated objectives. This is also discussed in the public domain with reference to the Beckerman motion. Ms. Beckerman asked the Minister of Economic Affairs and Climate Policy to produce a (sustainable) future vision for EBN. For this reason, our Executive Committee also entered into discussions with various members of the Lower House of the Dutch Parliament. Of course we also talk to industry partners at executive level, 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 our stakeholders, we are taking steps towards future sustainable energy production. We do this by participating in joint ventures and consultative bodies and by using our knowledge and expertise to accelerate the energy transition in the Netherlands, so that we can also create social value in the long term. Examples of these include KVGn, Nexstep, New Energy Coalition and TKI in which both EBN employees and our Executive Committee are active.



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EBN also uses SDGs to create added value in the short and long term. EBN regards the SDGs as an incentive to make its value chain more sustainable and to make a constructive contribution to the energy transition. For this reason, the Executive Committee entered into a dialogue with EBN's management so that (programme) managers could also start implementing the SDGs in the strategic objectives and objectives at theme level. By talking to one another and working together, this ultimately resulted in three SDGs setting the direction for EBN's strategic objectives for 2019.

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 168. This table describes who our stakeholders are, what form the interaction with these parties takes and what the points for discussion were in 2018.

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 10.

EBN events

EBN organises two annual events. Every third Tuesday in January EBN organises the Energy Breakfast and every third Tuesday in June EBN organises the Focus event. These meetings were attended by partners from the sector, representatives from various ministries and NGOs. During both the Energy Breakfast and the Focus event, the energy transition was the focus and the various stakeholders entered into dialogue with one another. In this way EBN tries to create a connection between the different stakeholder groups. In December 2018, EBN organised the EBN Finance seminar for financial directors.

In the coming years, at the request of the Ministry of Economic Affairs and Climate Policy, EBN, together with TNO, will carry out a national study to determine where the subsurface in the Netherlands may be suitable for geothermal energy production. For this study, we perform seismic surveys, among other things. Unlike its usual practice, EBN has an executive role here. At the end of 2018, we therefore entered into discussions with stakeholders in the areas where the study will take place first: provinces, municipalities, water boards, environmental protection, etc.

Update Energy infographic 2018. Publication of web app + teaching package

In 2018, EBN published its third infographic on the Dutch energy system, based on the latest available figures (for 2017) from Statistics Netherlands. In a new design, the infographic contains information about energy production, consumption and CO₂ emissions as well as a climate thermometer. The infographic, which has a wide reach and is actively disseminated and publicised (e.g. during the annual Energy Breakfast, by means of press releases, etc.), facilitates an informed discussion about the energy system. The involvement of the general public in the energy transition is thus stimulated. In addition to the infographic, a teaching package is available for primary school groups 7 and 8.

4.6.2 Sustainability

Within our oil and gas participations there is still a lot of profitability to be gained in the field of making the chain sustainable. Together with our partners, we identify the possibilities for taking steps forward. Through our sustainability policy we aim within our policy frameworks to contribute to the energy transition and to making the activities in which we participate more sustainable.



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For EBN, sustainability is:
 Respecting the environment in which we operate and ensuring its future preservation;
 Putting safety at the heart of our operations;

- Doing business in an economically responsible manner;
- Communicating in a transparent manner;
- Preserving, transferring and making available our knowledge, both now and in the future.

In 2017, EBN designed its sustainability policy. The following sustainable themes are central to this policy: Economically responsible business, Environment, Safety, Involvement, Integrity, and Human Resources. These themes are easy to link to our material themes.

In its sustainability policy, EBN has formulated short-term actions, so-called sustainability objectives. Our sustainability objectives have been embedded in our strategic objectives over the past year and we report on them in this annual report. See the table for where the information can be found. We also report on our operational results in recent years, i.e. the so-called operational performance indicators that provide insight into the sustainability performance relating to the EBN share of Dutch gas production and annual drilling activities. The figures for 2018 will be published on our website in the summer of 2019.

Energy consumption

Energy consumption in our oil and gas participations increased in 2017 compared to 2016. This increase is caused by the decreasing reservoir pressure of the gas fields and the associated increase in depletion compression. Depletion compression consumes by far the most energy in the production process.

When the reservoir pressure approaches that in the main transport network, compression is required to maximise reservoir depletion. The oil and gas industry uses most of its own produced gas offshore as an energy carrier for compression. In the Netherlands, reservoirs are at an advanced stage of gas production, which increases energy consumption while gas production remains constant. Increasing use of more efficient equipment will reduce this additional consumption. EBN will therefore continue to investigate how gas can be extracted using end-of-field-life techniques to reduce the use of energy for depletion compression

Safety

Safety is central to both our sustainability policy and our material themes. Safe exploration for and production of energy sources in the Dutch subsurface is of great social importance. EBN attaches value to both the safety aspects for local residents as well as the safety in the operations themselves. As in previous years, there were no fatal accidents in 2017. We also see that the number of industrial accidents that have led to absenteeism has decreased since 2015. This also applies in particular to accidents that have not led to absenteeism. In recent years EBN has been more actively involved in the safety aspects of employees in the operations of our partners.

To monitor safety in the oil and gas operations in which we participate, EBN set up the Health Safety and Environment (HSE) benchmark market in 2017. This makes it possible to make the performance in the areas of health, safety and the environment of individual production sites and oil and gas companies comprehensible, and to work towards optimal results. The benchmark consists of twenty-nine parameters, allowing EBN to analyse trends and make comparisons. In 2018, EBN performed a baseline measurement on the



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Sustainability themes from EBN sustainability policy	Material themes	More information on page
Economically responsible business	Creating economic value	53 and 110
Environment	Greenhouse gases in our operations	59
Safety	Safety	57 and 72
Involvement	Creating support for our activities Cooperation	22, 57 and 74 6
Integrity	Transparency	85, 101 and 105
Human Resources	Attracting and developing talent Advice and influencing	59 59

Operational performance indicators up until 2017 ¹	2017	2016	2015
Energy consumption	18,9 PJ	1,2 PJ	20,2 PJ
Energy-efficiency improvements (result vs. target) ²	12,7 vs 16.6% (2017 vs target 2020)	12,8 vs 15.1%	10,5 vs 15.1%
Energy consumption as a percentage of the energetic carbon production	3.26%	2.72%	2.80%
CO ₂ emission	685 Kton	655 Kton	772 Kton
Methane emissions	4,9 Kton	5,0 Kton	6,0 Kton
Fatal accidents	0	0	0
Industrial accidents that led to absenteeism	16	20	27
Industrial accidents that did not lead to absenteeism	9	17	22

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 2018 figures will only be available later this year and are expected to be published on the EBN website in the summer of 2019.

² MJA3 covenant ran until 2016. The objective has therefore been adjusted. The current objective concerns the cumulative effect of individual ambitions and leads to an energy efficiency improvement of 16.6% for the period from 2017 to 2020. This means an average improvement of about 4% per year.



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HSE benchmark, and the benchmark was further updated with figures from 2017 made available by the Netherlands Enterprise Agency in May 2018. The results of the benchmark were discussed with two operators to gain more insight into the figures. EBN aims to increase the number of interactive discussions in 2019 and expects that the use of the HSE benchmark from 2019 onwards will help operators to improve their performance in the HSE field.

Together with partners from the oil and gas industry and the geothermal sector, EBN has taken the initiative to further develop a generic Seismic Hazard and Risk Analysis (SHRA) methodology for various activities in the subsurface, including the production of geothermal energy. This will be followed up on in 2019

Greenhouse gases in our operations

Compared to 2016, CO₂ emissions unfortunately increased in 2017, while methane emissions decreased slightly due to lower venting volumes in 2017. The increase in CO₂ emissions in 2017 is related to the development of gas production and annual drilling activities. Due to the increasing use of compression energy (see the section on energy consumption), this is accompanied by an increase in CO₂ emissions. EBN intends to reduce greenhouse gases in the operations in which it participates.

In 2018, EBN met with a total of six operators to discuss possible electrification of their platforms with the aim of reducing CO₂ emissions. Together with NAM and Tennet, a joint preliminary study has been started for a concrete electrification project. Two operators are at the preliminary stage of the development of a field on the basis of an electrified platform, partly under pressure from EBN. EBN has also contributed to a NOGEPa project on methane emissions. Despite the fact that methane emissions appear

to be relatively low, the operators involved are committed to further limiting methane emissions in the coming years. This project is expected to lead to a 50% reduction in offshore methane emissions.

In order to be able to make the right choices for new investment proposals in the future, EBN has developed a CO₂ price. The CO₂ price is used to evaluate and optimise E&P investment proposals. In 2018, where relevant, CO₂ (shadow) price calculations were included as part of the economic evaluation of investment proposals. For at least one project this has led to a request to the operator to consider a different compressor, if this would lead to lower emissions. This is expected to happen more often in the future.

4.6.3 The people of EBN

EBN is a growing organisation in a rapidly changing environment. In this context, EBN pays a great deal of attention to, for example, employee satisfaction; the recruitment, selection and coaching of new employees; strengthening our culture and stimulating the development of our employees. In 2018, EBN grew by 21% FTEs, attracting more women and more young professionals. EBN is once again a Great Workplace according to the Great Place to Work survey, absenteeism has decreased and the number of departures was very low.

New employees

In 2018, EBN set up a programme for new employees in which they are assigned a 'buddy' for a period of three months. This is very much appreciated: new employees score their welcome by EBN with an 8.3.



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Employee satisfaction

In 2018, considerable attention was paid to the results of the employee satisfaction survey by discussing them per department and theme and defining specific actions, such as setting up a culture programme. The biennial frequency of the Great Place to Work survey will be maintained; at the end of 2019 we will ask our employees to participate again.

Culture programme

In these times of relatively large growth of the organisation and changing roles we believe it is important to pay attention to culture within the organisation. We tackle this from the bottom up. By means of co-optation a 'culture committee' was formed of eight people to shape a culture programme under the guidance of an external consultant (without interference from the Executive Committee and management). Together with all employees, this will be substantiated further in 2019.

Organisational change and Performance Management

The organisational change of 2017 has consequences for EBN's performance management cycle, due to the thematic management of the primary process and the segregation of management duties. A digital Talent Excellence tool, which unambiguously and clearly supports the processes, is provided to ensure that operational, functional and hierarchical management duties are properly safeguarded. The performance management cycle includes an annual plan with performance and development targets. In this way we stimulate the employees to take responsibility for their careers and thus for their personal and professional development. Because feedback from peers, managers and colleagues is an important aspect in the development of people, the entire organisation has received training in giving and receiving feedback. The training was developed by HR in collaboration with external experts and training actors.

An important goal of organisational change is to increase the organisation's decisiveness. In 2018, with the rapid development of the GEO energy theme, it became clear that a separate theme was required: Geotechnical operations.

Growth of EBN

EBN grew by 22 employees in 2018 from 82 in 2017 to 104 in 2018. In FTEs, this represents an increase of 21%, from 77.66 FTEs in 2017 to 97.78 FTEs in 2018.

In 2018, five employees left EBN, a low number of departures representing a turnover percentage of 4.81%. As a rule, all vacancies are first publicised internally to give employees the opportunity to apply or express their interest.

Training and development

In practice, employees had fewer training days in 2018 than in previous years because the rapid developments within the organisation required full attention.

In 2018 a new strategic training policy was developed that is in line with the vision: the employee takes the lead in their development and EBN encourages, in view of all the challenges, all employees to work on their development. In 2018, a policy was developed whereby employees are entitled to a personal budget allocated over a period of three years. This will be introduced in early 2019.

In addition, EBN is increasingly investing in EBN-wide training courses in the field of leadership and skills. In 2018, a training programme for trainees and Young Professionals was launched, providing intensive training in areas such as personal leadership, presentation techniques and project management. In addition to knowledge development, EBN invests in coaching and training for personal development and facilitates peer supervision for employees who wish to participate.



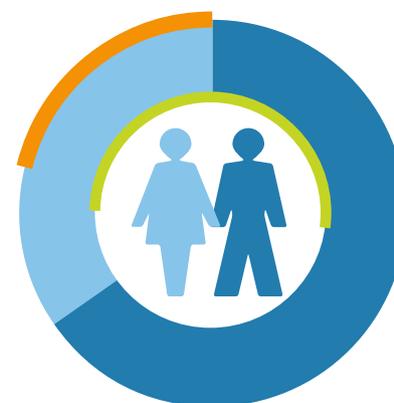
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EBN employees

As in 2017, the average age was 44.5 years in 2018. EBN realised a rejuvenation of its workforce through the influx of young and ambitious professionals. The percentage of women employed by EBN has grown from 33% to 35% in 2018. An intermediate goal in terms of the number of women within the organisation has thus been reached. The ambition is to further strengthen diversity in terms of gender, background and religion. In 2018, 27% of managers or senior professionals were women, an increase of 22% compared to 2017.

The percentage of academically trained employees has also increased, by 5% to 81%. In short, EBN achieved a significant inflow of highly educated employees and women in 2018. EBN continues to invest in young talent; the three-year traineeships in technical and commercial positions were also filled in 2018 with five new employees. We are focussing on the development of a new generation of ambitious young people who consciously choose a future in the energy sector and want to contribute to sustainable energy production in the Netherlands.

The absenteeism rate fell by 7% in 2018, from 4% in 2017 to 3.77% in 2018. EBN supervises sick employees with careful reintegration processes, the deployment of expertise agencies, external multidisciplinary guidance, and personal guidance by HR, managers and colleagues. In addition, EBN invests preventively in individual coaching programmes, workplace surveys, chair massages and, where necessary, adjustments in the workplace. The building has also been adapted to the growth of the number of employees with the introduction of sound-proof calling booths and the expansion of facilities for informal conversations. There is also a sports area where employees can play sports under the supervision of a sports instructor. In its entirety, this ensures a pleasant working environment.



- 68 ● men
- 36 ● women
- 56 ● under 45
- 23 ● women in pay scale 9 or higher and/or are hierarchical managers



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Topic	Objective	Result 2018
Total absenteeism (short-term, medium-term, long-term)	EBN strives for a total absenteeism rate (short-term, medium-term, long-term) of less than 3%.	The absenteeism rate was 3.77%
Short-term and medium-term absenteeism	The short-term and medium-term absenteeism rate is less than 2.5%	The short-term and medium-term absenteeism rate was 1.27%
Employee satisfaction	EBN is a Great Place to Work	Based on the results for 2017
Career guidance	All employees have an annual performance and development appraisal meeting	In 2018, a performance appraisal meeting was held with all employees entitled to one in accordance with the Employment Conditions Regulations.
Diversity	EBN strives for a more balanced distribution of men and women. EBN continues to strive for a male-female distribution of at least 65/35 percent.	35% of all employees are women

4.6.4 Employee participation

In 2018, the Works Council met with the CEO four times. A member of the Supervisory Board was also present at two of these meetings. In addition to the regular consultations, there were also various consultations on the request for approval of the strategic training policy. In 2018, a total of one request for advice and two requests for consent were received.

On 18 January, the Works Council received a request for consent: 'Performance management cycle'. The Works Council agreed to this request on 5 February.

On 28 March, the Works Council received a request for advice and a request for consent. The request for advice concerned the creation of a new theme: Geotechnical operations. The Works Council issued a positive recommendation. The request for consent concerned: 'Strategic training policy'. Following questions asked by the Works Council, the Works Council received additional information

about the request for consent on 12 April and 5 June. The Works Council was in agreement with the policy presented, including the additions.

Two Section 24 Works Councils Act consultations were held in the presence of a member of the Supervisory Board. Diederik Samsom was present on 12 July. Among other things, the general course of events was discussed at this meeting. On 17 December, the last meeting of the year took place, also a Section 24 Works Councils Act meeting, in the presence of Jaap Huijskes, the chairman of the Supervisory Board. Topics discussed at this meeting included the general course of affairs, and an update of a number of IMS documents.

Following the reorganisation in 2017, the Works Council twice held a feedback meeting with the Works Council/CEO to discuss the implementation of the reorganisation.



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René Jansen, Re-use & Decommissioning manager NAM:

Different gas through the **same pipeline**



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In principle, all elements of the gas infrastructure are suitable for re-use in the opinion of René Jansen, Re-use & Decommissioning manager at NAM and closely involved in the repurposing of the old Gas Purification Installation (GZI) in Emmen. “People are far too quick to say we must put gas behind us, because that is not the full picture. We have a fantastic gas infrastructure. We have invested billions on all those cables and pipelines. Why not use them! We need to switch to different kinds of gas: hydrogen and green gas.”

“Yes I am extremely enthusiastic, and refuse to see the glass as half empty. This is the future. This is what we must fight for. Let us show the world: We can do this.”

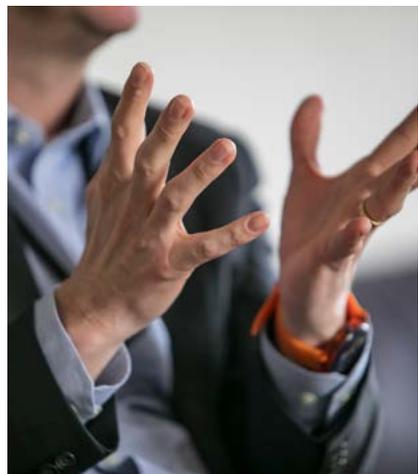
Emmen was first

On 8 January 2018, the GZI in Emmen was shut down, making it the first major location in a whole series of systems in the Netherlands that had reached the end of its economic lifecycle. It was time to determine what

could be re-used. Jansen continues, “We cannot complete the energy transition on our own; we will have to work together, with idealists and active players. The process started in July 2017 with a brainstorming session involving 28 very diverse parties from provincial and local government, education, etc. All the options were considered, even removing the infrastructure, selling the land and building a fun park. We quickly all agreed that the key question should be: How can we re-use this infrastructure and the surrounding land for the energy transition? Three transition themes were selected for further elaboration



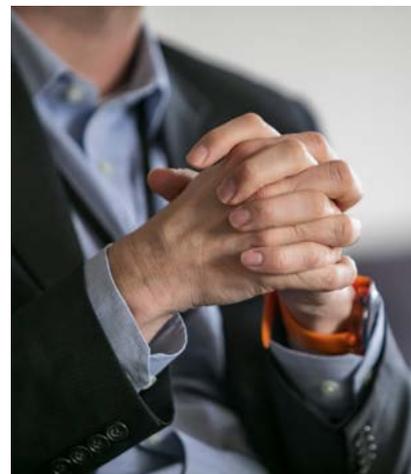
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and an assessment of their potential in six months' time: hydrogen, bio fermentation and bio gasification."

From 3 to 4 energy themes

As Jansen explains, "The conclusion was that all three themes offered potential, but not on the scale originally assumed. In April 2018, on the basis of the initial investigations, we decided to elaborate 4 themes: hydrogen, bio fermentation, solar and the development of a field lab to integrate education and innovation. EBN and the other partners invested a great deal of energy in elaborating these other themes, and achieved considerable success: In July 2018, a declaration of intent for hydrogen was signed with eight parties. This was followed in October 2018 by a DOI for



Gas and oil will not be replaced by a single type of energy

green gas, according to which three green gas parties were able to start working on a plan for their part of the site, namely mapping out the supply of biomass and the sales opportunities for green gas. Solar received its licence at the end of 2018, and in January 2019 received grant funding within the programme for Promoting Sustainable Energy Production (SDE)."

Advancing hydrogen technology

Hydrogen is already a real option. As René Jansen explains, "We are now starting a small-scale development,



which will be upscaled over the coming years. We will start with 2 mega watts of hydrogen while investigating what 100 mega watts would look like and how it could operate offshore. Together with Nexstep, in which EBN is co-founder, we are working alongside TNO and other operators on installing a hydrogen electrolyser on an offshore platform. Via this process, we hope to advance the development of hydrogen technology. By starting small we are able to feel, smell, see and play with the technology. If we can make the journey for hydrogen from



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small to large scale, and from onshore to offshore, and if we can then also bring other energy themes on board, then the energy transition will really be moving full swing."

Energy hub: theme integration

The integration of energy themes is an essential element, but one that is new to the Netherlands. In Jansen's words, "Gas and oil will not be replaced by a single type of energy. The two key problems we need to solve are energy storage and energy transport. GZI Next is set to become an energy hub where all these themes are developed in conjunction with one another. In the Netherlands, all power is still generated individually: solar players focus exclusively on the sun; farmers are only interested in green gas. We are investigating how those themes can complement one another. Take for example our plan to use the heat from the EMMTEC site in the green gas project. I hope that my enthusiasm will infect others. I am certainly convinced that this is the way to take the next step towards a sustainable power supply. We already have the infrastructure in the Netherlands: the pipelines, the electrical cables and the locations, and it is in the areas where there is clear demand for employment, and where there is plenty of space. GZI



Next is the role model. The real story is: How can we apply this technology across the Netherlands in all the locations belonging to Gasunie, NAM and other industrial players?" Jansen concludes, "I have two children and I see it as my personal task to ensure that they still have a future,

in a new world. As major power supply companies, it is our task to work at finding a solution. Over the last 70 years, we were responsible for producing 30% of all power in the Netherlands. Let us do the same for the next 70 years, but then with hydrogen, solar and green gas."



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5 Risk & Corporate Governance

5.1 Risk management

2018 was a year of great changes and significant events for EBN. A lot of progress was made, among other areas in the implementation of the new strategy and the new strategic pillars (Our Dutch Gas, Return to Nature and New Energy), with the strategic aims of

- optimum, safe and sustainable use of Dutch energy resources
- efficient decommissioning and re-use of oil and gas infrastructure
- contributing (e.g. with knowledge) to the development of new sustainable energy sources such as geothermal energy and energy storage

In addition, there was the earthquake in Zeerijp on 8 January 2018 and partly as a consequence of this the decision of the minister to phase out gas production from the Groningen field. The impact this had on EBN as a non-operating partner and the considerable strategic changes referred to above have confirmed that our environment and our future are changing rapidly. In particular the steady decline in production from the Groningen field to zero in 2030 and the changing environment of Small Fields' production have many effects. As a result EBN's revenue model will rapidly decline in the coming years, especially without extra investment in current or new operations. In the long term this may result in structural loss, negative equity and reduced financial strength.

The Executive Committee has therefore acknowledged the importance to closely monitor and update its risk management policy. For this reason, risk management will be addressed more frequently and in a more interactive manner in the coming years.

The pursuit of EBN's new strategy, and the rapid growth of the EBN organisation associated with this manifests itself in new opportunities and threats, a changing risk profile and a amended risk appetite. A closer look is thus taken on both the hard and soft aspects of the risk-management framework and amendments implemented where necessary. In this context the culture, core values and information/communications aspects of risk management have an important role to play and, as a consequence, EBN has devoted more attention to this in 2018.

5.1.1 Risk-management system

EBN's risk-management system is based on the 2017 revision of the COSO enterprise risk-management model, which has five coherent components.

-  Governance & Culture
-  Strategy & Objectives
-  Performance
-  Review & Revision
-  Information, Communications & Reporting



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EBN risk-management framework



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The identification, assessment and management of risks helps us to hit targets in a way that is sustainable, to comply with legislation and to monitor and amend the risk-management policy with a view to continual improvement.

Risk management is an integral part of the implementation of EBN's strategy and day-to-day operations, and is a continuous process based on the planning and control cycle, which is in turn governed by our established policy, processes and procedures. It works by linking risk-management activities to the related operational objectives in question, where possible, to make the system relevant to day-to-day practice. The CEO is ultimately responsible for the design and overseeing of an effective internal risk-management and control system.

The Executive Committee and Supervisory Board hold annual sessions (the Strategic Risk Analysis or SRA) to update and identify strategic risks and the risk appetite. Strategic risks are linked to objectives at departments and themes level each year, and an Operational Risk Analysis (ORA) is also carried out on an annual basis. These sessions comprise a self-assessment of the risks and the design and operational effectiveness of identified control measures. Action holders within the departments/themes are appointed on that basis, and departmental/theme objectives are amended where necessary. The results are discussed with the related portfolio holder from the Executive Committee, and anchored in the plans of the relevant department/theme. Risk management will be included as a standard agenda item in 2019 for the monthly meetings of the Executive Committee and programme managers. The risk analysis and the status of the control measures for each theme will be discussed on a rotating basis in this context.

Employees are the most significant success factor for an effective risk-management system. In order to enhance awareness of risks, we involve employees from all levels in ORA sessions. This also contributes to strengthening a professional, critical attitude within EBN. We strive to strike the right balance between a framework and cultural aspects, such as unwritten rules, behaviour, cohesion and the sense of being part of one organisation. We started up a culture programme in 2018 to identify the current and desired culture within EBN and to anchor the core values (for more details on the culture programme see page 60). Specific workshops which bring together employees, managers and Executive Committee are organised to engage in dialogue on the role that culture and behaviour has to play in risk management. What we want to achieve with this is to further improve our 'risk-aware' culture by focusing on long-term social and financial value creation.

EBN uses a system for performance measurement within the planning and control cycle. We work with reports, in which we effectively track the performance of the partnerships, themes and corporate department on a regular basis. Actions flagged in the SRA and ORA, and the follow-up of relevant internal and external audit findings form an integral part of this. The Executive Committee tracks the performance of EBN as a whole on the basis of monthly reporting, and makes adjustments where necessary. The various reports are discussed and published internally in the various departments/themes on a regular basis. Reports are also presented to the Supervisory Board and the Ministry of Economic Affairs and Climate Policy each quarter.

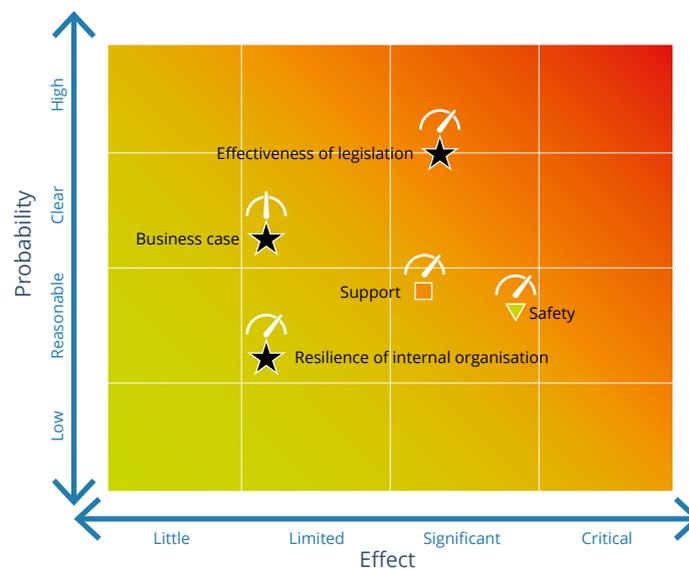


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5.1.2 Risk profile

This section highlights the most significant strategic risks to EBN, including risk appetite, control measures taken and also, where relevant, a general description of the sensitivity of the results to significant external events. Financial risks are included under 'Risk Management' on pages 142 to 145 of the financial statements. Operational risks and risks in the field of compliance are dealt with in the other sections of the financial statements.

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



- Change in relation to 2017**
- ▲ Risk has increased
 - Risk has remained the same
 - ▼ Risk has decreased
 - ★ Risk is new

- Speed of occurrence of risk**
- ↶ Within 1 year
 - ↷ Within 2-3 years
 - ↻ More than 3 years

The relationship between the various risks and their place on the graph was amended in 2018. The 'commodity prices' and 'clear-up obligation' have been combined in the new 'business case' risk, while both 'on-shore and off-shore support' and 'calamities and consequences of the earthquake in Groningen' have been merged under 'support' and 'safety' respectively. In addition to 'business case', two other new risks have been identified, these being 'resilience of the EBN organisation' and 'effectiveness of policy and legislation'.

On the basis of the measures taken and evaluation criteria (probability, effect, speed of emergence), the Executive Committee came to the conclusion during their SRA that the 'cooperation and knowledge sharing' risk does no longer belong in the risk matrix. At operational level there is still a focus on cooperation and knowledge sharing, hence this has been identified as an operational risk in a number of ORAs at theme level.

In relation to 2017 the 'support' risk to EBN operations has, on balance, remained about the same, except for the differences between the various EBN operations. Support for the role of EBN in the energy transition and for geothermal energy, has increased while support for our off-shore operations has remained the same, and support for our onshore operations has decreased further.

The risks in relation to safety have generally become less probable, not least due to the decision taken by the minister to gradually cease production from the Groningen field by 2030. However, the possible impact of calamities in general situations has remained more or less the same.

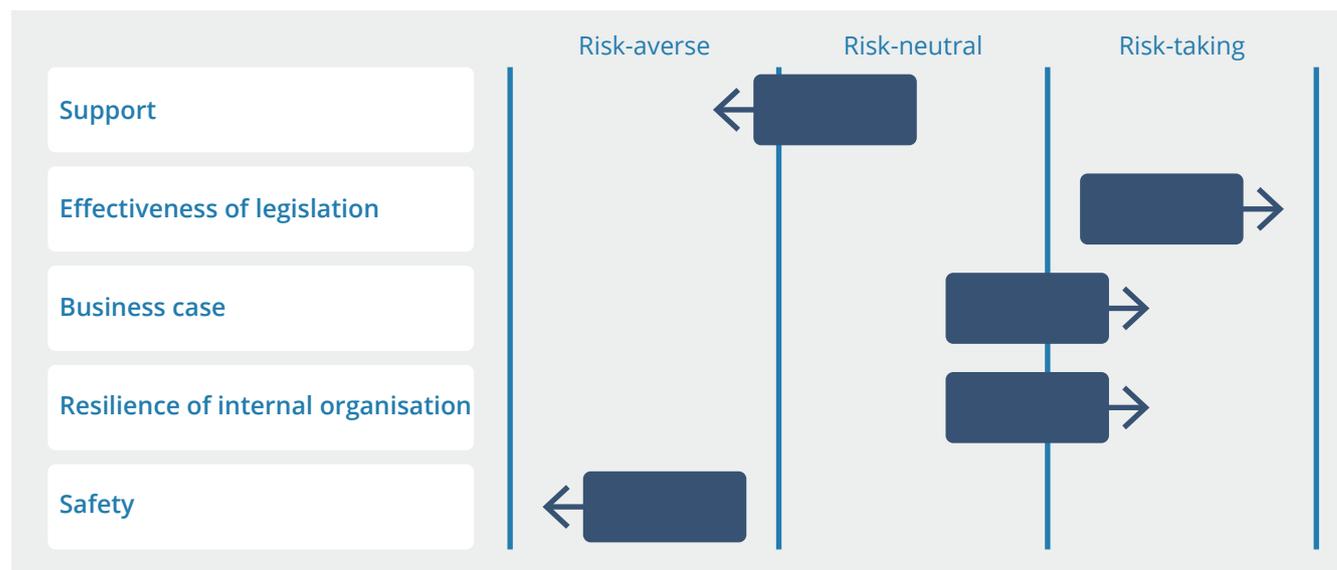


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5.2 Risk appetite

The diagram below shows the risk appetite for strategic risks. The risk appetite for financial and operational risks covered in the other sections is neutral. It is risk-averse in terms of compliance risks. In the diagram, the arrows show whether there is a tendency towards a greater or lesser risk appetite, depending on the circumstances. As a result of measures taken, the risks encountered during 2018 were within the boundaries of our risk appetite, with the exception of calamities that materialised in the form of

the earthquake in Zeerijp, which is a long way beyond our risk appetite and tolerance. Extra steps were taken in this respect in 2018 as a result. On the one hand on the part of the minister (reducing and ultimately stopping gas production from the Groningen field and the decision relating to the level of strengthening of buildings). On the other hand on the part of EBN, due to the creation of a special experts team making investigated seismic activity within the Groningen field and publishing the results. This makes a real contribution to better decision-making policy on safety.



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5.3 Main strategic risks

Safety



Risk

During operations carried out by operators, environmental and safety-related incidents may arise. These could include blow-outs, collisions, leakage, emissions and other safety-related incidents which may result in personal injury or damage. Calamities may result in social resistance to activities carried out by operators. This can also lead to resistance with regards to the statutory role of EBN. The ultimate consequences could be that EBN has to discontinue operations.

Earthquakes induced by gas production from the Groningen field (with NAM as operator) cause damage to houses and other buildings. Strengthening programmes are defined and aimed at being prepared for any future earthquakes. Calamities in the form of personal injuries as the result of, for example, buildings collapsing, cannot be completely excluded. EBN has a 40% stake in the Maatschap Groningen, and therefore bears the costs of the consequences of earthquakes proportionately.

The development of geothermal energy draws attention to potential risks, such as leakage of water (saline or otherwise) and earthquakes. Although the generation of geothermal energy is fundamentally different to gas production, as water pumped to the surface is subsequently returned underground, the State Supervision of Mines (SSM) recommends caution in relation to geothermal energy in the vicinity of seismically-active fault lines.



Risk appetite

Appetite: An important task for EBN is to create value from geological sources of energy in a safe, sustainable and economically-responsible manner. Safety is paramount. Gas exploration and production goes hand in hand with relatively high technical risks. This has led to a highly-developed safety culture in the exploration and production industry. The last few years have seen the growth of 'non-technical' risks. Non-technical risks arise due to interaction with the surrounding area and stakeholders. The balancing of all risks and dealing with these risks responsibly is an inherent part of this task. In doing this, we take into account health, safety and the environment (HSE). On average, EBN's risk appetite in this field is risk averse.

The above is equally applicable to the development of geothermal energy. EBN's endeavours to utilise its E&P knowledge in the geothermal energy sector, too, include aspects such as safety awareness, so that the intended up-scaling of geothermal energy can be implemented safely and responsibly. Our risk appetite is very low, as support for large-scale generation of geothermal energy could be considerably harmed by serious incidents.



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Control measures

EBN is developing an HSE benchmark for all production operations. This aims to engage operators in dialogue on the safety and environmental impact of gas production and, as a sizeable partner, to assess and positively influence our operators' HSE performance.

Concerning Groningen, EBN has put together a special team to investigate seismic activity in the subsurface of the Groningen field and to publish the results, for a range of production scenarios. The results of these studies will be published in the compendium of studies conducted by other third parties such as NAM, KNMI, SSM and TNO. The ultimate aim of this is to obtain a picture with a scientific basis of the safety of gas production from the Groningen field. In this way, EBN indirectly contributes to better decision-making relating to safety by providing information and cooperating with the operator.

The importance of safety, and the emphasis we want to put on it, means that communications surrounding disasters and calamities form an essential part of risk mitigation. In the event of disasters, EBN aims to communicate as transparently as possible.

For new operations, such as geothermal energy, the industry is still in the early stages of development in comparison with oil and gas production. In the context of the energy transition, this industry has the opportunity of making an important contribution. The technical and safety risks are, to some extent, comparable to those of land-based gas production. In order to be able to assess the safety risks properly, EBN set up a 'technical risk analysis' working group together with the UDG partners in 2018. In addition, on behalf of SCAN/UDG, EBN outsourced an investigation to TNO to identify areas of seismic activity associated with geothermal energy projects in north-west Europe, and a few other projects world-wide.



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Support



Risk

There is a risk that there is insufficient support from the public at large or, indeed, existing (and potential) partners for the role played, and strategy and new operations carried out by EBN.

Due to the problems associated with earthquakes and issues surrounding the safety of local residents in Groningen, the reputation of the E&P sector in the Netherlands is, on the whole, under pressure. Long-term environmental targets play an important role in the public debate and we predict a substantial fall in demand for gas in the mid-to-long term. It is impossible to rule out the possibility of this spreading in the form of public resistance to other onshore projects. Take geothermal energy, for instance, or aspects of land-based carbon storage projects, planning and permitting procedures with a long lead time, introduction of stricter legislation and operations related to production and abandonment, which are subject to enhanced supervision.

Risks related to off-shore operations cover climate change in particular, and therefore increasing signals of opposition to the use of fossil fuels, the relatively limited space in the North Sea and the stiff competition from, for instance, wind farms, sand production and areas of natural beauty. This means that there is an increasing risk that support for off-shore production will further erode, removing a still significant pillar in our strategy and, in our opinion, a crucial pillar in relation to the energy transition for utilising the still plentiful off-shore gas reserves to enable a responsible, step-by-step approach to the energy transition in the Netherlands.



Risk appetite

It is, of course, a pre-requisite that there is sufficient public support for the onshore E&P operations. Support is low, not least due to the problems associated with earthquakes, but also due to other factors. EBN has the role of a 'follower' in the context of gas production.

There is a general sense of 'unfamiliarity' at the moment in the public at large in the Netherlands in relation to geothermal energy. The development of geothermal energy sources (collection of seismic data, drilling etc.) in the relative proximity of built-up areas, and the installation of heat-distribution grids demands substantial, wide-spread support. In particular, EBN follows the example of the Ministry of Economic Affairs and Climate Policy and is active as an operator in the implementation of SCAN/UDG and also, as such, actively concerned with public support. EBN is adopting a risk-neutral and/or risk-averse position.

EBN is of the opinion that, in anticipation of the up-scaling of sustainable sources of energy such as geothermal energy, 'green' gas or hydrogen, natural gas that can still be extracted from fields in the North Sea, in combination with carbon storage, has an important contribution to make to the speed with which the energy transition can be put into practice. However, EBN is dependent on other parties in this respect. Where possible, EBN will take on the risk in order to highlight the importance of the North Sea. In this respect, too, EBN is by and large dependent on the vision of the Ministry of Economic Affairs and Climate Policy. So the risk assumed by EBN should generally be described as neutral.



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Control measures

EBN remains in close contact with the Ministry in relation to the 'official line'. Where possible EBN plays an advisory role, so that the government in The Hague can make the best possible policy, taking into account the interests of all stakeholders. EBN has contacts with other parties in the industry to safeguard the integrity and neutrality of reporting on gas production in the Netherlands, but also to ensure that EBN's role is clear.

The importance of safety, and the emphasis we want to put on it, means that communications surrounding disasters and calamities form an essential part of risk mitigation.

In addition, EBN has frequent meetings with NOGEPA and its members, there is active participation in KVG N and Gilde, and good contact is maintained with the universities (including those of Delft, Utrecht and Groningen). Debate is encouraged through EBN's annual publication of Focus. To encourage proper, transparent communication on the energy transition, EBN's website was revised in 2018.

In relation to geothermal energy and carbon storage, all parties concerned must be consulted and actively involved in the process as early as possible. As a pioneer of the Seismische Campagne Aardwarmte Nederland (seismic campaign for geothermal energy in the Netherlands, SCAN), EBN also has a significant responsibility to anchor support for the collection of seismic data.

EBN can be seen increasingly frequently during symposia, conferences and trade fairs. The aim of this is to increase recognition of the EBN name, to inform attendees and profile EBN as a reliable partner, enabling us to share knowledge and increase public support.

The annual 'Energy in the Netherlands' infographic is EBN's way of promoting an informed dialogue. In the first instance by conveying objective facts and knowledge and, subsequently, increasing understanding of the Dutch energy system. New for 2018 is the publication of an information package for pupils at primary-school level about energy and the energy transition, called 'Energy City'.

In order to offer transparency on the work done in the industry, we cover what we do ourselves, and what our partners do in our annual report, our annual Focus (on Energy) report, and on our website.



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Effectiveness of policy and legislation



Risk

As a company implementing policy on behalf of the Ministry of Economic Affairs and Climate Policy, EBN believes it has a very important task of managing risks in the most effective way within the framework created by the Dutch state. There is a risk that EBN's mandate for the development of new business operations, such as geothermal energy and carbon storage is insufficient, and does not go far enough to be able to address the strategic objectives in good time. A further risk is that policy and legislation are not fully in tune with the ambitions expressed in the strategic objectives, or are implemented inefficiently/ineffectively. An active role for EBN, anchored in legislation, focused on systematic management and effective heat generation would benefit safe, responsible up-scaling of geothermal energy. It is also acknowledged, in the Master Plan Geothermal Energy in the Netherlands, for instance, that legislation, policy and monitoring of geothermal energy needs amendment.



Risk appetite

Over the next few years it is possible that EBN will take an active role in new operations such as generation of geothermal energy and carbon storage. In addition, it will have an executive role in exploration operations (carrying out seismic exploration itself, for example).

The risk appetite in this respect is risk-taking, where this fits within the policy that the government is developing in relation to the energy transition.



Control measures

The Master Plan Geothermal Energy in the Netherlands was drawn up in 2018 with a view to the up-scaling of geothermal energy. This document expresses a common ambition and associated action plans held jointly by the Stichting Platform Geothermie (SPG, a geothermal platform), the Dutch Association of Geothermal Operators (DAGO) industry organisation, the Stichting Warmtenetwerk (heating grid foundation) and EBN, in collaboration with the Ministries of Economic Affairs and Climate Policy, and the Ministry of Internal Affairs and Kingdom Relations. This is currently in progress. Work is continuing on a joint, coordinated commitment on a number of crucial issues, such as safety, public support, innovation, cost saving, connection to heat-distribution grids, integration with existing legislation, oversight and policy. In this way EBN has contributed to the first proposals for amended legislation and identified problems, for instance those arising from delays to projects due to delays in obtaining permits and permission.

In the field of exploration and production operations, EBN is using its position at the intersection of the public and private sectors and its advisory role with the Ministry of Economic Affairs and Climate Policy to identify any areas of ineffectiveness and/or inefficiency in legislation, and to propose improvements.



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Business case



Risk

There is a risk that the business case for the new EBN products is vulnerable in respect of external factors, such as pricing and merit order, conditions for grants and tax measures, the cost of new or existing requirements in relation to safety, financial stability and funding opportunities for partners.



Risk appetite

EBN is adopting a risk-neutral – to risk-taking position in relation to the external factors that could have an impact on the business case during the implementation phases of the investments.

EBN does not yet have a stake in geothermal energy projects, but is preparing itself for this. The return on investment in geothermal energy projects is mired in uncertainty, although EBN has knowledge and experience of this from its operations in oil and gas production, particularly uncertainty related to subsurface exploration. Potential additional uncertainties relate to the distribution side (heat-distribution grids) and partners with whom we are less familiar.



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Control measures

EBN is evaluating a range of scenarios to assess the impact of external factors on its various current and future operations/products.

EBN is actively participating and, more often than not, playing a leading role in partnerships at conferences and symposia in the Netherlands, in Joint Industry Projects (e.g. in the context of TKI and in the New Energy Coalition), but also abroad, such as Prospex. EBN itself also organises thematic workshops with operators and stakeholders. Together, this makes a contribution to the knowledge base and the dissemination of opportunities in the field of exploration, integration of the chain and clustering of off-shore infrastructure.

EBN can ensure the best use of its portfolio with active NOV management. EBN is also drafting the BOON report (Benchmark OPEX Offshore NL), a sustainability report and an HSE benchmark. This uses a CAPEX benchmark.

In 2018 the E&P operators, under the umbrella of NOGEPa, developed and implemented a financial guarantee system (Decommissioning Security Agreement, or 'DSA') together with EBN. The participating partners will use this system to provide financial guarantees to each other for the decommissioning obligations under a system of permits. In the event that, in future, there is no longer any permit holder for a particular permit that is able to meet the decommissioning obligations, the Dutch state will become responsible for these financial guarantees.

With regard to carbon storage, EBN has worked together with other partners to analyse the feasibility of CCS initiatives in IJmuiden (for the Q1 production areas) and for Den Helder (in relation to reusing the WGT pipe line and K4/K5 and K1 production areas), as per its role in promoting the best use of the E&P resources and facilities. EBN and its partners have also supervised the concept selection work to support the optimisation of the use of the P15-P18 production area for the Rotterdam CCS project, Porthos.

To make strong business cases for geothermal energy EBN has focused on knowledge-intensive interaction with fellow developers of projects. Safety and public support are important pre-conditions for any future policy decisions relating to financial participation, in addition to a competitive return on investment that suits the project's risk profile.

EBN is also making a case for a 'play-based' portfolio approach. This implies an integrated, coordinated, systematic approach to the generation of geothermal energy. A study on this was published in May 2018, in collaboration with TNO. Collaboration and knowledge-sharing are important pre-conditions in this respect. This helps to reduce risks and costs. Individual business cases become more robust and, equally, EBN's project portfolio (either now or in the future). This also applies to EBN's partners and, in the long-term, to the cost-effectiveness of the use of geothermal energy as part of the energy transition.



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Resilience of the EBN organisation



Risk

The improvement of core operations, including a more active role in exploration and decommissioning, and the development of new operations such as geothermal energy and carbon storage, and the exploration of new opportunities means that the organisation is growing rapidly with a different way of working, potentially a different culture and a different skill set, but also different processes and IT resources.

There is a risk that the EBN organisation will not be sufficiently able to adapt at a quick enough pace to the change in culture and processes associated with its role, strategy and operations (existing and new), to say nothing of the rapidly-changing outside world.



Risk appetite

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 of its operations.



Control measures

EBN is taking appropriate operational and functional steps so that it has the right people and resources available, in sufficient numbers. This can be seen in areas such as strategic HR, IT and operational planning.

In 2018, EBN started up a number of personnel-related programmes in the fields of culture, leadership, training & development and onboarding (see page 60 for more details). This has contributed to the creation of a basis for increasing the resilience of the organisation for the coming years.

The development and expansion of the geothermal energy operations inherently offers the opportunity of expanding staffing to accommodate the right areas of expertise and quality. But this is not a guarantee that all processes and systems are designed to address the envisaged role in the geothermal energy sector. With this in mind, we have formulated strategic objectives for the creation of the required new processes for 2019.



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5.3.1 Reviews and audits

We carried out a range of internal audits in 2018 on the basis of our annual audit program. These were focused on assessing the quality and effectiveness of the important work processes, and on a number of specific topics within these work processes. These were audits in relation to 1) treasury practice, 2) assessment, approval and monitoring of operator work program & budgets and 3) cyber security. In addition a follow-up audit was carried out in the field of IT strategy and organisation. Due to the growth and the changes in the EBN organisation, IT does demand extra attention if we are to keep supporting current and future operations in the best way possible. We have identified actions to be taken on the basis of the findings. These actions have been allocated to owners. The findings have been presented and explained to the Executive Committee. The most important of these findings have also been discussed with the Audit committee of the Supervisory Board. The Executive Committee follows the implementation of the actions on a quarterly basis.

In addition to the internal audits, EBN also carried out so-called 'joint-venture audits' in 2018. These are financial audits of the expenses charged to our organisation in the context of the various collaborative efforts in which we are involved. The findings of the joint-venture audits have been discussed with the operators and, where necessary, corrections and/or adjustments have been implemented in 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 assessment of 8 fields in which there have been substantial changes and/or that are material to the EBN portfolio. The recommendations from the review

are implemented and followed-up to guarantee continual improvement of this process.

In addition to the points for improvement that have been identified in internal and external audits and reviews relating to processes, no significant shortcomings in the function of the internal risk management and control systems have been identified.

5.3.2 In-control statement

In the day-to-day monitoring and regular reporting, the Executive Committee supervises the effective function of the internal risk and control system. These reports cover aspects such as the results of the SRA, ORAs, internal and external reviews and audits, plus any complaints and whistleblower reports arising. The most important results are discussed by the Executive Committee with the Audit committee and the Supervisory Board.

On the basis of its own observations and additional security derived from internal and external reviews and audits, the Executive Committee confirms that:

- the annual report gives sufficient insight into shortcomings in the function of the internal risk-management and control systems;
- the systems referred to above give a reasonable level of certainty that the reporting (financial and otherwise) does not contain any substantial inaccuracies
- on the basis of the current state of affairs it is justifiable to prepare the financial reports on the basis that the business entity will continue to operate for the foreseeable future, the 'going concern' assumption.
- the annual report identifies material risks and uncertainties that have a bearing on the expected continuity of the organisation for a period of twelve months from the date of the report.



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5.4 Corporate governance

Shareholder

General

EBN is a private limited company with the Dutch State as its sole shareholder. Share portfolio management is the responsibility of the Ministry of Economic Affairs and Climate Policy. EBN implements policy on behalf of this Ministry. An organisation of this type is a company in which the roles of shareholder and policy maker cannot (at this point) be separated. The share portfolio is monitored within the Ministry by the Secretary-General who is supported in this by civil servants from the Enterprise Directorate (part of the DG Enterprise and Innovation). The role of policy maker is played by the DG Energy and Climate, together with the Climate, Heat and Subsoil, and Electricity Directorates, and the Gastransitie 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 92. 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 2018. The CEO, the Finance Director and the Supervisory Board were present at this 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 financial statements and appropriation of profit;
- Discharging the CEO of liability for his management over the previous financial year;
- Discharge for the members of the Supervisory Board for their supervisory duties over the previous financial year;

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; on average once per month in 2018. These informal consultations are intended to provide the shareholder with all relevant financial information needed in good time for the shareholder to fulfil its duties. The Executive Committee is obliged to provide all relevant information.



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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 Production 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 Committee, other EBN employees are also present at these consultation sessions. At the Strategic Consultation both the CEO and the chair of the Supervisory Board are present.

Supervisory Board

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

- 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 2018:

- Mr Van Oorschot stepped down as chair of the Supervisory Board as of 22 March 2018 as he had completed the maximum term of office;
- Mr Huijskes was appointed chair by the shareholder, with effect from 22 March 2018;
- Mr Samsom was appointed to the Supervisory Board with effect from 22 March 2018. Mr Samsom was appointed vice-chair by the chair of the Supervisory Board;
- Mr Weck was re-appointed for a second term as member of the Supervisory Board (as of 3 February 2019).

CEO

There is one director under the articles of association. The CEO is responsible for overall policy and strategy, with the appropriate risk profile of the company. The CEO is also responsible for hitting the company's targets, results and social aspects of business 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 Committee

The CEO is assisted by two general directors who, together with the CEO, form the Executive Committee. The CEO is the chair of the Executive Committee. The current Executive Committee is made up of the following people in addition to the CEO, Jan Willem van Hoogstraten: Berend Scheffers (Strategy & Technology Director) and Jan Boekelman (Finance Director). The organisation chart is shown on page 7.

The Executive Committee's regulations describe how the tasks are distributed within the Executive Committee. The Executive Committee assumes joint responsibility in its functions. Within that joint responsibility, tasks are distributed



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by functional area. This specific distribution of tasks is set out in writing.

Each member of the Executive Committee is responsible for the preparation of policy matters and decisions in his own working area. Once the Executive Committee has come to a decision, its members shall ensure that the decisions taken are implemented in good time. In principle, the Executive Committee convenes every two weeks.

In the annual report, the CEO describes the primary risks that are related to the EBN strategy, and how the internal risk-management and control system is set up and works. The CEO also indicates any significant changes that have been made and any important improvements that are envisaged. See page 72 for the description of this.

Remuneration

The shareholder establishes the policy for the remuneration of the Executive Committee. Within the framework of that policy, the Supervisory Board determines the actual level of remuneration for the Executive Committee, including bonuses. The remuneration report drawn up by the Supervisory Board explains the remuneration of the Executive Committee (page 180).

Governance table

The governance table, shown in appendix 176 includes the following information on the Executive Committee 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 'Enforcement of the Corporate Governance Code' below), which aims to ensure that all forms of conflict of

interest between the company and the Executive Committee or its Supervisory Board members is 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 Executive Committee or members of the Supervisory Board. Each potential conflict of interest of a significant nature for the company or the member of the Executive Committee or of the Supervisory Board in question must immediately be reported to the chair of the Supervisory Board. In 2018, no reports were made by the CEO or a member of the Supervisory Board.

External auditor

The shareholder shall appoint 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.

Enforcement Of The Corporate Governance Code Of The Netherlands

EBN attaches significant 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 state holdings 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/.



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Diversity Policy

In consultation with the Executive Committee, 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 Committee. It is EBN's stated aim to properly reflect Dutch society in the 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 Committee. 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.

As EBN has one director under the articles of association 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 2020. The composition of the Executive Committee will be assessed at that point, specifically on the aspects of nationality, age, sex and background.

The Executive Committee (excluding the CEO) now comprises two general directors (of the same nationality, sex and age range). When seeking a new general manager, we will look at aspects including variation in nationality, age, sex and background (cultural diversity).

The Supervisory Board is made up of four men and one woman. The percentage of female Supervisory Board members is twenty percent, a figure that remained the same for the entire financial year 2018. This means that EBN is not yet compliant with the requirement for an evenly-balanced distribution of seats in the board room, which demands that at least 30 per cent of seats are occupied by women and at least 30 percent of seats are occupied by men. The Supervisory Board takes into account the evenly-balanced distribution of seats when appointing each new member. The Supervisory Board acknowledges that it failed to reach this threshold when appointing the most recent Board member. The appointment of Mr Samsom does, however, mean that the Supervisory Board now has two members younger than 55 years of age.

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.
Day-to-day management	Applicable from 2020.
Executive Committee	At least one woman, average age of Executive Committee as a whole or age of a new director < 50 years of age.



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Integrity

Code Of Conduct, Complaints Committee And Confidential Counsellor

We care about transparency and clarity in matters outside the organisation, and that applies in-house as well. Integrity is one of EBN's sustainability topics. The areas that EBN identifies as part of the 'integrity' topic are human rights, the avoidance of discrimination, the tackling of corruption, competition and transparency. EBN is able to give 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 common thread in making personal choices and making 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 2018, the complaints committee did not receive or deal with any complaints. In 2018, the confidential counsellor had no talks with employees. The code of conduct can be consulted at: www.ebn.nl/ebn-over/corporate-governance.

The EBN procurement policy has the general focus areas of reducing procurement costs, reducing supplier risks, increasing product and supplier quality and improving the purchasing function. The procurement policy is based on the following purchasing vision: 'EBN has a professional outlook in relation to procurement and suppliers. EBN purchases commodities that have the right price/quality ratio, weighs up purchases against controlled risks and does this in a transparent manner. EBN wants to come across to potential

and existing suppliers as a reliable and thorough partner that offers honest, equal opportunities.' The Procurement Manager coordinates purchasing and procurement, and purchases are subject to a tendering procedure depending on the amount involved. EBN's general terms and conditions of procurement form part of its procurement policy. These terms and conditions are specifically applied to the goods or services that EBN purchases, where possible. The general terms and conditions of procurement 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 terms and conditions of procurement we will take steps to address this.

Whistleblower Scheme

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

International Conventions And Guidelines

As a company implementing policy on behalf of the Ministry of Economic Affairs and Climate Policy, 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.



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Geert Jan ten Napel on renewable energy in Flevoland

Without knowledge of the **subsurface**, there will be no **projects**



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Research work is a very specialist business that requires knowledge

“I am delighted with the Seismic Campaign for Geothermal Energy in the Netherlands (SCAN) currently being undertaken by EBN on behalf of the Ministry of Economic Affairs and Climate Policy,” explains Geert-Jan ten Napel, senior policy advisor on sustainability for the Province of Flevoland.

“In the draft Climate Agreement and in the Heating and Cooling Programme from the Metropolitan Region Amsterdam, much is expected from the contribution from geothermal energy in the heat transition. For the time being I would suggest that those high expectations be somewhat tempered. We must not count our chickens; as yet we simply do not know enough about the subsurface. It is now time to work very hard on filling those knowledge gaps. And that is why we are so delighted that SCAN has started by carrying out the Test Line.”

When asked whether Flevoland needs geothermal energy, Ten Napel replies, “Yes! Absolutely yes, but we must not

assume that geothermal energy will be enough. It remains a question of ‘and’ ‘and’; a combination of geothermal energy, biomass and green gas. We must keep all the options open, investigate all the possibilities and remain realistic. SCAN will quickly provide us with more information, and that is urgently needed. The potential of geothermal energy is in principle huge, but we first need more information about the subsurface. Otherwise none of the projects will amount to anything, particularly in the built environment. Greenhouse growers are in fact already deeply involved in the transition process. The first project in Flevoland is already up and running in the Noordoostpolder. The transition is set to take place slowly but surely in the built environment, too.”

Blank spot

There is little information available about the subsurface in the Noord-Holland region and southern Flevoland, the metropolitan region Amsterdam (MRA) that includes Almere and



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Lelystad. “The region is a blank spot because there has been little drilling for oil and gas in the area. The first vital step is to acquire knowledge. Only then will we know where there is potential for developing projects and where there is absolutely no option. The switch to geothermal energy as an alternative for gas can be achieved more quickly for greenhouse growers because they are based in the Noordoostpolder, and there we have considerable knowledge of the status of the subsurface. Sufficient warm water reserves have been drilled into and the heat used in the greenhouses. The advantage of greenhouse growers is that their demand remains constant, and that makes them the ideal customers for geothermal energy.”

Without knowledge of the subsurface no projects

The first investigation into geothermal energy in Flevoland took place in 2007. On the basis of that investigation, TNO concluded that there is heat in and around Almere but that it can probably not be accessed; the quality of the subsurface is simply not suitable for geothermal energy production. “That is why we are now investigating the deeper strata,” explains Geert Jan ten Napel. “Both for Almere and Barendrecht, TNO has investigated the possibilities offered by a deeper layer, the Dinantian. For Barendrecht, even at this considerable depth, they have not found a suitable layer. For Almere, on the other hand, an ideal layer is available. Almere also has the advantage that the city already uses district heating. If we hit it big with geothermal energy, we can create a sustainable

heat network for 45,000 homes, in one go. All in all, Almere has an excellent hand, but whether it can be played to the full will depend on the results of SCAN. Lelystad with its various heat networks also offers an excellent starting position. We are not sure whether the Dinantian layer is present here too, but it should be possible to produce heat from the more shallow Rotliegend layer. Nonetheless, we are still in urgent need of more detailed information about the deeper subsurface.”

Everyone is interested in geothermal energy

Mapping out the geothermal energy potential is essential for the Regional Energy Strategy (RES) and the municipal heat visions. Ten Napel continues, “Municipalities must have developed a vision by 2020, but they are already working hard. The



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distressing thing is that everyone is keen but we are not able to say with any certainty 'in this district we will be switching to a heat network powered by geothermal energy'. And that is what makes it so important that we have the information we need about the subsurface as soon as possible. We will not all stop using natural gas starting tomorrow. We have sufficient freedom to take decisions once we know more about the alternatives. If we were forced to make a choice today on what technology we will be using in the future, then we would be unable to include geothermal energy, quite simply because we do not have enough information. And that would be a crying shame. We expect to be able to do something with geothermal

energy in Lelystad. Those expectations will be included in the Regional Energy Strategy and the municipal heat vision. For Almere we will be considering the option of sustainable district heating based on geothermal energy. The actual decisions will be taken at a later date."

A boost for the use of geothermal energy

Ten Napel emphasises the importance of cooperation. "Research work is a very specialist business that requires knowledge we cannot offer, and is reliant on large numbers of people and funding. For the future exploration of geothermal energy in the MRA, therefore, we will be joining forces for knowledge development; Noord-

Holland and Flevoland will be working alongside EBN. By forming a team, we aim to map out the subsurface however limited our resources are, with the eventual plan of using geothermal energy as an alternative for natural gas. EBN can deliver a real boost for the use of geothermal energy, even if the precise role that EBN will occupy in the future is not yet clear. For us, they are the go-to people when it comes to furthering and accelerating the developments. The knowledge of the subsurface that EBN can provide via the oil and gas world, and that they will develop for the world of geothermal energy will make it possible to make ever clearer statements on the future advances we can achieve in the energy transition."



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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 Executive Committee 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 Executive Committee 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 incorporated into the Dutch 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 2018 and 2019.

- Mr Van Oorschot stepped down as member of the Supervisory Board on 22 March 2018. The Supervisory Board thanks Mr Van Oorschot for his close, lengthy involvement with EBN as a supervisory director. Mr Van Oorschot was appointed to serve as a Supervisory Board member in 2006 and he served as the Supervisory Board chair as of April 2013.
- On 22 March 2018 Mr Huijskes was appointed to serve as the Supervisory Board chair following Mr Van Oorschot's resignation.

- On 22 March 2018 the shareholder appointed Mr Samsom to the Supervisory Board, and the chair of the Supervisory Board, acting with the latter's consent, appointed Mr Samsom to serve as its vice-chair.
- Mr Weck was re-appointed for a second term as member of the Supervisory Board as of 3 February 2019.

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 www.ebn.nl/over-ebn/raad-van-comissarissen/.

The Supervisory Board's profile sets out the characteristics which its individual members and the Supervisory Board as a whole need to possess. As such, 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 Executive Committee 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 EBN Executive Committee. The full Supervisory Board bears joint responsibility. All of the Supervisory Board's members are members of the Audit, Remuneration, and the Selection and Appointment committees. The governance table (p. 177) 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



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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/over-ebn/raad-van-comissarissen/>).

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

6.3 Composition of the Executive Committee

On 1 March 2016 the General Meeting of shareholders appointed Mr Van Hoogstraten to serve as the CEO. The Supervisory Board conducted negotiations 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 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.

The section of this annual report about corporate governance deals with the composition of the Executive Committee and its division of labour in greater detail.

6.4 Meetings of the Supervisory Board

The Supervisory Board met on five occasions. Three meetings were held in EBN's office in Utrecht, one in an external venue and one in the form of a teleconference.

Apart from the members of the Supervisory Board, those of the EBN management team attended these meetings. The external auditor attended the Audit committee's meetings in March and September 2018. EBN staff also attended a number of meetings at the Supervisory Board's request to explain projects in which they are involved. The Supervisory Board is becoming ever more familiar with the EBN organisation through this.

In 2018 the Supervisory Board attended two consultation meetings of the Executive Committee and the works council.



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Meetings	Mr. Van Oorschot	Mr. Huijskes	Ms. Kneppers-Heijnert	Mr. Samsom	Mr. De Vries	Mr. Weck
Supervisory Board, January 2018	X	X	X	-	X	X
Audit committee, March 2018	X	X	X	-	X	A
Supervisory Board, March 2018	X	X	X	-	X	A
Remuneration committee, March 2018	X	X	X	-	X	A
Supervisory Board, June 2018	-	X	X	X	X	X
Remuneration committee, June 2018	-	X	X	X	X	X
Audit committee, September 2018	-	X	X	X	X	X
Supervisory Board, September 2018	X	X	X	X	X	X
Remuneration committee, September 2018	-	X	X	X	X	X
Supervisory Board, December 2018	-	X	X	X	X	X
Remuneration committee, December 2018	-	X	X	X	X	X

The presence of the members of the Supervisory Board is listed in the case of each meeting in the table above (X = present, - = not present because not yet a supervisory director and A = absent).

6.5 Supervisory Board approvals

In 2018 the Supervisory Board approved the following matters, amongst others:

- in January 2018 the Supervisory Board approved the work schedule and budgets for EBN and EBN Capital for 2018, including their funding plan. In December 2018 the Supervisory Board approved the work schedule and budgets for EBN and EBN Capital for 2019, including their funding plan;
- in March 2018 the Supervisory Board concurred with a positive recommendation which the Audit committee had made in respect of the financial statements for 2017 and it recommended that the shareholder approve the financial statements for 2017 and that it discharge the Executive Committee from liability in respect of the policy which it had pursued and the Supervisory Board in relation to its oversight;

- the Supervisory Board has approved EBN's honing of its strategic goals (up until 2025);
- the Supervisory Board approved the internal audit work plan for 2018;
- the Supervisory Board approved an amended retirement schedule because of the retirement of Mr Van Oorschot and the appointment of Mr Samsom;
- the Supervisory Board approved an amended version of the Executive Committee's regulations following the incorporation of the new Geotechnical operations theme;
- the Supervisory Board approved an amended version of the authorisation and power of attorney schedule;
- the Supervisory Board approved the amendment of EBN's treasury regulations.



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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 2018 shareholder matters involved the financial implications for EBN of phasing out gas production in Groningen and the company's dividend policy, amongst other things.

The chairs of the Executive Committee and Supervisory Board conducted so-called strategic talks with the Energy and Climate director-general at the Ministry of Economic Affairs and Climate Policy on two occasions during 2018. Such strategic talks focus on the exchange of information and consultations concerning strategic issues and developments pertaining to energy policy in general. The policy and other objectives and priorities of the ministry and EBN during the year ahead are also discussed during these talks. Special attention was devoted to the phase-out of gas production in Groningen, the implications that this will have for EBN, developments in relation to geothermal energy and the small-field policy. The Supervisory Board attaches a great deal of value to maintaining sound relations with the ministry. The Supervisory Board feels that visits to the ministry are important for the purposes of maintaining such good relations.

6.7 EBN's strategy

In 2018 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 2018. Aspects of EBN's strategy are discussed during every meeting of the Supervisory Board (geothermal energy, CCS and Groningen). The Supervisory Board refers to page 19 with regard to the question of strategy.

6.8 Matters discussed during 2018

The Executive Committee 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 for consideration and progress made in relation to its strategic objectives).

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

During all of its meetings in 2018 the Supervisory Board was informed of developments in Groningen, including the earthquake in Zeerijp in January 2018 and the minister's decision to discontinue gas production in Groningen. Changes in the claims handling process (the temporary mining damage committee) and the reinforcement report were also discussed. The Supervisory Board noted the Heads of Agreement concluded between the state, Shell and ExxonMobil in June 2018. Parts of the Heads of Agreement are also relevant to EBN, such as changes made to the financial arrangements concerning gas production (the amendment of the remittance regime).

EBN informed the Supervisory Board about the most important legal proceedings undertaken against NAM, such



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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 interlocutory questions were addressed to the Supreme Court concerning EBN's position and matters which are related to losses due to gas production in Groningen. Finally, the Supervisory Board has been involved in EBN's filling of the positions which it holds on the Gasgebouw boards.

6.8.2 Climate agreement and CCS

During the meetings of the Supervisory Board discussions were regularly held concerning initiatives for carbon capture, transport and storage in which EBN is involved, such as the Porthos project (Port of Rotterdam CO₂ Transport Hub & Offshore Storage). See page 48 for an additional explanation of this project.

The issue of carbon capture, transport and storage is part of the draft climate agreement which was presented to the Minister of Economic Affairs and Climate Policy in December. A projection of the draft climate agreement will have to be calculated by the Netherlands Environmental Assessment Agency (Planbureau voor de Leefomgeving, PBL) and the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB), following which it will be discussed in the Lower House. The Supervisory Board will closely monitor the outcome.

6.8.3 Geothermal energy

The issue of geothermal energy has been raised in all of the Supervisory Board's meetings. Talks covered EBN's potential financial and non-financial involvement in geothermal energy projects. A ministerial decision on this is awaited. The Supervisory Board was also informed about the conduct

of a seismic and geological study of the subsurface in the Netherlands and the subsidy that has been provided for this. This study 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 p. 51 of this annual report for additional information about geothermal energy.

6.8.4 Miscellaneous

During its meetings the Supervisory Board also devoted attention to EBN's internal organisation, such as the structure of its new theme (Geothermal operations), internal governance, the adjustment of the organisation's ICT strategy and contact with the works council.

6.9 Evaluation of the Executive Committee and self-evaluation

Because of the changes in its composition, the Supervisory Board did not conduct a self-evaluation in 2018. In 2019 the Supervisory Board will conduct an externally supervised self-evaluation, in the course of which its own performance and that of its individual committees and members will be evaluated, as well as the performance of the Executive Committee.

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 Executive Committee 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.



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The Audit committee met twice in 2018. In addition to the members of the Audit committee, the EBN Executive Committee, 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 2017 and their audit. The auditor's report was discussed extensively with the external auditor. After discussing the annual report and financial statements for 2017, the Audit committee recommended that the Supervisory Board approve them.

In addition, the internal audit schedule for 2018 (including the findings of the internal audits conducted in 2017) were discussed. The following audits were conducted in 2017: IT governance, cash management, treasury, the long-term gas price determination process and the human resource payment processes (including pensions and salary deductions). The Audit committee was informed of the outcomes of the audits which had been 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.

During the second meeting in 2018 the Audit committee devoted attention to the following matters: the performance of the external auditor, including the latter's conduct of the joint venture audits, balance sheet management, profit distribution policy and 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 2018. The Supervisory Board concurred with this favourable recommendation.

During that meeting the external auditor also presented an explanation of the audit schedule for 2018 (the plan for auditing EBN's financial statements for the 2018 financial year). Before the audit schedule was presented to the Audit committee, the external auditor discussed the draft audit schedule with the Executive Committee. 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.

EBN's credit rating

In 2018 EBN informed the Supervisory Board of Moody's and Standard & Poor's credit rating of EBN. On 15 June 2018 Moody's set EBN's credit rating at Aaa/P-1 (with the prospect of "stable"). On 24 May 2018 Standard & Poor's set EBN's credit rating at AA- / A-1+ (with the outlook "negative").

Executive Committee's declaration

The Supervisory Board has asked the Executive Committee to issue it with a declaration supporting the customary reports for the Executive Committee in respect of 2018. The Executive Committee issued such declaration, which serves



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to support Clause 1.4.3 of the Corporate Governance Code. The Supervisory Board has discussed the following matters with the Executive Committee in accordance with that clause: the company's strategy, the main risks associated with the business and the findings of the Executive Committee'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 entitled Risks and Corporate Governance.

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

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 Executive Committee to the Supervisory Board, preparing selection criteria and appointment procedures for the members of the Executive Committee and the Supervisory Board, and periodically evaluating the performance of those members. The meetings of these committees are held together and are then referred to as meetings of the Remuneration committee.

In 2018 the Remuneration committee met on four occasions in the presence of the Executive Committee, the secretary

and the Human Resources manager. In 2018 the committee was involved in, amongst other things, deciding on the targets to be achieved by EBN and the Executive Committee in 2018, the achievement of the targets for 2017 by EBN and the Executive Committee, and the reappointment of one of the supervisory directors.

The General Meeting of shareholders adopted the remuneration policy for the members of the Executive Committee simultaneously with the appointment of Mr Van Hoogstraten on 1 March 2016. This remuneration policy is discussed further in the remuneration report.

6.12 Financial statements

The Supervisory Board has taken cognisance of the annual report, 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, 7 March 2019

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



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Tim Bertels, Rotterdam CCUS Porthos project manager:

The Netherlands, perfectly positioned for CO₂ storage



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The Porthos project is all about transport and storage of CO₂: industries in the port area of Rotterdam will feed their captured CO₂ into a collective pipeline that transports it to an empty gas field 21 kilometres offshore, where the CO₂ is pumped into the deep substrate below the sea floor to be held in a sealed former natural gas sandstone pocket. Project manager Tim Bertels: "It is a project that can make a major contribution to our climate targets in a relatively short period of time."

Chaos makes no sense

The preparations for the Porthos project started in 2017, but according to Tim Bertels we should have started them a decade ago: "I sometimes think that people will only be stirred into action by a series of major disasters: periods of extreme drought or torrential rain, and gale force winds. We must act before we

get to that stage. I even think that we will no longer be able to limit the global temperature increase to 1.5 degrees. We can still try, but we will need to actually start doing something about it. Action is urgently called for. There is still time left to work out a plan, but if we wait much longer, we will end up with chaos. That makes no sense."

The Netherlands, the perfect place

The government considers CO₂ storage in the Netherlands a prerequisite for achieving the Paris CO₂ emission reduction targets. Tim Bertels explains: "The storage of CO₂ enables us to achieve half of the target set for the industry table of the Climate Talks, and moreover it is a cost-efficient method. The Netherlands, and the Rotterdam port area in particular, have the perfect solution for the successful application of CO₂ storage. The country is very well positioned, with large clusters of CO₂ emission sources and the possibility of storing CO₂ close offshore. This is rather unique, as is the fact that different sources of CO₂ will use a single storage location, as envisioned



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by Porthos. Another very important factor is that the Dutch have a lot of field-specific know-how on tap, take EBN. And the stated government policy shows that the political will is there.”

Sustainability and emission reduction — the short term

CO₂ storage could be a temporary solution for those industries that need more time to fundamentally improve the sustainability of their production processes. Tim Bertels has this to say on the subject: “Resistance also comes

from people who think we should put all our money on making industry more sustainable rather than investing in interim solutions. I think we should do both: improve sustainability and work on solutions that can contribute to CO₂ emission reductions in the short term. At the moment we really do not have a better alternative for such things as refineries and steelworks. We could decide to use 2023 as a benchmark: where are we then? If we find that we have fallen behind on the way to our stated targets, in my opinion we should turn to increased CO₂ storage. And we can do that. Porthos could even double in volume. I think we will continue to need CO₂ storage, and in time we will have to bring about negative emissions in order to compensate for past discharges.”

In perspective

“We recently organised two public information meetings at Rozenburg and at Oostvoorne to explain what our aims are with Porthos, and to provide the general public with an opportunity to establish a dialogue with us. People realise that something will have to be done, but there is too little public awareness of CCS, and most of us don't have the time to delve deeper into the matter. The media tend to focus on the built



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environment, since that is what hits closest to home. Just to keep everything in perspective, CO₂ storage can achieve so much more, but it bears repeating that both strategies will be required if we are to achieve the climate targets. One thing we should do is to look at the different solutions as a whole and from a global perspective to make sure each programme gets applied in the most suitable location. In other words, turn to solar energy where the sun shines hottest, and use CO₂ storage where the conditions are right."

Climate agreement, the first hurdle

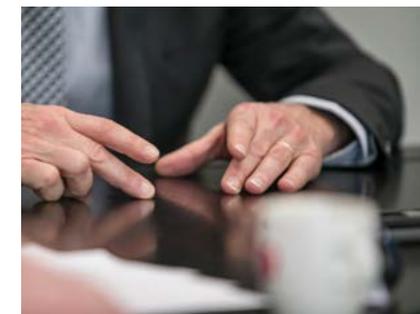
Tim Bertels tells about the collaboration with different parties: "Porthos involves many parties, all of which will need to work in unison. EBN, Gasunie, the Rotterdam Port Authority, and the industries emitting CO₂, they all need each other. The Rotterdam Port Authority is familiar with the local situation and market, EBN is important because of its in-house knowledge of the bedrock and off-shore infrastructure. Gasunie brings in a wealth of experience in the field of gas infrastructure and transport development. The first hurdle, which has been successfully cleared by all those involved, must be the development of the Climate Agreement that

sets the amount of CO₂ reduction through storage. Another major step will be to engage the industries that emit the CO₂. I like to think of it as a carrot-and-stick solution, in which the subsidies for stimulating sustainable energy production are extended to include CO₂ reducing measures, while at the same time ETS CO₂ prices increase. This combination makes it possible to develop a business model for CO₂ storage."



Bertels concludes:

"Once construction starts my role in this project will be finished, but I will always remain available in an advisory capacity. This is important and this is a contribution I can make. Inspirational examples abound where energy transition is concerned. Individuals show their leadership capabilities, set the right pace. Those people have a vision of the future, get down to business, and do the right thing."



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7 About this report

This annual report describes EBN's financial performance and its record on social and sustainability issues during the 2018 financial year. The report is intended for every stakeholder that is directly or indirectly involved in our activities. In the section entitled 'Interaction with stakeholders' on page 55, we explain who our stakeholders are and how we discuss relevant issues with them.

7.1 Reporting policy and process

Reporting policy

Every year EBN reports on its financial performance in accordance with IFRS and on its performance on social and sustainability issues in accordance with the Sustainability Reporting Standards laid down in the Global Reporting Initiative (GRI). The report provides the transparency that our shareholders demand, as well as clarifying our role in society. For the first time, EBN is reporting in accordance with the GRI Standards: Core Option this year.

EBN's annual report for 2018 is an integrated annual report, combining information on financial, operational and social issues in a single document. EBN's intention in producing an integrated annual report is to demonstrate how the organisation creates both financial and social value. EBN's policy on transparency also extends to reporting on the acquisitions and divestments it makes. Any such transactions are normally discussed in the Financial results section or in the Financial Statements. However, there were no acquisitions or divestments in 2018 and the non-financial information is therefore unchanged in this report.

Reporting process

The process with respect to the non-financial part of the annual report was as follows. It commenced with a kick-off meeting at the beginning of October 2018. EBN's annual report committee informed the Executive Committee of the theme of the report (and how it would be covered), the method of publication and the timetable. After receiving feedback from the Executive Committee, the annual report committee sent a memo to the Executive Committee requesting its approval for the proposed strategy. A month later, the annual report committee notified the employees involved in producing EBN's annual report of the timetable, the information that would be required and the theme of the publication. The content of the annual report was also discussed with the programme managers for EBN's material issues and targets, results in relation to the targets and the new requirements of the transparency benchmark were explained to them.

The next step involved the internal collection of data for the static part of the annual report, which the annual report committee then started using to write the text. Meanwhile, the theme of the annual report was fleshed out in five interviews with stakeholders, in which stakeholders were asked about their involvement in and practical vision of the energy transition.

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 annual report



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committee. The Executive Committee and our shareholder were able to review and comment on the text on several occasions. The static section and the dynamic section were both discussed at length at various meetings. The annual report committee also received and incorporated written feedback. Changes in the text and additional information were submitted for verification to the EBN employees who had supplied the information to safeguard the quality of the information contained in the final version of the annual report.

The reporting process is structured as follows:

Strategic review	Executive Committee
Risk analysis	Departments
Materiality analysis	Internal and external stakeholders
Determination of material topics	Executive Committee and employees
Determination of control framework	Executive Committee
Check of validation process/data	Internal audit
Data collection	Topic owners/departments
Drafting of synopsis	Annual report committee
Static part of report	Annual report committee
Dynamic part of report	Annual report committee
Assurance	External auditor

7.2 Analysis and determination of materiality

The principle of materiality is the key element of both the IR framework and the GRI standards. According to the IR framework, materiality has a broader context than just the annual report; it also extends to the organisation's management of issues that could have an impact. According

to the IR framework, placing the emphasis on material issues should improve internal and external decision-making. The GRI standards require that an organisation must investigate what (material) aspects are the most important to report on from a social perspective. The guidelines explicitly provide that the reporting organisation should consider where in the chain particular aspects occur and how it can influence them. For EBN, this means looking at the materiality of aspects for our own organisation, but also at our role and influence with respect to operators, partners and customers.

The business model on page 37 provides a description of our core activities and our position in the energy chain. Annex 10.1 on page 169 contains a diagram showing who our stakeholders are and on which material aspects EBN has a direct or indirect influence.

Because a significant proportion of EBN's operations involve financial participation in oil and gas activities and trading in hydrocarbons, EBN reports on the material aspects of these activities. 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 evaluate the issues that we regard as material for the value chains 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 also closely involved in the following steps in the process.



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Step 1: Updating material issues

The material issues were updated in 2018. EBN drew up a long list of 243 social issues that could be relevant for EBN. The issues were 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). The findings from the two analyses were then compared with each other and with the material issues in 2017. The review yielded a list of the 20 most prominent issues. That list was discussed with the Executive Committee and revised before the final list was adopted by the Executive Committee.

Step 2: Ranking of the material issues

The relative importance of the material issues for our stakeholders in 2018 was determined by conducting a survey among a number of stakeholder groups. Seventy external stakeholders from seven stakeholder groups took part in the survey, which was also completed by the members of our Executive Committee, 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. At a meeting attended by the Executive Committee and managers it was decided to include not only the degree of relevance, but also EBN's impact on the issues in the internal results. They then held a vote to rank each material issue according to the impact that EBN has on each one.

Step 3: Drafting the materiality matrix

The materiality matrix was produced on the basis of the chosen priorities (see the chapter entitled Strategy, page 19). The materiality matrix contains the 14 issues with the greatest material relevance for EBN. 'The role of EBN in the energy transition' is a material issue but was not included because it is an overarching topic. It was replaced by 'Creation of economic value', since that is our statutory task and hence of substantial relevance for EBN and its stakeholders. The new materiality matrix was submitted to and approved by our Executive Committee.

EBN's strategy in relation to these material issues is presented on page 26.

Changes in 2018

The new materiality analysis for 2018 incorporated the material issues in 2017. Six material issues reappear in the new materiality matrix:

1. Security (with a different name and definition)
2. Advice and influencing
3. Creating economic value
4. Attracting and developing talent
5. Creating support for our activities
6. Decommissioning and re-use of oil and gas infrastructure (the name of the topic has changed)

The most notable changes in the rankings occurred in the domains of Security, Creating support for our activities and Attracting and developing talent. The issue of security was ranked much higher by external stakeholders than in 2017. Not surprisingly, our stakeholders regard the safety of gas production as relevant in light of the publicity surrounding the earthquake in Zeerijp in 2018. Creating support for our activities is connected with the issue of safety. Public



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support for our activities has declined in the last few years. Attracting and developing talent also ranked higher this year. This is a crucial issue for EBN and the energy sector in general because the ambitions for the energy transition will create new demands which call for different competences. There were no significant changes in the ranking of the material issues Advice and influencing, Creating economic value and Decommissioning and re-use of oil and gas infrastructure in the new materiality matrix.

The materiality matrix for 2018 contains eight new topics:

1. Knowledge sharing
2. Natural gas production
3. Geothermal energy
4. Transparency
5. Greenhouse gases in our operations
6. Cooperation
7. Knowledge development and innovation
8. Carbon capture and storage (CCS)

Choice of issues

In this report we address the issues that we consider to be of material importance and which our stakeholders regard as relevant. The table below presents the material issues and their definitions. The choice of subject for the 2018 annual report is described in the GRI Content Index on page 185.



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Material issue	Definition of the issue
Safety	Ensuring that the risks associated with the operational activities in which we participate do not exceed acceptable limits that could pose a threat to personnel, local residents or the environment, now or in the future.
Knowledge sharing	Actively sharing of facts and information about the energy system with all of our stakeholders.
Creating support for our activities	Generating support at local, regional and national level.
Decommissioning and re-use of oil and gas infrastructure	Facilitating and promoting the effective decommissioning and re-use of stranded assets in the oil and gas infrastructure.
Natural gas production	Promoting effective detection, development and production of the final gas reserves in the Netherlands in the most sustainable way possible.
Geothermal energy	Reusing heat from the (ultra) deep subsurface as a sustainable form of energy.
Transparency	The openness with which EBN reports on its actions and its impact on society.
Greenhouse gases in our operations	Endeavouring, in association with the operators, to diminish environmental impact by reducing emissions of greenhouse gases, including CO ₂ and methane.
Attracting and developing talent	Finding and recruiting talented employees, offering them good opportunities for advancement and inspiring them.
Cooperation	Forming partnerships with operators with a view to accelerating the energy transition.
Knowledge development and innovation	Creating and applying knowledge about the energy system in the Netherlands and future energy solutions.
Advice and influencing	Encouraging our employees to influence operators, partners and other stakeholders through dialogue and advice.
Carbon capture and storage (CCS)	Capturing and storing (and possibly using) CO ₂ underground in Dutch offshore gas fields.
Creating economic value	Optimising EBN's financial results.

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

7.3 Transparency

EBN and its stakeholders attach great importance to transparency. Our aim in that regard is to score well on the new requirements of the transparency benchmark. EBN par-

ticipates in this biannual study into the content and quality of social reporting. In 2017, EBN's annual report for 2016 received a score of 185 points out of a possible total of 200. In 2019, EBN is participating in the transparency benchmark with its 2018 annual report. The maximum number of points has been revised to 100. EBN applies the GRI Standards (Core option) and the revised Dutch Corporate Governance Code.



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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 42 and in the financial statements on page 110. The social performance relates primarily to EBN and is described in greater detail in the section 'The people of EBN' on page 59.

EBN's environmental performance in terms of emissions, energy consumption, waste, dumping and compliance relate mainly to our oil and gas participations (given the limited size of our organisation, EBN's environmental performance is not material); they are considered in relation to the performance of the entire sector operating in the territory of the Netherlands. 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 in the electronic Annual Environmental Report. These data form the basis for the details on performance presented in this report and in EBN's Sustainability Report 2017-2018. That report has been published annually by EBN, but will no longer appear from 2019 in view of EBN's production of an integrated annual report. The EBN's Sustainability Report always included operational performance indicators which were prepared for EBN by the Netherlands Enterprise Agency (NEA). The figures for 2018 were not yet known at the time this report was being written but are expected to be published on EBN's website in the summer of 2019.

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 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 detail. The results provide an overview of EBN's share (unless otherwise mentioned) 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 the gas storage facility 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 CO₂ and CH₄ emissions from drilling activities are. EBN's share is calculated as its percentage of the production of gas, condensate and oil in the total Dutch gas, condensate and oil production in the environmental and economic performance results. For the social performances that relate 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.



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7.6 Measurement methods for material issues

Material issue	Indicator/KPI	Method of measurement
Safety	Survey of ICT integrity for Small Fields and Groningen	EBN wrote to nine operators requesting information about their Cyber Security policy.
	Health and Safety baseline measurement	EBN performed its own baseline measurement for various operators.
Knowledge sharing: knowledge development & innovation, attracting and developing talent, cooperation	Promotion of exploration for Dutch gas in Small Fields (offshore)	EBN performed its own baseline measurement for various operators
	Attendance at VNG Congress (y/n)	EBN attended the VNG Congress.
	Number of articles in trade journals, memos for the Ministry of Economic Affairs and Climate Policy and presentations by EBN at workshops and symposia (all concerning seismicity)	The number of articles and memos written and workshops and symposia attended was determined by means of an internal survey. The figures were then aggregated.
	In 2018, EBN optimised the envisaged Green Deal Ultra Deep Geothermal Energy (UDG) programme	The UDG exploration working programme was carried out.
	Innovation road maps produced for every EBN Theme in 2018	It was verified that innovation road maps had been produced for EBN's seven themes in 2018.
	Women make up a minimum of 35% of EBN workforce as of 31-12-2018	Our HR department monitors the data concerning our (new) employees.
	3% of the wage costs are devoted to courses/study and conferences/seminars	The HR department monitors the training programmes, courses and studies followed by staff members. Employees report the days spent on short-term courses on the staff portal.
(Average) number of hours devoted to training.	The HR department monitors the training programmes, courses and studies followed by our staff members. Employees report days spent on short-term courses on the staff portal	
At the request of the Ministry of Economic Affairs and Climate Policy, EBN and TNO-AGE have carried out a survey of (conceivable) forms of storage in the Dutch deep subsurface.	Studies into subsurface energy storage have been published and shared.	



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Material issue	Indicator/KPI	Method of measurement
Creating support for our work	Update infographic	EBN produced an infographic about the Dutch energy system on the basis of the latest available figures (2017) from Statistics Netherlands (CBS) for the third time in 2018.
	Seven advisory reports for the Ministry of Economic Affairs and Climate Policy	The number of advisory reports was ascertained in the organisation and the total number was counted.
Transparency	Position in the Transparency Benchmark in relation to companies in the energy sector	The Transparency Benchmark is published every two years by the Netherlands Enterprise Agency (Ministry of Economic Affairs and Climate Policy).
Gas production	The Operating Expenditures (OPEX) per cubic metre of natural gas and condensate produced only by Small Fields EBN.	The OPEX figures are calculated on the basis of information from operators.
	The net maturation to developed reserves	Reserves are calculated using specialist software on the basis of the most recent data from operators. The calculations were audited.
Greenhouse gases in our operations	% increase/decrease in CO ₂ -eq. per m ³ compared with 2016	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 for the purposes of an overview of EBN's participations.
Decommissioning and re-use	Number of sites that are used for new energy applications (e.g. hydrogen).	There were no sites being re-used for new energy applications in 2018.
	Signing of DSA & DSMA and implementation for all operators	The number of mutually signed DSAs.
	Volume of MT and CO ₂ in storage per year in the Netherlands and in projects in which EBN participates.	There was no subsurface storage of CO ₂ in the Netherlands in 2018.
	Number of CCS projects brought to FID.	No CCS projects were brought to FID in 2018.
Geothermal energy	Number of PJ developed	EBN did not yet take part in any geothermal projects in 2018 and there is therefore no measurement method.



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Disclaimer

This report concerns the efforts and achievements in meeting our objectives in 2018. 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, expectation, target, objective, vision, planning, ambition, scenario, intention and forecast. Inherent to future expectations is that the outcome is subject to risks and uncertainties and their achievement is not assured

Assurance of non-financial information

EBN asked PwC to review the sustainability information included in the annual report (in the sections Foreword, Key Figures, Our organisation, Strategy and Results 2018 and About this report) and to issue an assurance report with a limited level of assurance. The assurance report can be found on page 166.

GRI Content index

The GRI Content Index can be found in annex 10.5

Publication date of 2018 Annual Report

EBN's annual report for 2018 was published on 2 April 2019.



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8 Financial Statements

Consolidated statement of comprehensive income

in EUR million

	<i>note</i>	2018	2017
sales	2	2,673	3,015
<i>operating expenses</i>			
levies	3	7	826
operational costs	4	1,350	962
(reversal of) impairment	5	-155	35
depreciation	5	430	434
operating expenses		1,632	2,257
<i>operating profit</i>			
finance income	6	64	121
finance costs	6	-117	-183
share of profit from associates	7	29	34
<i>profit before income tax</i>			
income tax' expense	8	-253	-174
<i>profit for the period</i>			
other comprehensive income		-	-
<i>total comprehensive income for the period</i>			
		764	556



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Consolidated balance sheet

in EUR million

assets	note	31-12 2018	31-12 2017	liabilities	note	31-12 2018	31-12 2017
<i>non-current assets</i>				<i>shareholder's equity</i>			
property, plant and equipment	10	2,552	2,841	share capital	15	128	128
associates and other non-current assets	11	109	107	retained earnings		151	89
deferred tax asset	8	30	80			279	217
derivatives	19	115	88	<i>provisions</i>			
		2,806	3,116	provisions	16	3,474	3,284
						3,474	3,284
<i>current assets</i>				<i>non-current liabilities</i>			
inventories	12	28	29	borrowings	17	911	1,078
trade receivables and other current receivables	13	279	383	derivatives	16	137	-
tax receivables		6	16	other non-current liabilities	19	-	6
derivatives	19	12	-			1,048	1,084
cash and cash equivalents	14	2,760	2,004	<i>current liabilities</i>			
		3,085	2,432	borrowings	17	380	130
				trade payables	18	60	67
				other	18	650	766
						1,090	963
total		5,891	5,548	total		5,891	5,548



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Consolidated statement of changes in equity

in EUR million

	share capital	retained earnings	total equity
balance at 1 January 2017	128	50	178
profit for the period	-	556	556
other comprehensive income	-	-	-
total comprehensive income for the period	-	556	556
final dividend previous year	-	-20	-20
interim dividend	-	- 497	- 497
balance at 31 December 2017	128	89	217
profit for the period	-	764	764
other comprehensive income	-	-	-
total comprehensive income for the period	-	764	764
final dividend previous year	-	-	-
interim dividend	-	- 702	- 702
balance at 31 December 2018	128	151	279



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Consolidated cash flow statement

in EUR million

	<i>note</i>	2018	2017
Operating activities			
total comprehensive income for the period		764	556
conversion to net cash:			
- share of profit from associates	7	- 29	- 34
- depreciation and (reversal of) impairment	5	275	469
- write-downs	10	17	54
- changes in capitalisation of decommissioning and storage costs	10	178	84
- changes in provisions (addition, revision and interest)	16	287	158
- changes in fair value CCIRS	19	45	106
- changes in fair value repaid borrowings		-	16
- revaluation repaid borrowings		-	5
- revaluation of borrowings	17	- 42	- 95
- other financial income and costs - charged to comprehensive income		22	22
- taxes - charged to comprehensive income	8	253	174
- change in working capital			
- inventories	12	1	- 2
- trade receivables and other current assets	13	104	39
- Nationaal Programma Groningen		198	-
- other liabilities (excluding loans, debts to credit institutions and profit distribution)	18	- 283	180
- withdrawal from provisions	16	- 97	- 111
- interest			
- received		5	24
- paid		- 29	- 49
- taxes		-	-
- received		-	-
- paid		- 190	- 313
		715	727
net cash from operating activities		1,479	1,283



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in EUR million

	<i>note</i>	2018	2017
<i>Investing activities</i>			
investments property, plant and equipment	10	- 184	- 156
result of sale property, plant and equipment	10	3	-
dividend received	11	30	35
net cash used in investing activities		- 151	- 121
<i>Financing activities</i>			
profit distribution	13, 15,18	- 613	- 486
cash loan received	17	- 76	- 92
cash loan received	17	100	-
changes in collateral of derivatives	17	17	- 65
redemption private loan	17	-	- 81
net cash used in financing activities		- 572	- 725
Change in cash and cash equivalents		756	438
Balance cash and cash equivalents at 1 January	14	2,004	1,566
Balance cash and cash equivalents at 31 December	14	2,760	2,004



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Notes to the consolidated financial statements

(1) General information

EBN B.V. with its principal place of business at Daalsesingel 1, 3511 SV Utrecht in the Netherlands. The registered office is registered in the Chamber of Commerce with number 14026250). The consolidated financial statements for the year ending 31 December 2018 contains EBN B.V. and subsidiaries (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.

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 2018 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 article 402 Title 9 Book 2 of the Dutch Civil Code.

The consolidated financial statements of EBN B.V. as per 31 December 2018 are prepared by the Executive Board and authorised by the Director and 4 of the 5 Supervisory Board members at 7 March 2019. At the date of approval 1 of the members of the Supervisory Board was abroad (guidance based on article 210 Title 2 of the Dutch Civil code). The financial statements will be submitted for approval to the general meeting of Shareholders 25th of March 2019.

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, assets and liabilities 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') is the sole subsidiary of EBN B.V.



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Joint arrangements

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 2018 are as follows:

Name	Interest	Operator	Operator's place of business
Groningen	40%	NAM	Assen
JDA unit	40%	NAM	Assen
K04ab & K05ab	50%	TOTAL	The Hague
Schoonebeek	40%	NAM	Assen
A&B Unit	50%	PETROGAS	Rijswijk
L04c & L05a	50%	NEPTUNE	Zoetermeer
UGS Bergermeer	40%	TAQA	Alkmaar
Noord Friesland & M09a	40%	NAM	Assen
M07 & L09	50%	NAM	Assen
L10 & L11a	40%	NEPTUNE	Zoetermeer

Associates

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.

For the NGT-Extensie joint venture 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 NGT-Extensie, NGT-Extensie is processed and presented according to the equity method as associate. NGT-Extensie is based in Zoetermeer and its main activity is the transport of natural gas from the North Sea.



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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 provisions for decommissioning costs and the capitalisation of decommissioning and storage costs on the balance sheet is based on information from operators. EBN assess this information based on its own knowledge and experience and amends it where necessary. The ultimate decommissioning and restoration costs are uncertain and cost estimations 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 judgements 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 16.

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 2018 (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. Estimations 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').

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 related to the production up to and including the balance sheet date, 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.



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The ultimate amount of the costs depends among other things on the extent of the damage and advices, valuation by experts and/or bilateral agreements and can therefore differ from the current expected cost (see also note 16).

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.

(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)

New and amended IFRS standards and IFRIC interpretations that came into force as of the financial year 2018 have been incorporated:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRIC 22 Foreign currency transactions and advance consideration
- Annual improvements 2014 – 2016 cycle

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for applying hedge accounting. The implementa-

tion of this new standard has no impact on the classification of the financial assets and liabilities.

The new model comprises revised stipulations regarding the classification and measurement of financial instruments, including a new model for anticipated credit losses for the purpose of calculating the impairment of financial asset. The provision for doubtful debt has not been impacted by the new model. See also note 13 Trade receivables and other receivables.

The new hedge accounting requirements have no impact as EBN does not apply hedge accounting. The new requirements of IFRS 9 are applied as of 1st of January 2018 and the comparative figures have not been adjusted.

IFRS 15 – Revenue from Contracts with Customers

De nieuwe IFRS 15 standaard is van kracht vanaf 1 januari 2018. IFRS 15 heeft betrekking op het verwerken en toelichten van opbrengsten en komt in plaats van IAS 18 en IAS 11 en gerelateerde interpretaties.

The standard offers a five steps model which must be applied when an entity enters into contracts to provide goods or services to their customers in the normal course of business:

1. Identify the contracts(s) with the customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contracts
5. Recognise revenue when (or as) EBN satisfies a performance obligation



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EBN identified for the distinct revenues contracts, whereby EBN is the contracting party, with comparable features and assessed these contracts according to steps 2 up to and including step 5. 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 but will not be accounted for differently according to IFRS 15 than in accordance with IAS18. The transaction price includes transport costs (net) and the turnover will be disclosed net (equal to IAS 18). Delivery of natural gas is characterized by a transfer at specific moments, therefore the revenues from the sale of gas are recognized under IFRS 15 as well as IAS 18 at the time of delivery.

The new requirements of IFRS 15 are applied as of 1st of January 2018 and the comparative figures have not been adjusted. The implementation of this standard does not have impact on the financial statements and results mainly in additional disclosures.

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

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: prepayment features with negative compensation
- Annual improvements 2014-2016 cycle
- Amendments to IAS 28: long-term interests in Associates and Joint Ventures

- Annual improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan, Amendment, Curtailment or Settlement
- 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

IFRS 16 – Leases

The new published standard IFRS 16 must be applied as per 1 January 2019. IFRS 16 relates to leases. As a result of the new standard EBN will record a right to use asset of EUR 11 million and a liability of EUR 11 million and the reclassification in the income statement is less than EUR 1 million between depreciation and other costs.

Other standards

Other standards, amendments to standards or new IFRIC interpretations do not apply to EBN or have limited consequences for the company's financial statements in future financial years.

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. 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.



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Distinction between assets and liabilities and current/non-current

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 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 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 4).

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 4 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, e.g. additional exploration wells are drilled or firm plans to do so in the near future do exist.

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



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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 estimations of the proven 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) 2018.

The UOP-rates for the financial year indicate the ratio between the production over the year and the proven and probably 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 pattern of future 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 concurrent borrowings in the past financial year.

Associates

An associate is an interest in an entity on which EBN has significant influence, but not control or joint control. Investment in associates are accounted for using the equity method. This means that EBN's share in an associate is initially recognised at costs 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

An assessment is made annually at balance sheet date 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



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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. This is 5,5% for midstream activities (2017: 6%) and 6,5% for exploration and production activities (2017: 7%), after tax. A discount rate before tax is also determined, on the basis of an iterative method.

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 5.

Inventories

Underground gas inventories and supplies of materials are valued at the average purchase prices or lower net realisable value. The inventory of above-ground condensate and oil is valued 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 and retained earnings. The Dutch State is EBN's sole shareholder. Interim dividend payable to the shareholder is included as an obligation 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. That is only recognised as an obligation 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,



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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.

Liabilities

Loans are recorded at amortised cost price. On first recognition, such items are presented at fair value less costs. Borrowings in foreign currencies are converted at the exchange rates applicable on the balance sheet date. Interest expense is charged to the result in the period to which it relates, using the effective interest rate method.

Pensions

The pension obligations of EBN are housed 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 owed 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 way 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 of ABP as at 31 December 2018 was 97,0% (2017: 104,4%). The expected pension costs for 2019 are EUR 2 million



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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 characterized by a transfer at specific moments, therefore the revenues from the sale of gas are recognized at the time of delivery.

Government grants

Grants from the government 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 sales 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 includes interest accrued on provisions.

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 are specified in the consolidated statement of comprehensive income except if they relate 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.



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Deferred tax assets and liabilities are recognised based on the expected tax consequences of temporary differences between the fiscal and the commercial carrying value of assets and liabilities relating to the ground subsidence and restoration costs. 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.

Financial derivatives

Derivative financial instruments are recognised at fair value on initial recognition and then at the current fair value prevailing on each subsequent balance sheet date. The fair value is calculated with the appraisal model of Reuters, using yields from Reuters. Any gains or losses are charged to comprehensive income.

For further information on the conclusion of the fair values see note 19 ('Fair value of financial instruments').

(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

EBN exercises one main activity, namely the exploration and production of natural gas and oil. All sales are realised in the Netherlands. The assets in which EBN participates are also located in the Netherlands. Information on the main debtors can be found in note 13.

The 2018 sales from business operations was EUR 2,673 million. Compared to 2017 this is a decrease of EUR 342 million (-11%). The decrease in sales was mainly caused by lower production (-16%) partly offset by higher prices (+5%).

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

in EUR million

	2018	2017
exploration of natural gas and oil	2,671	3,015
government grants	2	-
total	2,673	3,015

The government grants relates to the SCAN-project and a grant from Rijksdienst voor Ondernemend Nederland (RvO).



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(3) Levies

Levies amounted to EUR 7 million (2016: 826 million). The special payments to the State, related to the production from the Groningen field, have been lifted in 2018. As a result no payments have been made related to the MOR (yield increase regulations) payments and the State's share (2017: EUR 819 million).

(4) Operationele kosten

in EUR million

	2018	2017
G&G costs	12	16
write-downs (unsuccessful wells)	17	54
earthquake related costs	736	349
production, transport and other costs	585	543
total	1,350	962

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 and the compensation to the Nationaal Programma Groningen. Reference is made to note 16.

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

in EUR million

	2018	2017
gross salaries	9	8
social securities	1	1
pension costs	2	1
other costs	1	1
total	13	11

The average number of FTEs in 2018 was 88.7 (2017: 76.2). All employed in the Netherlands.

The other costs contains EUR 4.9 million costs related to geothermal activities (2017: EUR 1.2 million), of which EUR 1.7 million is related to the SCAN project and covered by government grants (2017:nihil).

(5) (reversal of) Impairments and depreciation

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

in EUR million

	2018	2017
impairment	29	74
reversal of impairment	- 184	- 39
total	- 155	35

in EUR million

	2018	2017
depreciation of property, plant and equipment	369	314
depreciation of property, plant and equipment due to decommissioning and restoration costs	61	120
total	430	434

Because of the increased gas prices EBN has performed analyses to identify a possible reversal of impairment of some of its upstream assets. The recoverable amount is determined for the cash flow generating unit to which the asset belongs. In the case of EBN a cash flow generating unit in general 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 highest of the value in use and fair value less costs of disposal.



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Future cash flows are estimated based on the most recent budgets and ditto price scenarios. For periods beyond the available projections, cash flows are extrapolated based on inflation.

For the value in use calculation, the estimated future cash flows are converted into cash at a discount rate before taxes, based on the WACC (Weighted Average Cost of Capital). This is 5,5% for midstream activities (2017: 6%) and 6,5% for exploration and production activities (2017: 7%), after tax. A discount rate before tax is determined based on an iterative method.

For 12 upstream gas cash flow generating units the carrying value at 31 December 2018 (EUR 616 million) is reversed to its recoverable amount (in total EUR 800 million). This makes the reversal of impairment EUR 184 million in 2018.

For 1 midstream cash generating unit an impairment of EUR 29 million has been recognised in 2018. In 2017, the impairment was EUR 74 million for 7 upstream cash flow generating units, and a reversal of impairment for 2

upstream cash flow generating units of EUR 39 million has been recognised.

The sensitivity of the calculated reversal of impairment can be indicated by the sensitivity on the prices; with a price decrease of 2 cent the reversal of impairment would have been EUR 129 million and by an increase of the prices with 2 cent the reversal of impairment would have been EUR 198 million. (2017: decrease 1 cent impairment of EUR 95 million and increase of 2 cents reversal of impairment of EUR 205 million).

The depreciation costs are in line with 2017; on the one hand the investment in property, plant and equipment decreased the last years resulting in a lower depreciation costs and on the other hand higher depreciation costs for the Groningen field as a result of an order of the Minister to reduce the production volume and the decision to stop at the latest in 2030 with the exploration of gas from the Groningen field. The depreciation period for Norg and Grijpskerk have been adjusted based on this order.



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(6) Financial income and expense

in EUR million

	2018	2017
interest income on derivatives	15	16
revaluation income on derivatives	45	-
exchange differences on other financial instruments	-	101
other financial income	4	4
total finance income	64	121
interest costs on cash and cash equivalents	- 8	- 4
interest costs on borrowings	- 15	- 16
interest costs on derivatives	- 21	- 21
revaluation costs on derivatives	-	- 112
exchange differences on other financial instruments	- 42	-
unwinding of discount provisions	- 30	- 26
other financial expense	- 1	- 4
total finance costs	- 117	- 183
net finance costs	- 53	- 62

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 2018, on balance, this is a positive result of EUR 3 million (2017: EUR 11 million negative), of which EUR 45 million revaluation income on derivatives and EUR 42 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.

(7) Result for associates

in EUR million

	2018	2017
Gas Terra B.V.	14	14
NOGAT B.V.	12	15
NGT-Extensie	3	5
total	29	34

(8) Tax

in EUR million

	2018	2017
current tax on profits for the year	203	245
adjustments for current tax of prior periods	-	- 2
current tax	203	243
effect deferred tax arising from temporary differences	43	- 69
effect enacted change in tax rate	7	-
deferred tax	50	- 69
total	253	174

The effective tax rate for 2018 amounts to 25.6% (2017: 25.0%). The higher effective tax rate is the result of the effect of the enacted change on the tax rate from 25% in 2018 to



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20,5% in 2021 on the valuation of the deferred tax position per 31 December 2018.

in EUR million

	2018	2017
<i>Total taxes</i>	253	174
	1,017	730
Pre-tax profit	- 29	- 34
share of profit from associates	988	696
total	25.6%	25.0%

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 balance of deferred tax assets and liabilities declined by EUR 50 million as a result of the following changes:

in EUR million

	2018	2017
<i>balance at 1 January</i>		
deferred tax assets	137	131
deferred tax liabilities	- 57	- 120
total	80	11
movements as a result of:		
- differences between commercial and fiscal valuation of provisions	- 77	6
- effect change tax' rate deferred tax' asset	- 11	-
- differences between commercial and fiscal valuation of property, plant and equipment	34	63
- effect change tax' rate deferred tax' liability	4	-
<i>balance at 31 December</i>	30	80
of which:		
- deferred tax assets	49	137
- deferred tax liabilities	- 19	- 57
movement in assets	- 88	6
movement in liabilities	38	63
	-50	69



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(9) Net profit

A net result from continuing operations amounts to EUR 764 million in 2018. That is EUR 208 million (37%) higher than for 2017.

Notes to the consolidated balance sheet

(10) Property, plant and equipment

Tabel on next page.

Investments in 2018 of EUR 184 million were 18% higher compared to 2017 (EUR 156 million). Onshore investments amounted to EUR 42 million (2017: EUR 25 million). Offshore investments amounted to EUR 142 million (2017: EUR 131 million).

The depreciation costs are in line with 2017; on the one hand the investment in property, plant and equipment decreased the last years resulting in a lower depreciation costs and on the other hand higher depreciation costs for the Groningen field as a result of an order of the Minister to reduce the production volume and the decision to stop at the latest in 2030 with the exploration of gas from the Groningen field. The depreciation period for Norg and Grijskerk have been adjusted based on this order.

The decrease in the capitalised decommissioning and restoration cost of plants amounted to EUR 178 million in 2018 (2017: EUR 84 million decrease). For further explanation, see note 16.

In 2018, a reversal of impairment of EUR 184 million has been recognised and an impairment of EUR 29 million (2017: EUR 74 million impairment and reversal of impairment of EUR 39 million). For more details with regard to the (reversal of) impairment, see note 5 (page 126) and the summary of significant accounting policies.

The cumulative acquisition value of the assets that are already fully depreciated but still in use amounts to EUR 1,383 million (2017: EUR 1,012 million).



(10) Property, plant and equipment

in EUR million

	total	production, transport and storage facilities	drilling	reimburse- ments	capitalisation of decommissio- ning and restoration costs	exploration and evaluation assets under construction	capital expenditure and wells under construction
<i>balance at 1 January 2017</i>							
cumulative cost	15,645	7,843	4,252	1,462	1,877	110	101
accumulated depreciation and impairment	12,353	6,460	3,395	1,447	1,051	-	-
carrying amount at 1 January 2017	3,292	1,383	857	15	826	110	101
<i>changes in 2017:</i>							
cost:							
-investments	156	31	30	-	-	40	55
-commissioning	-	34	83	-	-	-12	-105
-capitalisation of decommissioning and restoration costs	-84	-	-	-	-84	-	-
-decommissioning	-	-	-	-	-	-	-
-write-downs	-54	-	-	-	-	-52	-2
depreciation							
-depreciation	-434	-155	-156	-3	-120	-	-
-impairment	-74	-20	-45	-	-9	-	-
-decommissioning	39	39	-	-	-	-	-
<i>balance at 31 December 2017</i>							
cumulative cost	15,663	7,908	4,365	1,462	1,793	86	49
accumulated depreciation and impairment	12,822	6,596	3,596	1,450	1,180	-	-
carrying amount at 31 December 2017	2,841	1,312	769	12	613	86	49
<i>changes in 2018</i>							
cost:							
-investments	184	62	102	-	-	1	19
-commissioning	-	17	2	-	-	-2	-17
-capitalisation of decommissioning and restoration costs	-178	-	-	-	-178	-	-
-decommissioning	-3	-	-3	-	-	-	-
-write-downs	-17	-	-	-	-	-14	-3
depreciation							
-depreciation	-430	-212	-155	-2	-61	-	-
-impairment	-29	-29	-	-	-	-	-
-reversal of impairment	184	85	99	-	-	-	-
-decommissioning	-	-	-	-	-	-	-
<i>balance at 31 December 2018</i>							
cumulative cost	15,649	7,987	4,466	1,462	1,615	71	48
accumulated depreciation and impairment	13,097	6,752	3,652	1,452	1,241	-	-
carrying amount at 31 December 2018	2,552	1,235	814	10	374	71	48

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(11) Associates and other non-current assets

EBN classifies as associates its 40% participation in GasTerra, its 45% participation in NOGAT and the 12% participation in the NGT-Extensie.

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

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

Furthermore, a non-current asset for an operator of EUR 4 million has been recognised (2017: EUR 0 million).

in EUR million

	GasTerra	NOGAT	NGT-Extensie	2018	GasTerra	NOGAT	NGT-Extensie	2017
<i>balance at 1 January</i>	86	13	8	107	86	13	9	108
profit share	14	12	3	29	14	15	5	34
dividend received	- 14	- 12	- 4	-30	- 14	- 15	- 6	- 35
<i>balance at 31 December</i>	86	13	7	106	86	13	8	107

in EUR million

	GasTerra	NOGAT	NGT-Extensie	2018	GasTerra	NOGAT	NGT-Extensie	2017
assets								
current	1,951	33	-	1,984	1,789	38	-	1,827
non-current	9	48	57	114	13	49	65	127
liabilities								
current	1,744	29	-	1,773	1,586	35	-	1,621
non-current	-	25	-	25	-	24	-	24
net investments (100%)	216	28	57	301	216	28	65	309
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	7	105	86	13	8	107
net sales	11,153	48	45	11,246	9,601	47	63	9,711
net profit (100%)	36	26	28	90	36	33	40	109
other comprehensive income (100%)	-	-	-	-	-	-	-	-
total comprehensive income	36	26	28	90	36	33	40	109
EBN's share in total comprehensive income	14	12	3	29	14	15	5	34



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(12) Inventories

in EUR million

	2018	2017
materials	22	24
gas	-	1
condensate and oil	6	4
total	28	29



(13) Trade receivables and other current receivables

in EUR million

	2018	2017
trade receivable related associate	118	105
other trade receivables	149	267
total trade receivables	267	372
other receivables and deferred items	12	11
total	279	383

Trade receivable from associates refer to GasTerra, in which EBN has a 40% participation. The trade receivables decreased with EUR 105 million as a result of a lower production in December.

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 is 0%. End 2018 there is no provision for doubtful debts.

oil and gas	provision matrix	current	>30 days	31-60 days	>90 days
31 December 2018	expected loss rate	0%	0%	0%	0%
	gross carrying amount- trade receivables	267	-	-	-
	loss allowance	-	-	-	-
31 December 2017	expected loss rate	0%	0%	0%	0%
	gross carrying amount- trade receivables	372	-	-	-
	loss allowance	-	-	-	-



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(14) Cash and cash equivalents

The cash and cash equivalents consist of bank balances EUR 16 million (2017: EUR 306 million), bank deposits EUR 908 million (2017: EUR 880 million), investments in money market funds EUR 0 million (2017: EUR 249 million) and commercial paper EUR 1,836 million (2017: EUR 569 million).

(15) Shareholder's equity

in EUR million

	2018	2017
<i>balance at 1 January</i>	217	178
net profit	764	556
final dividend previous year	-	- 20
interim dividend	- 702	- 497
<i>balance at 31 December</i>	279	217

Share capital

The authorised, issued and paid up share capital amounted to EUR 128 million in 2018 (2017: EUR 128 million) and consists of 284,750 shares (2017: 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 interim dividend to the State) is made freely available to the General Meeting. After deduction of interim dividend of EUR 702 million the net profit is EUR 62 million. The General Meeting resolves to add an amount of EUR 62 million to the equity and no dividend will be paid.

The declared dividend for the previous year per share amounted to EUR 0 per share (2017: EUR 70). The total result for 2018 was EUR 2,683 per share (2017: EUR 1,953 per share). That is an increase of 37% compared to 2017.



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(16) Provisions and non-current liability

The provisions increased by EUR 190 million in 2018.

This is the balance of the following changes:

in EUR million

	decommis- sioning and restoration	subsidence	earthquakes	other	total
<i>balance at 1 January 2017</i>	2,700	113	383	42	3,238
additions	18	4	240	-	262
amount used during the year	-37	-	-46	-28	-111
unused amounts reversed	-	-	-	-12	-12
revision	-102	-	-17	-	-119
unwinding discount	26	-	-	-	26
<i>balance at 31 december 2017</i>	2,605	117	560	2	3,284
additions	16	56	387	-	459
amounts used during the year	-41	-8	-48	-	-97
unused amounts reversed	-	-	-6	-	-6
revision	-195	-	-	-	-195
unwinding discount	31	-	-	-	31
reclassification	-	-	-	-2	-2
<i>balance at 31 december 2018</i>	2,416	165	893	-	3,474

An amount of EUR 288 million is expected to be used in 2019.

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 2018 and own analyses and is determined by estimating the costs on the basis of the current price level, taking into account an inflation of 1.4% (2017: 1.4%), and discounted at a nominal interest rate of 1.5% (2017: 1.1%).

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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% (2017: 1.0%).

The revision in the provision for decommissioning and restoration is mainly caused by an adjustment of the discount rate and inflation. Additionally, the estimated costs for decommissioning and removing installations have been updated resulting in a decrease of the estimated costs and new insights regarding cut off production dates.

Provision subsidence

The provision for ground subsidence also includes liabilities with a maturity depending on the life of the fields.

Provision earthquakes

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 related to the production up to and including the balance sheet date, architectural reinforcements of buildings, strengthening the infrastructure, compensation measures and decline in value.

The provision for earthquake-related costs is expected to have a maturity till 2030.

The provision for claims is based on the number of outstanding claims as at 31 December 2018 and an estimate of to be expected claims based upon historical information and

internal models. The expected average payment amount is based on historical data.

The provision for preventive reinforcement has been built up based on the expected number of houses to be reinforced and the related estimated costs based on the advice of the Mijiraad of November 2018. EBN added EUR 341 million to the provision for preventive reinforcement.

The provision for compensatory measures including decline in value, compensation for immaterial damage and lost living pleasure is based on the expected number of households entitled to the compensation. The estimate of the expected compensation amount is based on internal and / or external information.

Given the bandwidth of the various scenarios that could lead to a possible positive or negative effect on the amount to settle, EBN has assessed that the provision disclosed in the financial statements is the most plausible and substantiated outcome on the basis of the currently available information

Other non-current liabilities

The other non-current liability relates to the liability to contribute to the "perspectief voor de regio", this has been agreed between the State and the NAM. EUR 137 million is non-current and EUR 60 million is current.



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(17) Current and non-current borrowings

in EUR million

	2018			2017		
	total	non-current part	current part	total	non-current part	current part
debenture loans	1,120	911	209	1,078	1,078	-
private loans	-	-	-	-	-	-
total borrowings	1,120	911	209	1,078	1,078	-
cash loans	132	-	132	108	-	108
collateral on derivatives	39	-	39	22	-	22
total	1,291	911	380	1,208	1,078	130

In 2018 no borrowings were repaid. No new loans were issued. No security has been provided for the outstanding borrowings. Clauses are included in the agreements for the debenture and private loans that restrict the security that can be demanded. EBN has a commercial paper programme of EUR 2,000 million. This is unchanged compared to 2017. At year-end 2018, no commercial paper is outstanding (neither at year-end 2017).

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 which 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 from 3 days to 3 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 netted 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 over 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, the banks are owed an annual commitment



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fee over the outstanding and unused part of the facility. 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:

There is a difference in the amounts of outstanding non-current borrowings at the end of 2018 compared to 2017 because of exchange differences, which are incorporated in the consolidated statement of comprehensive income under finance income and costs (see note 6).

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. As a result, the rate effects on the non-current liabilities, such as those appear from the table, are neutralised. 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 2.12% (2017: 2.12%).

in EUR million

					2018	2017
CHF	325 million	2.125%	debenture loan	2010/2020	289	278
CHF	125 million	2.125%	debenture loan	2010/2020	111	107
CHF	150 million	1.625%	debenture loan	2011/2023	133	128
CHF	235 million	0.625%	debenture loan	2012/2019	209	201
CHF	125 million	1.125%	debenture loan	2012/2024	111	107
CHF	175 million	0.500%	debenture loan	2014/2022	156	150
CHF	125 million	0.875%	debenture loan	2014/2026	111	107
					1,120	1,078



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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 2018, 25% (in 2017: 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.

<i>in EUR million</i>		
	2018	2017
within 1 year	209	-
within 1 to 2 years	400	201
within 2 to 3 years	-	385
within 3 to 4 years	156	-
within 4 to 5 years	133	150
after 5 years	222	342
total	1,120	1,078

More than 46% 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.

(18) Trade payables and other current liabilities

Trade payables of EUR 60 million (2017: EUR 67 million) are joint interest billings of operators of the month December.

The other current liabilities consist of:

<i>in EUR million</i>		
	2018	2017
payments to the State	402	314
interest payments due	19	19
levies	-	352
other liabilities	229	81
total	650	766

The decrease in the levies is due to the lifting of the MOR obligation for the Groningen field. The increase in the other liabilities is due to the current part of the payment to the "Nationaal Programma Groningen" of EUR 60 million, deferred government grants of EUR 19 million and an accrual for a payment to an operator of EUR 43 million.

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(19) Risk management

General information

In addition to the strategic risks referred to on page 72 to 79, there are also financial risks. 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 17. 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.

The fact that the annual results are largely paid out to the shareholder leads to an annual low numerical solvency ratio. However, there are significant and robust annual positive cash flows from operating activities, which are higher than the capital expenditures. Because of this, each year EBN generates a significant level of free cash flow. The net debt is negative at both year-end 2017 and year-end 2018 and therefore represents a net receivable (no gearing ratio shown in the following table).

in EUR million

	2018	2017
non-current borrowings	911	1,078
current borrowings	380	130
total borrowings	1,291	1,208
cash and cash equivalents	- 2,760	- 2,004
financial derivatives	- 127	- 82
net liability (A)	- 1,596	- 878
shareholder's equity (B)	279	217
gearing ratio A/(A+B)*100%	n.a.	n.a.



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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 million

	Borrowings loans	Net interest loans & Derivates	2018 Payment at redemption	Cash flow derivatives	2018 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 EUR million

	Borrowings loans	Net interest loans & Derivates	2017 Payment at redemption	Cash flow derivatives	2017 Total cash out
within 1 year	130	- 21	- 130	-	- 151
within 1 to 2 years	201	- 21	- 201	5	- 217
within 2 to 3 years	385	- 17	- 385	69	- 333
within 3 to 4 years	-	- 7	-	-	- 7
within 4 to 5 years	150	- 7	- 150	5	- 152
after 5 years	342	-	- 342	10	- 342
total	1,208	- 81	- 1,208	89	- 1,201

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.



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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 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 maximized 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 2018, as in 2017, 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 779 million (CHF 960 million), CSAs have been agreed with the relevant counterparties. For that reason, at the end of 2018 on balance, there was EUR 39 million collateral placed at EBN by banks (at the end of 2017: EUR 22 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 netted 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 2018 is EUR 88 million (EUR 127 million market value derivatives minus EUR 39 million collateral).

With the valuation of the derivatives, the credit risk on counterparties is taken into account in case of a positive market value and the credit risk of banks on EBN in 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



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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 1,8 million at the end of 2018 (the decrease in 2017 was: EUR 0,6 million).

Credit risk on receivables

The credit risk on receivables from sales is low. EBN mainly sells to counterparties with a high credit rating. 55% of the receivables are at GasTerra (long term credit rating Standard & Poor's AA +) and 44% of the receivables at NAM (Joint Venture Shell and Exxon Mobil). In 2017 this was 27% and 69% 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. Next 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 shall have a variable interest rate in accordance with internal guidelines. At year-end 2018, 25% (2017: 25%) of this non-current debt position was at a variable interest rate.



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in EUR million

	carrying amount	fair value	Effect of the change in interest rate +1%	effect of the change in interest rate -1%
2018				
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 positive used for non-current borrowings	115	115	- 17	18
cross currency swaps positive used for current borrowings	12	12	- 1	1
total	1,028	985	- 18	19
2017				
cash and cash equivalents	2,004	2,004	-	-
receivables	417	417	-	-
current borrowings	- 130	- 130	-	-
other current liabilities	- 517	- 517	-	-
non-current borrowings	- 1,078	- 1,136	-	-
cross currency swaps positive used for non-current borrowings	82	82	- 18	19
cross currency swaps positive used for current borrowings	-	-	-	-
total	778	720	- 18	19

The following table shows the interest rate sensitivity of the financial instruments on the shareholders' 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 2018. All other variables remain unchanged. A reduction of 1 percentage point in interest rates would result in an estimated decrease of EUR 19 million in net financing costs, based on the

portfolio of financial instruments at 31 December 2018. An increase in interest rates by 1 percentage point would result in an estimated increase of net financing costs of EUR 18 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.



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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 2018, there was one outstanding USD trade receivable of USD 0,5 million, which was hedged by means of a forward exchange transaction (at year-end 2017, USD 3,8 million trade receivable). In case of investments or funding in foreign currency, the currency risk is immediately hedged. In case of funding in foreign currency, both the currency risk on the principal and interest obligations are fully covered.

in EUR million

	carrying amount	fair value	effect movement in exchange rate +10%	effect movement in exchange rate +10%
2018				
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 positive used for non-current borrowings	115	115	107	- 88
cross currency swaps positive used for current borrowings	12	12	23	- 19
total	1,028	985	-	-
2017				
cash and cash equivalents	2,004	2,004	-	-
receivables	417	417	-	-
current borrowings	- 130	- 130	-	-
other current liabilities	- 517	- 517	-	-
non-current borrowings	- 1,078	- 1,136	- 127	104
cross currency swaps positive used for non-current borrowings	82	82	127	- 104
cross currency swaps positive used for current borrowings	-	-	-	-
total	778	720	-	-



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Currency risks on current borrowings in foreign currencies are hedged with forward exchange contracts. At year-end 2018 there were no forward exchange contracts relating to current borrowings issued in foreign currencies (year-end 2017: nil).

Currency risks on non-current borrowings in foreign currency are hedged with cross currency interest rate swaps (see note 17).

In the table below the sensitivity of the financial instruments to exchange rate fluctuations is shown on the shareholders' 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 2018, 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:

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

in EUR million

	31 december 2018		31 december 2017	
	carrying amount	fair value	carrying amount	fair value
assets				
current receivables	279	279	417	417
non-current financial derivatives	115	115	88	88
current financial derivatives	12	12	-	-
cash and cash equivalents	2,760	2,760	2,004	2,004
liabilities				
non-current debenture loans	911	953	1,078	1,136
non-current financial derivatives	-	-	6	6
current debenture loans	209	210	-	-
other current borrowings	171	171	130	130
other current and non-current liabilities	847	847	833	833



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level 2. These valuation techniques are assessed annually. The valuation techniques were not adjusted in 2018.

The fair value of the non-current borrowings amounts to EUR 953 million as at 31 December 2018 (2017: EUR 1,136 million). The valuation technique is in line with level 1 (as in 2017). The carrying amount of the non-current borrowings amounted to EUR 911 million (2017: EUR 1,078 million). The non-current borrowings in foreign currency are recognized at 'mid-market' rates, as published by Reuters. The corresponding derivatives are recognized 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 recognized 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:

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.

in EUR million

	assets	liabilities	total
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
cross currency interest rate swaps	88	6	82
forward currency contracts	-	-	-
Balance at 31 December 2017 for the total financial derivatives in relation to borrowings	88	6	82



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Other notes (20) Contingencies

As indicated in the summary of significant accounting policies EBN takes part in a multiple 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 2018 amount to EUR 426 million and the majority of these obligations has a duration shorter than 1 year (2017: EUR 443 million).

Moreover, EBN's (in)direct share of proven and probable gas reserves of fields in which EBN participates at 31 December 2018 is 83 billion Nm³ GE (2017: 283 billion Nm³ GE). As a result of the order of the Minister Wiebes to reduce the production of the Groningen field to nihil in 2030 part of the proven and probable reserves have been written down.

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, decline in value, compensation for immaterial damage and loss of living enjoyment (see note 16). The cost of the structural reinforcements of buildings and compensation measures cannot always be reliably estimated, a provision is thereby only included when concrete agreements are under negotiation or in the case of ongoing legal procedures where the chance 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 addition, there is a rental obligation until 2030 for the business address of the company at Daalsesingel 1 in Utrecht of EUR 11 million (2017: EUR 6 million). Within 1 year EUR 1 million is due, between 1 and 5 years EUR 3 million and after 5 years EUR 7 million.

(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.

The addition to the provision for earthquakes and the payment obligation for "perspectief voor de regio" have not resulted in cash out flows during the year.



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in EUR million

	non-current	current	cash and cash equivalents and derivatives	total
Net debt				
1 January 2017	1,173	369	- 1,776	- 234
cash flows	-	-	- 438	- 438
other changes	- 95	- 239	128	- 206
Net debt at 31 December 2017	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

(22) Related parties

Gasterra and EBN are related parties. EBN has 57 (2016: 65) gas sales contracts with GasTerra. Of the net sales of EUR 2,673 million, EUR 1,205 million is realised through GasTerra (2017: EUR 1,083 million respectively). The receivables in 2018 includes an amount of EUR 118 million (2017: EUR 105 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 3 days to 3 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 17.

The State as a shareholder is classed as an associated party. All levies, corporation taxes and net profits are paid to the State. More information can be found in notes 2, 3, 15 and 18 in these financial statements.

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



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(23) Key management

The total charge for remuneration, pensions and other salary costs of the key management (3 members of the management team of which 1 is statutory director and 5 supervisory directors) amounted to EUR 0,9 million in 2018 (2017: EUR 1.0 million; 4 members of the management team and 5 supervisory directors).

The total salary costs of the executive board can be specified as follows:

in EUR

	2018	2017
regular remunerations	769,575	892,770
pensions	52,306	59,607
total	821,881	952,377

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

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

in EUR

	2018	2017
Mr. H.M.C.M. van Oorschot (until 22 March 2018)	5,521	24,500
Drs. A.H.P. Gratama van Aniel	-	7,582
Ir. J.G. Huijskes	23,486	20,000
Prof. Mr. E.M. Kneppers-Heijnert	20,000	20,000
Drs W.S. de Vries (from 1 March 2017)	20,000	16,667
Ir. D.M. Samsom (from 22 March 2018)	15,493	-
Mr. J.W. Weck	20,000	20,000
total	104,500	108,749



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During 2018 there were 2 changes. As per 22 March 2018 Mr. H.M.C.M van Oorschot retired as supervisory director (reaching the maximum time limit). As per the same date the shareholder appointed Ir. D.M. Samsom as supervisory director and Ir. J.G. Huijskes as chairman of the Supervisory Board. 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 have taken place.

Utrecht, 7 March 2019

Executive Board

Ir. J.W. van Hoogstraten

Supervisory Board

Prof. Mr. E.M. Kneppers-Heijnert

Ir. J.G. Huijskes

Ir. D.M. Samsom

Drs. W.S. de Vries

Mr. J.W. Weck

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Company income statement

in EUR million

company income statement	note	2018	2017
share of profit from associates, after tax		20	28
other results, after tax		744	528
net profit		764	556

Company balance sheet

in EUR million

assets	note	31-12 2018	31-12 2017	liabilities	note	31-12 2018	31-12 2017
<i>non-current assets</i>				<i>shareholder's equity</i>			
property, plant and equipment	10	2,426	2,701	share capital	B	128	128
associates and other non-current assets	A	364	317	retained earnings		151	89
deferred tax asset	8	30	75			279	217
		2,820	3,093	<i>provisions</i>			
				provisions	16	3,414	3,218
						3,414	3,218
<i>current assets</i>				<i>non-current liabilities</i>			
inventories	12	27	28	borrowings	17	911	1,078
receivables and other current assets	13	267	383	other non-current liability	16	138	-
tax receivables		6	20	derivatives	19	-	6
derivatives	19	12	-			1,049	1,084
cash and cash equivalents	14	2,661	1,928	<i>current liabilities</i>			
		2,973	2,359	borrowings	17	380	130
				trade accounts payable	18	60	67
				other	18	612	736
						1,052	933
total		5,793	5,452	total		5,793	5,452



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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 article 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 article 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 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 118 to 125.

A) Associates and other non-current assets

Associates and non-current assets comprise derivatives of EUR 115 million (for details of derivatives please see note 19) and the following items:

in EUR million

	Group company	Associates	Loans	Receivables	total
2018					
<i>balance at 1 January</i>	49	86	100	-	235
<i>changes</i>	-	-	-11	4	-7
<i>profit share</i>	20	14	-	-	34
<i>dividend paid</i>	-	-14	-	-	-14
<i>balance at 31 December</i>	69	86	89	4	248
2017					
<i>balance at 1 January</i>	21	86	100	-	207
<i>changes</i>	-	-	-	-	-
<i>profit share</i>	28	14	-	-	42
<i>dividend paid</i>	-	-14	-	-	-14
<i>balance at 31 December</i>	49	86	100	-	235

Reference is made to note 11 for more details.



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The loan 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 with a duration from 1 January 2013 till 31 December 2041. No securities have been granted. The interest percentage is calculated annually based on the 12-months EURIBOR, increased with a penalty of maximum 250 basis points.

B) Shareholder's equity

The result after tax over 2018, after deduction of the interim dividend, is included in the item retained earnings of shareholder's equity. For a further explanation of shareholder's equity we refer to note 15 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 62 million is added to the shareholder's equity.

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 127 million) and the provision for decommissioning and restoration costs (EUR 60 million).

Given the minimal differences between the other balance sheet items included in the consolidated financial statements and the separate financial statements for further

information, please refer to the explanatory notes to the consolidated financial statements. These are set out on page 125 to 150.

Security

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

Fiscal unity

EBN forms a fiscal unity with EBN Capital for corporate income tax and value added tax. EBN and its subsidiary together are jointly and severally responsible for the taxes payable by the fiscal unity. In the financial statements of EBN Capital B.V. the tax burden is calculated based on the commercial result obtained by EBN Capital B.V. EBN B.V. settles this tax burden with EBN Capital 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 2018 were EUR 334,000 for statutory audit services (2017: EUR 370,000), EUR 381,000 for joint venture audits (2017: EUR 381,000) and EUR 10,000 other services (2017: EUR nihil).



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Directors' remuneration

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

in EUR

J.W.van Hoogstraten	2018	2017
regular remuneration	264,282	259,066
variable remuneration	46,380	37,587
pension	17,435	16,256
total	328,097	312,909

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

In 2018 there are no payments to former directors who are no longer employed by EBN.

In 2018 the remuneration to the Supervisory Board amounted to EUR 104,500 (2017: EUR 108,749). See note 23 for further details about the remuneration of the individual supervisory directors.

Utrecht, 7 March 2019

Executive Board

Ir. J.W. van Hoogstraten

Supervisory Board

Prof. Mr. E.M. Kneppers-Heijnert

Ir. J.G. Huijskes

Ir. D.M. Samsom

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 article 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.

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To: the general meeting and supervisory board of EBN B.V.

Report on the financial statements 2018¹

Our opinion

- EBN B.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- EBN B.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of EBN B.V., Utrecht ('the Company'). The financial statements include the consolidated financial statements of EBN B.V. together with its subsidiary ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2018;
- the following statements for 2018: the consolidated statement of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

¹ This independent auditor's report is a translation of the original independent auditor's report accompanying the original annual report 2018, both stated in Dutch. In case of any conflict between this translation and the original independent auditor's report, the latter will prevail. The original independent auditor's report can be found on the website of EBN B.V.

The company financial statements comprise:

- the company balance sheet as at 31 December 2018;
- the company profit and loss account 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 financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of EBN B.V. in accordance with the '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 – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).



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Our audit approach

Overview and context

As stated in the annual report EBN B.V. is a company that invests in the exploration, production 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 of 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 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.

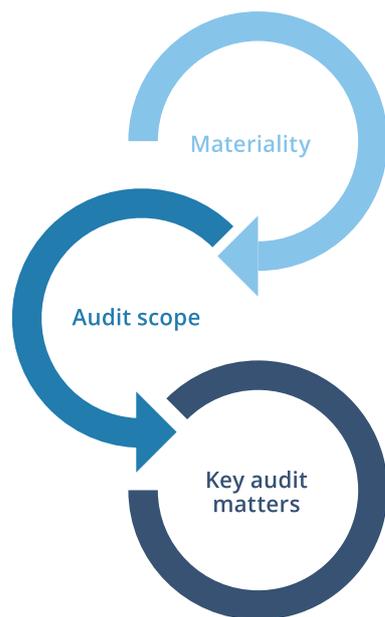
As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.

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.



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The outline of our audit approach was as follows:



Materiality

- Overall materiality: EUR 39.600.000 which 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. by which all group companies have been included in the scope of our audit.

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.



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Overall group materiality	€ 39.600.000 (2017: €46.500.000)
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 result 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 € 1.900.000 (2017: €2.325.000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

The financial information of this group is included in the consolidated financial statements of EBN B.V. One component is consolidated by EBN B.V., being EBN Capital B.V. Based on the statutory audit requirement of this component, an audit of their complete financial information 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.

By performing the procedures above we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

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.



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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 5 '(Reversal of) impairments and depreciation'

During the annual review process of the valuation of assets, management identified a triggering event for reversal of impairments, being the expected higher gas prices. As a result of this triggering event, EBN performed analyses to identify potential reversals of impairments for a number of her upstream assets. Each analysis includes various variables that are subject to (significant) estimates, including the price expectations, available reserves, production profiles, expected operational expenses, the discount rate and when applicable capital expenditures.

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

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

Our audit work and observations

In our audit we have given attention to managements' identification of triggering events and we have analysed the process related to the estimated future gas prices. 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 bandwidth. We have evaluated the reasonableness of both short term and long term prices. 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 reversal of impairments. We have, using internal valuation experts, discussed and tested the reasonableness of estimates and assumptions made by management. We have received sufficient appropriate audit evidence supporting these assumptions and estimates.

We have amongst others compared the production and cost information from operators with authorised budgets. We have analysed the proces 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 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.



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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 16 'Provisions and non-current liability'

The valuation of provisions for decommissioning and restoration and costs as a result of earthquakes is complex. Provisions related to these costs are 56% (EUR 3.309 million) of EBN's balance sheet total. Significant estimates and assumptions of management are needed to determine these provisions.

The main estimates in the provision for decommissioning and restoration are the expected costs per individual asset and the timing of the decommissioning activities; which is dependent on the expected end date of the production of the field to which the asset is related.

Estimates and assumptions for costs as a result of earthquakes comprise the total number of expected claims and the amount of these claims, the expected payment of compensation for the decrease in value of real estate and immaterial damage, the expected amount that needs to be paid for building new / strengthening of schools and infrastructure and the expected amount that needs to be paid for strengthening of houses. Expected costs as a result of earthquakes are dependent on cost estimations from various sources and the outcome of ongoing legal procedures.

We have marked this area as key audit matter due to the material importance of the provisions compared to the balance sheet total and given the valuation requires significant estimates.

Our audit work and observations

Our audit procedures for the provision for decommissioning and restoration comprise amongst others the evaluation of estimates and assumptions of management. We have done this by reconciling the information used by management to information received from operators for estimated costs, comparing cost estimates between operators and reconciling to information with regards to oil and gas reserves. We have assessed the reasonableness of the used discount rate and have evaluated managements process for adjusting operator information and obtained audit evidence for adjustments made.

We have verified cost estimates for earthquake damages, based on the operator information, but where management determines her own position, to external available information from other sources and EBN's internal technical studies. Next to that we have analysed the proces 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.



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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;
- Strategy;
- Results;
- Risk & Corporate Governance;
- Report from the supervisory board;
- About this report;
- Annexes.

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 directors are responsible for the preparation of the other information, including the directors' report and the

other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of EBN B.V. on 16 November 2015 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 16 November 2015. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 3 years.

Responsibilities for the financial statements and the audit

Responsibilities of the directors and the supervisory board for the financial statements

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



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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 audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

The Hague, 7 March 2019

PricewaterhouseCoopers Accountants N.V.



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Appendix to our auditor's report on the financial statements 2018 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 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. 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 management.
- Concluding on the appropriateness of management'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



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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.



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Independent assurance report¹

To: the Executive Board of EBN B.V.

Assurance report on the sustainability information 2018

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 2018 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 2018
- 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 2018, as included in the following sections in the annual report (hereafter: "the sustainability information"):

- Foreword;
- Our organisation;
- Strategy;
- Results.

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

¹ This independent assurance report is a translation of the original independent assurance report accompanying the original annual report 2018, both stated in Dutch. In case of any conflict between this translation and the original independent assurance report, the latter will prevail. The original independent assurance report can be found on the website of EBN B.V.

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 ended 31 December 2018.

The basis for our conclusion

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports'), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. 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 information 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 – 'Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct').



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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 applicable 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 B.V. 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. The absence of a significant body of 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

The Executive Board of EBN is responsible for the preparation of the sustainability information in accordance with the reporting criteria as included in section 'reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in section 7. About this report of the annual report. 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.

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 information 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.



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Misstatements can arise from fraud or errors and are considered 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 sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

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 evaluation 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 information 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.
- 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.

The Hague, 7 March 2019

PricewaterhouseCoopers Accountants N.V.



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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 Biennial 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 Committee consultation Mining and Gasgebouw consultation Ad hoc	Information to assess feasibility with respect to planned energy policy Cooperation Joint 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 Master Plan Geothermal Energy in the Netherlands
Local authorities	Provinces / Inter-provincial Consultative Committee (IPO)	Ad hoc consultations Networking Meetings Conferences / symposiums	Development of geothermal energy in the Netherlands Cooperation Geothermal potential
	Water boards	Ad hoc consultations Meetings	Development of geothermal energy in the Netherlands Execution of SCAN programme
	Municipalities / Association of Netherlands Municipalities (VNG)	VNG Conference Conferences / symposiums	Development of geothermal energy in the Netherlands Geothermal potential Execution of SCAN programme



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Stakeholder	Organisation	Form of interaction	Discussion points
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	Regular meetings (TCMs, OCMs) Processing of investment proposals Strategic meetings Informal contacts Workshops Conferences Ad hoc consultations	Projects Cooperation Investments Cost management Reserves Decommissioning and re-use Long-term strategies for operators Public support Promotion of exploration potential in the Netherlands HSE benchmark
	Foreign (non-) operators		
	Geothermal energy companies operating in the Netherlands	Strategic meetings Informal consultations Ad hoc consultations Workshops Conferences	Geothermal energy development in the Netherlands Cooperation Implementation of the Master Plan Geothermal Energy in the Netherlands
Trade associations / industry organisations	NOGEPA (Netherlands Oil and Gas Exploration and Production Association)	Regular meetings Informal contacts Reports Workshops Conferences	Cooperation Cost management Decommissioning and re-use Public support Role of natural gas Energy transition Communication



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Stakeholder	Organisation	Form of interaction	Discussion points
	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 Cooperation in the industry 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 Cooperation 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 Cooperation Public support Communications and stakeholder management Implementation of the Master Plan Geothermal Energy in the Netherlands
	Gasgebouw (NAM, GasTerra, Shell, Exxon)	Regular meetings (CVG, RVC, AGM, AC, CBM, Budget Committee) Expert meetings Informal contacts	Cooperation Investments Cost management Role of natural gas Energy transition Earthquakes



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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
Wholesale	GasTerra (gas buyer)	Regular meetings (CVG, RVC, AC, GMS) GILDE, KVG Ad hoc	Sales prices Processing and transportation Liability Guarantees Public support Role of natural gas Energy transition
Natural gas transport	Gasunie/GTS	Regular meetings GILDE, KVG Ad hoc	Import conditions Public support Role of natural gas Energy transition
Natural gas storage	Taqa (Bergermeer)	Regular meetings (TCMs, OCMs) Ad-hoc	Projects Cooperation Investments HSE benchmark
	Gasgebouw (Norg, Grijpskerk, Alkmaar)	Regular meetings	Projects Cooperation Investments
Buyers	Oil/condensate: Oil and gas companies (midstream)	Regular meetings Ad-Hoc	Sales prices Processing and transportation Liability Guarantees
	Natural gas: Energy companies	Via wholesale (GasTerra)	Sales prices Processing and transportation Liability Guarantees



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Stakeholder	Organisation	Form of interaction	Discussion points
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)
Advisory bodies	Berenschot Deloitte McKinsey PwC RHDHV EY Sustainalize	Sporadic and upon request	Consultancy Support Research
Social organisations	NGO's	Sporadic	EBN's role and strategy Natural gas in the energy transition Decommissioning and re-use Geothermal energy development in the Netherlands
Residents	Local residents Shareholdings 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



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Stakeholder	Organisation	Form of interaction	Discussion points
Knowledge and educational institutions	Knowledge institutions: CIEP, NEC, TNO, TKI, ESTRAC	Management of TKI Gas Supervisory Board Strategic Advisory Board (EAE) Regular meetings JIPs (TNO) Ad hoc	Cooperation TKI projects
	Educational institutions: Universities Training institutes Students	Student conference EBN internships 3 TUs, UU, VUA, RUG, Leeds, Durham Workshops Veerstichting foundation	University career fairs Social trade-offs around projects (2018 All Energy Day) Career opportunities Decommissioning and re-use
Employees	GPTW, InContext, Arbobutler, AWWN (trade assoc.), lawyers, tax advice, training and educational institutions	Surveys, offsite retreats, personality tests Absenteeism guidance, coaching, advice, PMO, workplace research Labour market development 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 consultations with CEO (formal and informal) Consultations 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



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10.2 The people of EBN

Employees	Total	Women	Men
Number of FTE at EBN (end of 2018)	97.78	32.08	65.70
Number of people (headcount) employed at EBN (end of 2018)	104 (100%)	36 (34.62%)	68 (65.38)
Number of employees with permanent contracts	73	23	50
Number of employees with temporary contracts	12	6	6
Number of employees with a full-time contract	71	18	53
Number of employees with a part-time contract	33	18	15
25-34 age group (headcount)	20	10	10
35-44 age group	36	17	19
45-54 age group	26	4	22
55-64 age group	20	4	16
65+ age group	2	1	1

Interns	Total	Women	Men
Number of interns at EBN (FTE on average)	6,53	3,15	3,38
Number of interns at EBN (headcount)	14	7	7

External staff	Total	Women	Men
Number of outside workers in staff positions (average FTE 2018)	2,81	2,21	0,6
Number of outside workers in staff positions (headcount)	6	5	1

Attrition in 2018	Total	Women	Men
Number of employees who left the company in 2018	5	1	4
25-34 age group (headcount)	20	10	10
35-44 age group	36	17	19
45-54 age group	26	4	22
55-64 age group	20	4	16
65+ age group	2	1	1



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Recruitment in 2018	Total	Women	Men
Number of people hired by EBN in 2018	26	10	16
25-34 age group (headcount)	9	5	4
35-44 age group	8	3	5
45-54 age group	6	1	5
55-64 age group	2	1	1
65+ age group	1	0	1

About EBN employees	2018	2017
Percentage of women employed at EBN (end of 2018)	34.62%	33%
How many women are 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 2018)?	27%	21%
Average age (end of 2018)	44.5	44.5
Percentage under the age of 45 (end of 2018)	54%	52.4%
University degree (end of 2018)	80.8%	77%
Higher professional education (end of 2018)	6.7%	7%
Secondary vocational education (end of 2018)	12.5%	16%
Absenteeism (for all of 2018)	3.77%	4.03%
Short-term absenteeism	0.73%	1.01%
Medium-term absenteeism	0.54%	0.36%
Long-term absenteeism	2.50%	2.66%
Average notification frequency	1.13%	1.33%
Average training hours per year (end of 2018)	22.34	37.5
Total number of training days (end of 2018)	290.4	384.8

Staff development	Total	Women	Men
Total training hours	2323.50 (100%)	735 (32%)	1588.5 (68%)
Calculated in terms of days	290.4	91.88	198.56
Percentage of employees to receive a personal development review	100%	100%	100%



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10.3 Governance table

Executive Committee governance table

(Ages given as of date of Supervisory Board meeting on 7 March 2019)

Name	Age	Profile/specific expertise	Task at EBN	Appointment term	Relevant secondary positions
J.W. van Hoogstraten (m)	54	<ul style="list-style-type: none"> • 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 Committee 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 2016– 1 March 2020	<p>Member of the Supervisory Board of GasTerra B.V.</p> <p>Member of the Board of Delegated Commissioners of GasTerra B.V.</p> <p>Member of the Management Board of Maatschap Groningen</p> <p>Member of the Advisory Board of Clingendael International Energy Programme</p> <p>Member of the Strategic Advisory Board of TNO Energy</p> <p>Member of the Supervisory Board of the Nextstep association</p> <p>Member of the Strategic Advisory Board of ECN Part of TNO</p>



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Name	Age	Profile/specific expertise	Task at EBN	Appointment term	Relevant secondary positions
A.J. Boekelman (m)	59	<ul style="list-style-type: none"> • Econometrics (drs.), University of Amsterdam • Worked at Shell in Rotterdam and abroad, including as CFO of Shell Suriname and Group Controller of PDO Oman • Worked at Nuon as Group Controller • Worked in the non-profit sector as HR & Finance Director at SNV Development organisation 	<p>Finance Director: Jan 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 ICT departments.</p>	From 2011	<p>Chairman of the GasTerra B.V. Audit committee</p> <p>Member of the Supervisory Board of Oasen Drinkwater</p>
B.C. Scheffers (m)	55	<ul style="list-style-type: none"> • 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) 	<p>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</p>	From 2011	<p>Member of the Board of the TKI Gas Foundation</p> <p>Member of the Supervisory Board of Stichting DAP (Delft Aardwarmte Project)</p> <p>Member of the Social Advisory Board for earth sciences studies at the University of Utrecht</p> <p>Member of the New Energy Coalition strategic partner council</p> <p>Chairman of the ESTRAC partner research council</p> <p>Member of the Supervisory Board of the Nextstep association</p> <p>Board member of the World Energy Council</p>



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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)	54	Portfolio: Knowledge of the oil and gas sector	Member of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	2016		2020	Non-executive Director, Gulf Key Stone Petroleum PLC
H.M.C.M. van Oorschot (m)	66	Chairman of the Supervisory Board	Chairman of the Supervisory Board, member of the Audit committee and member of the Remuneration committee/Selection and Appointment committee	2006	First time: 2010	March 2018	Chairman of the Executive Board of NHTV in Breda (main position) Chairman of the Supervisory Board of Lysias Advies B.V. Member of the Supervisory Board of Elisabethziekenhuis hospital, Tilburg Chairman of the board of St. Petrus Donders Tilburg
E.M. Kneppers-Heijnert (v)	67	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	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



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Name	Age	Profile/specific expertise	Task at EBN	Year appointed	Reappointed	End of term	Relevant secondary positions
D.S. Samsom (m)		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	2018			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
W.S. de Vries (m)	65	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	2017		2021	
J.W. Weck (m)	71	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	First time: 2019	2019	Chairman of the Supervisory Board of Economische Impuls Zeeland N.V. Member of the Advisory Board of the Netherlands Institute for New Technology, Economic and Social Studies (Nintes) Member of the Board of D&I Company Chairman of the Supervisory Board of the Buddy Network Foundation



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10.4 Remuneration report

This remuneration report contains an explanation of the remuneration policy used in 2018 for the CEO and the Supervisory Board of EBN.

In 2018, Mr JW van Hoogstraten was CEO of EBN. He was appointed by the shareholder for a period of four years, commencing 1 March 2016, after which he is eligible for reappointment. At the same time that it appointed Mr Van Hoogstraten, 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.

In line with the remuneration policy for the CEO, a separate remuneration policy was drawn up for the two directors who are not executive directors. This remuneration report deals only with the remuneration policy for the CEO.

General principles

The remuneration policy pursued at EBN is based on the following principles of the shareholdings policy of the Dutch national government:

- The remuneration policy should allow the shareholdings to attract qualified directors; however, this must be done in an austere manner.

- 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.
- Variable remunerations are capped at 20 per cent 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 basic managerial criteria, it is therefore important for EBN that its 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.

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Elements of the remuneration package

For the remuneration of the CEO of the company in 2018, please see page 154 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 per cent 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 per cent 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 per cent, bringing the maximum variable remuneration to 20 per cent. 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 Committee) and objectives for EBN as a whole. The objectives are based on the company's strategy. The Supervisory Board makes the objectives 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.



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For 2018, the Remuneration committee set the following target objectives for EBN:

	Topic	Material theme	Explanatory notes	Objective
1	EBN's profit	Creating economic value	EBN's profit (after tax) shown in millions of EUR	≥ 300
2	Administration costs		EBN's costs for staff, hiring in expertise, offices, etc., shown in millions of EUR	≤ 19.8
3	Reserves for maturation of small fields	Natural gas production	The net supplementation (maturation) of gas reserves in the Netherlands in GNm ³ GE	≥ 7.2
4	Drilling		The number of offshore drilling sites (exploration, evaluation and production)	≥ 18
5	Transparency benchmark score	Transparency	A position on the transparency benchmark for the energy sector of between 4 and 6. 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 sector.	4th to 6th ranking
6	Reaching the define stage in Porthos project	Carbon capture and storage	Efforts toward reaching the define stage (a phase in project planning) for the Porthos project with Rotterdam port authority and Gasunie	Define stage reached
7	EBN's financial participation in geothermal projects	Geothermal energy	EBN's active cooperation in a partnership with a geothermal energy party in terms of investigating the potential of a specific geothermal project	≥ 2 projects

In terms of achieving the objectives, all of them are given equal weight. Partial achievement is also possible, with the extent to which that is possible 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 2017. Objective 5 is determined by the EBN's ranking on the transparency benchmark for the energy sector. Objectives 6 and 7 were specifically included for 2018. Moreover, objectives 1 and 3

can be considered social results, which means that the social results count for two sevenths of the total.

The team-related objectives are derived from the EBN objectives and thus derived from the company strategy. For 2018, 28 projects, distributed across the six themes and various corporate departments, were named.



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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 (CEO) comprises one natural person, so there is no way to achieve a balanced distribution of the seats on the board.

Variable remuneration for 2018

In December 2018 the Remuneration committee reviewed the preliminary achievements towards the objectives for 2018. Full realisation of the objectives for 2018 will be determined in mid-March 2019.

Remuneration ratio at EBN

The median of the total remuneration to EBN employees amounted to EUR 81 k 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, being an amount of EUR 311 k gross, it yields a remuneration ratio of 1:3.8. For fiscal year 2017, the remuneration ratio amounted to 1:2.8. The remuneration ratio changed in fiscal year 2018 due to the engagement of young new employees.



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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 Chairman 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 2018 is stated on page 150 under 'Key management'.

Utrecht, 7 March 2019



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10.5 GRI-index 2018

GRI Standard	Disclosure title	Explanation	Reference & answer	Page
Organisational profile				
102-1	Name of the organisation	a. Name of the organisation	Energie Beheer Nederland B.V.	
102-2	Activities, brands, products and services	a. A description of the organisation's activities	a. 3.1 Strategic pillars 3.7 Impact and value creation model	19 31
		b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets	b. 2.1 About EBN	6
102-3	Location of headquarters	a. Location of the organisation's headquarters	a. 2.1 About EBN	6
102-4	Location of operations	a. Number of countries where the organisation 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	6
102-5	Ownership and legal form	a. Nature of ownership and legal form	a. 5.4 Corporate governance	81
102-6	Markets served	a. Markets served:	i, ii, iii. 2.1 About EBN	6
		i. geographic locations where products and services are offered		
		ii. Sectors served iii. Types of customers and beneficiaries		
102-7	Scale of the organisation	a. Scale of the organisation	i. 10.2 The people of EBN	175
		i. Total number of employees	ii. 1. Key figures	5
		ii. Total number of operations	iii. 1. Key figures	5
		iii. Net sales	iv. 8. Financial statements	110
		iv. Total capitalization (for private sector organisations) broken down in terms of debt and equity v. Quantity of products or services provided	v. 1. Key figures	5



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102-8	Information on employees and other workers	<p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d. Whether a significant portion of the organisation'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.</p> <p>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).</p> <p>f. An explanation of how the data have been compiled, including any assumptions made.</p>	a, b, c, d, 10.2 The people of EBN The breakdown by region is not applicable because the Netherlands as a whole is regarded as a region.	175
102-9	Supply chain	a. A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services.	a. 2.3 Our position in the energy chain	9



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102-10	Significant changes to the organisation and its supply chain	<p>a. Significant changes to the organisation's size, structure, ownership, or supply chain:</p> <p>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions.</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</p>	i, ii, iii No significant changes	
102-11	Precautionary Principle or approach	a. Whether and how the organisation applies the Precautionary Principle or approach.	a. 5. Risk & Corporate Governance	67
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	a. 5.4 Corporate governance	81
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organisations	<p>a. Nederlandse Vereniging voor Duurzame Energie (NVDE)</p> <p>TransitieCoalitie</p> <p>KVGN</p> <p>CIEP</p> <p>New Energy Coalition</p> <p>TKI</p> <p>ESTRAC</p> <p>SPE</p> <p>Stichting Platform Geothermie</p> <p>EAGE</p> <p>World Energy Council (WEC)</p>	



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Strategy				
102-14	Statement from senior decision maker	a. A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	a. 1. Foreword	3
Ethics and integrity				
102-16	Values, principles, standards and norms of behavior	a. A description of the organisation's values, principles, standards, and norms of behavior.	a. 5.4 Corporate governance 2.3 Our position in the energy chain - Supply chain responsibility	81 9
102-17	Mechanisms for advice and concerns about ethics			
Governance				
102-18	Governance structure	a. Governance structure of the organisation, 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. 3.4 Material themes	81 25
Stakeholder management				
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organisation.	a. 10.1 Interaction with our stakeholders	169
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	55
102-43	Approach to stakeholder engagement	a. The organisation'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. About this report - Determination of materiality	169 101



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GRI Standard	Disclosure title	Explanation	Reference & answer	Page
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement:	i. 4. Results 7. About this report	42 101
		i. how the organisation has responded to those key topics and concerns, including through its reporting.	10.1 Interaction with our stakeholders	169
		ii. the stakeholder groups that raised each of the key topics and concerns.	ii. 4. Results 10.1 Interaction with our stakeholders	42 169
		Reporting practice		
102-45	Entities enclosed in the financial statements	a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	a, b. 8. Financial statements	110
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 organisation has implemented the Reporting Principles for defining report content.	a, b. 7. About this report - Reporting policy Determination of materiality	101
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	a. 7. About this report - Choice of subject	102
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 2018	102
102-50	Reporting period	a. Reporting period for the information provided.	a. 1 January 2018 - 31 December 2018	
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	a. 12 April 2017	
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	207



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102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards:	a. This annual report was prepared in accordance with the GRI Standards guidelines at application level core.	
102-55	GRI content index	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</p> <p>b. For each disclosure, the content index shall include:</p> <p>i. the number of the disclosure (for disclosures covered by the GRI Standards).</p> <p>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials</p> <p>iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</p>	Appendix 10.5: GRI content index	186



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102-56	External assurance	<p>a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>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.</p> <p>ii. The relationship between the organisation and the assurance provider.</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report.</p>	<p>a. 7. About this report - Assurance non-financial information</p> <p>b i, ii, iii. Assurance Report of the Independent Auditor</p>	<p>109</p> <p>166</p>
Safety				
103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur.</p> <p>ii. the organisation's involvement with the impacts</p> <p>c. Any specific limitation regarding the topic boundary.</p>	<p>a. 4.6.2 Sustainability</p> <p>5.3 Main strategic risks</p> <p>b i, ii. 4.6.2 Sustainability</p> <p>5.3 Main strategic risks</p> <p>c. Safety relates in particular to the employees of our operators and the local residents in the area where our production activities take place.</p>	<p>55</p> <p>72</p> <p>56</p> <p>72</p>



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103-2	The management approach and its components	a. An explanation of how the organisation manages the topic.	a. 3.4 Material themes 5.1.1 Risk management system	25 67
		b. A statement of the purpose of the management approach.	b. All measures are aimed at increasing the level of safety.	72
		c. A description of the following, if the management approach includes that component:	c. i, ii, vii. 5.3 Main strategic risks - Safety	72
		i. Policies	iii. 3.6 Connectivity matrix	29
		ii. Commitments	iv. 3.4 Material themes	25
		iii. Goals and targets	4.6.2 Sustainability	56
		iv. Responsibilities		
103-3	Evaluation of the management approach	v. Resources		
		vi. Grievance mechanisms		
		vii. Specific actions, such as processes, projects, programmes and initiatives		
		i. the mechanisms for evaluating the effectiveness of the management approach.	i. 3.4 Material themes 5.1.1 Risk management system	25 67
ii. the results of the evaluation of the management approach.	ii. 4.6.2 Sustainability	55		
iii. any related adjustments to the management approach.	iii. No changes compared to last year.			
Own indicator	Number of accidents that led to absenteeism	a. number of accidents, in the operations in which we participate as a non-operating partner, which have led to absenteeism	a. 4.6.2 Sustainability	55
Knowledge sharing: knowledge development & innovation, attracting & developing talent, collaboration				
103-1	Explanation of the material topic and its boundary	a. An explanation of why the topic is material.	a. 3.4 Material themes 4. Results	25 42
		b. The boundary for the material topic, which includes a description of:	7. About this report - Determination of materiality, Choice of subject	102
		i. where the impacts occur	b i, ii. 4. Results	42
		ii. the organisation's involvement with the impacts	7. About this report - Choice of subject	102
c. Any specific limitation regarding the topic boundary.	c. 7. About this report - Choice of subject	102		



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103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. Knowledge sharing is one of EBN's core activities and falls within all three strategic pillars. It is therefore not managed as a separate theme. However, the subject is included in the annual targets for all theme teams. b. All measures are aimed at increasing the level of knowledge sharing. c. iii, vii. 4.2 Our Dutch Gas 4.3 Return to Nature 4.4 New Energy 	43 47 49
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.2 Our Dutch Gas 4.3 Return to Nature 4.4 New Energy iii. No changes compared to last year. 	25 67 43 47 49
401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region. 	<ul style="list-style-type: none"> a. Appendix 10.2 The people of EBN The breakdown by region is not applicable because the Netherlands as a whole is regarded as a region. b. Appendix 10.2 The people of EBN The breakdown by region is not applicable because the Netherlands as a whole is regarded as a region. 	175 175
404-3	Percentage of employees receiving regular performance/development interviews	<ul style="list-style-type: none"> a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period. 	<ul style="list-style-type: none"> a. Every EBN employee has had this 	



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Creating support for our activities and Advice & Influence				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic Boundary. 	<ul style="list-style-type: none"> a. 2. About EBN 3.4 Material themes 4. Social results 7. About this report - Determination of materiality, Choice of subject b i, ii. 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 6 25 55 102 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes 5.1.1 Risk management system b. All measures are aimed at increasing public support for our activities. c. i, ii, vii. 5.3 Main strategic risks - Support iv. 3.4 Material themes 	<ul style="list-style-type: none"> 25 67 74 25
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.6.1 Interaction with stakeholders 10.1 Interaction with stakeholders iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 55 169
413-2	Activities with significant and potential negative impact on local communities	<ul style="list-style-type: none"> a. Operations with significant actual and potential negative impacts on local communities, including <ul style="list-style-type: none"> i. the location of the operations ii. the significant actual and potential negative impacts of operations. 	<ul style="list-style-type: none"> i. 5.1 Risk management 5.3 Main strategic risks - Safety ii. 5.3 Main strategic risks - Safety 	<ul style="list-style-type: none"> 67 72 72



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Re-use and dismantling of oil and gas infrastructure, CO₂ capture and storage (CCS)				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic boundary. 	<ul style="list-style-type: none"> a. 3.4 Material themes 4.3 Return to Nature 7. About this report - Determination of materiality, Choice of subject b i, ii. 4.3 Return to Nature 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 25 47 102 47 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes b. All measures are aimed at encouraging the effective re-use and dismantling of disused oil and gas infrastructure. c. i, ii. 3.1 Strategic pillars 3.7 Impact and value creation model iii. 3.6 Connectivity matrix iv. 3.4 Material themes vii. 4.3 Return to Nature 	<ul style="list-style-type: none"> 25 19 31 29 25 47
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.3 Return to Nature iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 47
Own indicator (KPI)	Number of DSAs signed	<ul style="list-style-type: none"> i. An agreement whereby the licence holders agree with one another how to guarantee their share of the decommissioning obligation in a particular license when the residual value of the assets is lower than the expected decommissioning costs. 	<ul style="list-style-type: none"> i. 3.6 Connectivity matrix 	<ul style="list-style-type: none"> 29



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Natural gas production				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic boundary. 	<ul style="list-style-type: none"> a. 3.4 Material themes 7. About this report - Determination of materiality, Choice of subject b. i, ii. 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 25 102 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes b. All measures are aimed at developing natural gas production in the Netherlands in the most sustainable manner possible. c. i, ii. 3.1 Strategic pillars 3.7 Impact and value creation model iii. 3.6 Connectivity matrix iv. 3.4 Material themes vii. 4.2 Our Dutch Gas 	<ul style="list-style-type: none"> 25 19 31 29 25 43
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.2 Our Dutch Gas iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 43
Own indicator (KPI)	The net maturation to developed reserves	<ul style="list-style-type: none"> i. The net maturation to developed reserves 	<ul style="list-style-type: none"> i. 3.6 Connectivity matrix 	<ul style="list-style-type: none"> 29



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Geothermal energy				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic boundary. 	<ul style="list-style-type: none"> a. 3.4 Material themes 7. About this report - Determination of materiality, Choice of subject b i, ii. 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 25 102 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes b. All measures are aimed at stimulating the use of geothermal energy in the Netherlands. c. i, ii. 3.1 Strategic pillars 3.7 Impact and value creation model iii. 3.6 Connectivity matrix iv. 3.4 Material themes vii. 4.4 New energy 	<ul style="list-style-type: none"> 25 19 31 29 25 49
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.4 New Energy iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 49
Own indicator (KPI)	Number of PJ developed	<ul style="list-style-type: none"> i. The amount of energy developed in geothermal energy calculated in PJ. 	<ul style="list-style-type: none"> i. 3.6 Connectivity matrix 	<ul style="list-style-type: none"> 29



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Transparency				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic boundary. 	<ul style="list-style-type: none"> a. 3.4 Material themes 7. About this report - Determination of materiality, Choice of subject b i, ii. 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 25 102 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes b. All measures are designed to be as transparent as possible about our activities to our stakeholders. c. i, ii. 4.6.1 Interaction with stakeholders iii. 3.6 Connectivity matrix iv. 3.4 Material themes vii. 4.6.1 Interaction with stakeholders 	<ul style="list-style-type: none"> 25 55 29 25 55
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.6.1 Interaction with stakeholders iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 55
Own indicator (KPI)	Position of TB in relation to companies in the energy sector	<ul style="list-style-type: none"> i. Position of TB in relation to companies in the energy sector 	<ul style="list-style-type: none"> i. 3.6 Connectivity matrix 	<ul style="list-style-type: none"> 29



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Greenhouse gases in our operations				
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts c. Any specific limitation regarding the topic boundary. 	<ul style="list-style-type: none"> a. 4.6.2 Sustainability b. i, ii. 7. About this report - Choice of subject c. 7. About this report - Choice of subject 	<ul style="list-style-type: none"> 56 102 102
103-2	The management approach and its components	<ul style="list-style-type: none"> a. An explanation of how the organisation 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: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<ul style="list-style-type: none"> a. 3.4 Material themes b. All measures are aimed at helping our partners reduce greenhouse gases in their operations. c. i, ii. 4.6.2 Sustainability iii. 3.6 Connectivity matrix iv. 3.4 Material themes vii. 4.6.2 Sustainability 	<ul style="list-style-type: none"> 25 56 29 25 56
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.6.2 Sustainability iii. No changes compared to last year. 	<ul style="list-style-type: none"> 25 67 56



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Own indicator (KPI)	CO ₂ -equivalent emissions per cubic metre of gas or oil extracted	a. The increase or decrease in CO ₂ -equivalent emissions per cubic meter of gas or oil extracted in the operations in which EBN participates	a. 3.6 Connectivity matrix or EBN Sustainability Report 2017/2018 https://kennisbank.ebn.nl/duurzaamheidsrapport-2017-2018/ . The figures for 2018 will be published by the RFO in mid-2019. EBN will publish these on its website in the summer of 2019.	29
Creation of economic value				
103-1	Explanation of the material topic and its boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> i. where the impacts occur ii. the organisation's involvement with the impacts <p>c. Any specific limitation regarding the topic boundary.</p>	<p>a. 3.4 Material themes</p> <p>7. About this report - Determination of materiality, Choice of subject</p> <p>b i, ii. 7. About this report - Choice of subject</p> <p>c. 7. About this report - Choice of subject</p>	25 102 102
103-2	The management approach and its components	<p>a. An explanation of how the organisation manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives 	<p>a. 3.4 Material themes</p> <p>5.4 Corporate governance</p> <p>b. All measures are aimed at optimising the creation of economic value by EBN.</p> <p>c. iii. 9.4 Remuneration report</p> <p>iv. 5.4 Corporate governance</p> <p>9.3 Governance table</p> <p>vii. Financial results</p>	25 81 181 81 177 53
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> i. 3.4 Material themes 5.1.1 Risk management system ii. 4.5 Financial results iii. No changes compared to last year. 	25 67 53



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201-1	Directly created and distributed economic value	<p>The reporting organisation shall report the following information:</p> <p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <p>i. Direct economic value generated: revenues;</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments</p> <p>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<p>a. i, ii, iii. 8. Financial statements</p> <p>b. 8. Financial statements</p>	<p>110</p> <p>110</p>



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in EUR million

IFRS	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>number of EBN participations in joint ventures:</i>												
- production licences onshore	33	33	33	33	31	29	27	24	23	22	21	20
- production licences offshore	113	110	109	109	107	106	101	101	103	103	100	95
- production licences	39	44	46	48	55	56	48	47	48	45	41	26
<i>sales (bln m³, 100%)</i>												
change in % compared to previous year (100%)	-15	-15	-10	-22	-17	8	1	-10	14	-5	+11	-3
<i>average selling price of gas</i>												
(€ -cents per m³ 35,17 MJ/m³)	16.61	15.68	13.68	20.26	22.23	25.52	26.76	22.63	18.58	20.72	26.91	20.67
<i>sales from:</i>												
- continuing operations	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103	6,486	6,387	8,698	6,090
- discontinued operations												
total sales	2,673	3,015	3,094	4,766	6,598	8,809	8,528	7,103	6,486	6,387	8,698	6,090
<i>change from continuing operations in % compared to previous year</i>												
	-11	-3	-35	-28	-25	3	20	10	2	-27	43	-3
<i>net profit from:</i>												
- continuing operations	764	556	333	450	1,614	2,327	2,360	2,131	2,076	2,211	3,269	2,367
- discontinued operations												
total profit	764	556	333	450	1,614	2,327	2,360	2,131	2,076	2,211	3,269	2,367
<i>net profit from continuing activities</i>												
in % of sales	29	18	11	9	24	26	28	30	32	35	38	39



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IFRS	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>property, plant and equipment</i>												
- capital expenditure onshore	42	25	37	102	290	275	202	228	224	238	129	277
- capital expenditure offshore	142	131	244	462	475	377	419	383	383	475	447	405
total capital expenditure	184	156	281	564	765	652	621	611	607	713	576	682
depreciations	430	434	490	557	660	652	745	617	499	462	501	494
impairments	-155	35	299	660	-	-	-	-	-	-	-	-
shareholder's equity	279	217	178	184	199	219	200	204	174	158	160	162
shareholder's equity	N/A	N/A	N/A	87	90	87	88	91	91	93	91	93
outside capital	5,612	5,331	5,458	5,644	5,465	5,309	5,565	5,684	5,146	4,520	5,386	4,664



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10.7 Glossary and reference list

Aquifer

A subsurface layer of water-bearing permeable rock from which heat can be extracted.

CCS

Carbon capture and storage.

Corporate Governance Code (old)

Code of Conduct for Companies listed on the stock exchange.

Corporate Governance Code (nieuw)

The Dutch Corporate Governance Code of the Monitoring Committee.

Consortium

An association or cooperation of a temporary nature, set up by a number of parties to carry out a specific project.

DAGO Dutch Association

Geothermal Operators.

Dinantian

The oldest era of the Carboniferous.

Downstream activities

Sale and transportation of geological resources.

DSA

Decommissioning Security Agreement.

DSMA

Decommissioning Security & Monitor Agreement.

EBN

Energie Beheer Nederland

Energy mix

Proportion of energy used in the Netherlands from different sources of energy.

E&P

Exploration and Production.

EZK

Dutch Ministry of Economic Affairs and Climate Policy.

FID

Final Investment Decision

Gasgebouw

Public-private cooperation in the Maatschap Groningen and GasTerra.

Gas resources

Subsurface gas resources that can be extracted.

GE

Groningen equivalent (Nm³ natural gas with calorific value of 35.17 MJ at 0 degrees Celsius and 101.325 kPa).

Geothermal energy

Thermal energy generated and stored in the earth.

Green Deal

Green Deals are agreements between the national government and other parties. A Green Deal helps to implement sustainable plans.

GRI Global

Reporting Initiative

Heat exchanger

Removes heat from the water and transfers it to the water in a heating network.

HR

Human Resources.

ICT

Information and Communication Technology.

IFRIC

International Financial Reporting Interpretation Committee.

IFRS

International Financial Reporting Standards.

IMS

Integral Management System.

IPO

Interprovincial Consultative Committee.

IRO

Association of Dutch Suppliers in the Upstream Oil and Gas Industry and Offshore Renewable Industry

JIP

Joint Industry Project.

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KNMI

Royal Netherlands Meteorological Institute.

KVGN

Royal Dutch Gas Association.

LOI

Letter of intent.

Maatschap

Groningen Joint venture for managing the production of the Groningen field.

Midstream activities

Transport and storage of geological resources.

Mining Act

Dutch act governing the exploration, production and storage of minerals.

MOR+SA

Additional revenue scheme Groningen + State shares.

CSR

Corporate Social Responsibility.

NAM

Dutch Oil Company.

Nm³

Normal cubic metre; the standard unit in which natural gas is measured.

Nexstep

National Platform for Re-use and Decommissioning.

NOGEPA

Netherlands Oil and Gas Exploration and Production Association.

NOV management

Non-operated venture management.

ONE B.V.

Oranje-Nassau Energie B.V.

Operating partner

See operator.

Operator

Party in the production process that carries out production activities on behalf of the partners.

OvS

Cooperation Agreement between EBN and licence holder(s).

SDG's

Sustainable Development Goals.

Sm³

Standard cubic metre.

SSM

State Supervision of Mines.

State shareholding

Shareholdership of the Dutch State.

SWOT analysis

SWOT = strengths, weaknesses, opportunities en threats.

TNO

Netherlands Organisation for applied scientific research.

Treasury Management

of a company's finances.

Triassic

A geologic period that extends from about 252.2 to 201.3 million years ago.

Upstream activities

Exploration and production of geological resources.

TWh

Terawatt hour.

VNG

Association of Dutch Municipalities.

VPB

Corporation tax.

WACC

Weighted Average Cost of Capital.

Zechstein

The Zechstein or the Zechstein Group is a unit of rock layers in the substratum 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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