

# Annual report 2014



# Contents

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STICK WITH THE LONG TERM	PAGE 3
DIRECTORS' REPORT	PAGE 5
CORPORATE GOVERNANCE	PAGE 19
FINANCIAL STATEMENTS	PAGE 25
NOTES	PAGE 29
AUDITOR'S REPORT	PAGE 41

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# Stick with the long term

**Gassco had a good year in 2014, if we draw a ring around our own operations and look at the results achieved. Although uncertainty and growing pessimism characterise our industry, there is no need to turn off the lights. Instead, we must stick with the long-term development trajectory for the Norwegian continental shelf (NCS).**

As the operator of the gas transport system, we delivered in 2014. We suffered no serious personal injuries and only one critical incident, compared with four the year before. Regularity was also high. A facility like Kårstø can boast a plant availability of 97.46 per cent, well above its performance target for the year. Overall, we achieved an availability of 99.92 for gas deliveries in the transport system during 2014. It would be difficult to do much better than that. These good results are obviously only possible with a solid commitment and important contribution from many people, both in our own ranks and at our partners.

Development of new areas north of the existing pipeline network will call for additional gas infrastructure. Through our responsibility for integrated development of the gas transport system, we have been authorised by the government to finance studies of new infrastructure.

The Barents Sea gas infrastructure (BSGI) study was presented during the summer. This work had broad support, with 26 oil and gas companies participating along with Statnett, the Norwegian Petroleum Directorate (NPD) and representatives from the Norwegian Oil and Gas Association. The purpose of the study was to assess the potential for new cost-effective gas infrastructure to handle resources from the Barents Sea. By its very nature, this work is long term. Developments in the far north unquestionably involve substantial complexity and uncertainty. But the resources are there. According to the NPD, 55 per cent of the overall oil and gas resources on the NCS remain in place. A high level of exploration activity and a number of discoveries confirm that the Barents Sea probably represents the most promising petroleum province off Norway.

These remaining resources will provide the basis for activity and value creation over many years. I am therefore eager to see that we stick with the long-term development trajectory for the NCS – particularly at a time with quick changes of scenery and we when face uncertainty along several dimensions.

Where Norwegian gas is concerned, this is a matter of credibility. Norway's gas resources only have a future as a reliable and long-term contribution to European security of supply. In other words, we have an obligation to search for new opportunities in line with the long-term development trajectory. Gratifyingly, 2014 offered several examples which show that this pays off.

Just before the end of the year, the decision was taken to land gas and condensate from Gullfaks/Rimfaksdalen through existing pipelines for processing at Kårstø. The first light oil flowed earlier in the year from Gudrun to the same facility, largely thanks to the opportunities for combining a new field development with the use of existing infrastructure.

Cost cuts and a decline in oil prices made their mark on 2014. Reducing costs is not only necessary here and now, but can also contribute to more robust profitability in the longer term. Our job at Gassco is to operate the gas infrastructure safely and as cost-effectively as possible, even if the throughput of gas goes down as a result of declining production. Forecasts indicate that such a reduction could occur by some time into the next decade. It could then quickly become very expensive to maintain transport capacity which is no longer required.

In other words, we can see the outline of changes which could prove more fundamental. Even if they are not exactly imminent, we must start adjusting our mindset now. And it remains the case, as always, that the best predictions of the future are made by those who take an active part in creating it.



  
**Brian D Bjordal**  
President and CEO

“These good results are obviously only possible with a solid commitment and important contribution from many people, both in our own ranks and at our partners.”



# Directors' report 2014

## Introduction

Gassco is a limited company owned by the Norwegian state, which operates the integrated gas transport system from the NCS to European countries. This system comprises pipelines, process facilities, platforms and gas terminals in continental Europe and the UK.

The company's head office is at Bygnes in Karmøy local authority. It also has branches in Germany, Belgium, France and the UK, which are responsible for day-to-day operation of the receiving terminals.

Framework conditions for Gassco are determined by the government. The company's primary roles are furthermore defined as the exercise of special and normal operator responsibilities. The special operatorship refers to the exercise as a government authority of duties allocated to Gassco pursuant to the Norwegian Petroleum Act and associated regulations. It relates to system operation, capacity management and infrastructure development. The normal operatorship refers to the technical operation of process plants, pipelines, platforms and terminals pursuant to the Norwegian Petroleum Act's provisions on operator responsibility. These duties are further regulated by operator agreements, including those with the Gassled joint venture, which owns the vast majority of the infrastructure for transporting gas from the NCS.

Gassco itself is directly responsible for day-to-day operation of the receiving terminals in continental Europe and the UK, and for the Gjøa Gas Pipe and Norpipe (from February 2015) pipelines. The company has entered into extensive agreements with Statoil, ConocoPhillips and Total on the purchase of technical operating services for other pipelines, receiving facilities, platforms and process plants.

Gassco does not make a profit or a loss from its operations. Its costs are met by the joint venture, the users and third parties. This means that its economic and financial risks are very limited. Consequently, the annual accounts, balance sheet, equity and liquidity are not specifically discussed.

### Gassco's strategic goals are

- to represent best practice for health, safety and the environment
- to be responsible for first class operation, maintenance and development of transport and process facilities

- to be perceived as a professional, neutral and independent system operator and administrator of capacity in the transport system
- to ensure value creation through integrated development of the gas transport system
- to be characterised by leading-edge expertise in its core areas
- to relate actively to changes in its operating parameters and new business areas.

The management system manual describes the company's corporate governance. Risk assessments are conducted and the most hazardous activities at any given time identified in order to ensure safe operation of the business. Gassco's management system and associated control routines ensure efficient and acceptable operation in accordance with applicable legislation and specified goals.

Corporate social responsibility (CSR) is an integral part of the company's organisational culture, strategy, operational activities and ethical conduct towards the world at large. The company's ethical guidelines conform with the UN's Global Compact and the OECD's guidelines for multinational companies. Gassco exercises its CSR in part through support for clubs and organisations in the region where its head office is located and in other local communities in which the company pursues activities. Culture and sport are Gassco's selected areas for collaboration, and particular emphasis is given to supporting activities and measures for children and young people. Gassco's tendering process clarifies whether the supplier has established its own policy and guidelines for CSR, and whether it has been involved in incidents related to corruption, child labour or breaches of human rights or the rights of employees to unionise. Information on such matters is obtained from the suppliers themselves, from internet searches and from the Achilles supplier network. Information obtained will be a significant factor when qualifying a supplier for participation in the tendering process.

### Organisation

Gassco has a functionally structured organisation, with business units for system operation, asset management, and business development and finance. In addition come five technical support departments – technology, projects, HSE&Q, public relations and human resources – as well as a controller function.

Some staff, support and service units are also organised as part of the business units. ICT is placed under system operation, while finance and legal services are incorporated in business development and finance. The Gassco organisation is characterised by highly competent personnel with their attention concentrated on operations.

**The company's vision and values base**

- Gassco's vision is "Norwegian gas transport to Europe – reliable and forward-looking".
- Gassco's job is to ensure maximum value creation from the resources on the NCS.
- Gassco will conduct its business in an ethical, sustainable and socially responsible manner.
- Gassco does its work professionally and with a high level of integrity.
- Gassco takes an integrated approach, and its employees help each other to achieve their full potential.
- Gassco looks ahead and finds solutions.
- All behaviour in Gassco must accord with its values. Managers have a special responsibility.

Gassco had 359 permanent employees at 31 December 2014, including 146 at the gas terminals in continental Europe and the UK. The company currently has two office trainees in Norway and three apprentice electricians in Germany.

Gassco uses a number of systems and tools to ensure systematic employee, management and organisational development. The company prepares an annual organisational development plan, which provides an overall presentation of the measures to be implemented during the coming year. The company has pursued a management development programme over the past year which builds further on work done earlier.

*The Vision, values and leadership in Gassco* document was revised in 2014, and a dedicated process for its implementation will continue into 2015. A decision was also taken in 2014 on a new annual plan for employee development, which will be implemented with effect from 2015.

Continuous organisational development with the emphasis on the expertise required to meet forthcoming challenges will continue to occupy a key place.

The company has a relatively restrictive employment policy. Increased resource requirements are largely met by personnel on temporary contracts if the new work is not permanent in nature.

**Equal opportunities and anti-discrimination**

The company's human resources policy is gender-neutral and meets its goals for equality of opportunity, diversity and continuous organisational development. Job advertisements manifest the company's desire for a good gender balance, age spread and diversity in the workforce. Candidates with different ethnic backgrounds are urged to apply for vacancies. Qualified candidates from a minority background will be called for interview.

Women account for 24 per cent of Gassco's workforce. Recruiting more women graduates is a priority for the company. In determining and negotiating pay, Gassco pays special attention to equal treatment of men and women.

Gassco has ensured good physical access to its buildings, so that all facilities are also available to people with disabilities. Workplaces are individually customised for employees with repetitive strain injuries.

**Health, safety, the environment and quality (HSE&Q)**

Gassco has a philosophy of zero accidents and no harm to people, the environment or material assets. This is based on a conviction that all harm can be prevented by systematic and purposeful HSE&Q work. No incidents in Gassco's operator area resulted in loss of life during 2014.

The working environment in Gassco is good. The company's target for a number of years has been an overall sickness absence below three per cent. That goal was met again in 2014. Sickness absence during the year was 2.31 per cent for the whole business (including Gassco and providers of technical services). Gassco conducted a survey of the safety climate in the company during 2014. Carried out in cooperation with Studio Apertura at NTNU Samfunnsforskning AS, this confirmed that Gassco has a strong safety culture.

The company's management system covers such aspects as reporting, investigating and following up

incidents and non-conformities. This work is important for achieving continuous improvement in the HSE&Q area. The company has defined key performance indicators (KPIs) which show how HSE&Q results are developing over time. That helps to identify trends in order to ensure that improvement initiatives are measurable and as effective as possible.

Experience transfer and durable learning from incidents are followed up systematically through analyses and purposeful action. A group was appointed in 2014 precisely to identify, follow up and implement purposeful measures. The frequency of incidents defined as critical declined from 2013 to 2014, when one such event occurred. That compared with four the year before and two in 2012. The critical incident in 2014 did not cause any serious personal injury, but it has been classified as critical because insignificant changes in the circumstances could have led to more serious injuries. In other words, the potential of the incident was regarded as serious and probable. To achieve continuous improvement, the board wants to see that experience transfer and durable learning occupy a key place in continued work during 2015.

The personal injury frequency for Gassco's operator area in 2014 was 2.1, which represented a marked decline from 5.4 in 2013. The board takes the view that the purposeful measures adopted to reduce the number of personal injuries have had the desired effect. It is pleased with the positive trend for the personal injury frequency during 2014.

No gas leaks larger than 0.1 kilograms per second were recorded in 2014, when Gassco registered three fires within its operator area. None of these fires was serious in nature and they were quickly extinguished. A total of five accidental discharges of chemicals occurred in 2014, two of which were classified as less serious and three as moderately serious. These discharges were largely caused by technical failures in equipment and by human error. All the accidental discharges have been reviewed in order to prevent similar escapes in future. Identified faults in technical facilities have been corrected, while procedures and routines for safe working have been reviewed in those cases where the failure was the result of human error.

Supervision in the form of audits, verifications and management inspections plays an important role in Gassco's follow-up of its business. Similarly, the company is subject to checks by official regulators and the Gassled joint venture. Such supervision provides lessons for further improvement, but by and large confirmed in 2014 that the business is conducted in a positive way.

An important component in Gassco is its emergency response organisation. The response organisation at Bygnes held and participated in 10 exercises during 2014. Some of these were conducted in cooperation with companies responsible for technical operation of assets on Gassco's behalf, and others with employees at its terminals. Local exercises were also staged at the facilities. These drills provide the organisation with good training and experience as the basis for further improvements. The exercises in 2014 demonstrated that Gassco's emergency response organisation functions well.

The company will continue its efforts to achieve HSE&Q improvements. These will also be sought at companies carrying out operating assignments on Gassco's behalf. Particular attention is paid to all conditions with a major accident potential, with special emphasis given to the safety of processes and people.

Gassco operated all process plants, pipelines and platforms in accordance with applicable emission/discharge permits in 2014.

The company purchased 354 000 allowances to cover its carbon emissions in 2014. Gassco only buys EU allowances (EUAs) in the EU's allowance market. The allowances purchased in 2014 covered about 26 per cent of its total emissions during the year. The remainder was covered by 1 026 000 free allowances, which each correspond to the emission of one tonne of carbon dioxide. The third phase of the allowance system runs from 2013 to 2020. All assets subject to Gassco's operatorship participate in the allowance system.

PERMANENT  
EMPLOYEES IN 2014

359

<b>Health and safety results</b>	<b>Results 2014</b>	Results 2013
Deaths	<b>0</b>	0
Total personal injuries	<b>14</b>	37
Lost-time injuries	<b>3</b>	14
Fires	<b>3</b>	2
Gas leaks	<b>0</b>	1
Critical incidents	<b>1</b>	4
Unlicensed emissions/discharges	<b>0</b>	0
Accidental discharges, oil/chemicals	<b>5</b>	6

<b>Emissions/discharges to the natural environment</b>		<b>Emissions 2014</b>	Emissions 2013
To the air	Nitrogen oxides	<b>898.1 tonnes</b>	842.1 tonnes
	Carbon dioxide	<b>1 381 kilotonnes</b>	1 321 kilotonnes
	Safety flaring	<b>21.6 kilotonnes</b>	22.9 kilotonnes
To water	Oil	<b>207 kilograms</b>	158 kilograms
	Phenol	<b>18 kilograms</b>	29 kilograms
	TOC	<b>13 149 kilograms</b>	7 492 kilograms
To soil/ water	Accidental discharges, oil/chemicals	<b>689 litres</b>	5 310 litres



DEATHS

**0**

PERSONAL INJURIES



LOST-TIME INJURIES



UNLICENSED EMISSIONS/DISCHARGES

FIRES



**0**

CRITICAL INCIDENTS

**+**

GAS LEAKS

**0**

ACCIDENTAL OIL/CHEMICAL DISCHARGES



EMISSIONS TO THE AIR



DISCHARGES TO WATER



DISCHARGES TO SOIL/WATER



**System operation**

Deliveries from the Norwegian gas transport system to Europe came to 101.1 billion scm in 2014, compared with 102.5 billion scm the year before. Gas exports are stable at a high level. Total deliverability was 99.92 per cent, compared with 99.69 in 2013. Deliveries were high in 2014 and regularity very high.

Preparations were made in 2014 for gas deliveries from Gudrun, Valemon and Knarr, and two new shippers began transporting gas through the transport system. Additional quantities of condensate are now arriving from Gudrun under the Gudrun Blend designation.

These fields and shippers are now incorporated in Gassco's systems and form part of operational gas transport.

The Gassco board is pleased with the development of Norwegian gas exports, and continuous

efforts are being made to safeguard the competitiveness of Norwegian gas.

Vessel traffic with natural gas liquids (NGL) from Kårstø calls for careful coordination with daily gas transport to avoid full product stores and field shutdowns. A total of 711 ship calls were recorded at Kårstø during the year, without giving rise to any incidents of significance for gas transport.

The transport network has a built-in flexibility which makes it possible to compensate for production disruptions on fields, at process plants and on riser platforms. This flexibility can be utilised through the management exercised by Gassco's control room, which operates around the clock. As the transport system has become increasingly complex, with more fields tied in and a larger number of gas qualities, the ambition is to deliver with almost 100 per cent availability in the market.

DELIVERABILITY  
**99.92%**

<b>GAS TRANSPORT</b>	<b>2014</b>	2013
Deliverability (%)	<b>99.92</b>	99.69
Quality (%)	<b>99.99</b>	99.99
Gas delivered to receiving terminals in Europe (billion scm)	<b>101.1</b>	102.5
Highest delivery per day (million scm)	<b>352.4</b>	345.2
Average gross calorific value (kWh/scm)	<b>10.91</b>	10.94
Total volume other products delivered from Kårstø (million tonnes)	<b>8.11</b>	7.29

**Capacity management**

Gassco is responsible for allocating transport capacity in the gas transport system. This is done both on a daily basis and through booking rounds. Two booking rounds were conducted during the year, involving the sale of medium- and long-term capacity.

Provision has been made in the booking system for two new transport systems – the Knarr Gas Pipeline and the Valemon Rich Gas Pipeline. The latter became operational at the beginning of January 2015, with Knarr expected to follow during March.

**Asset management and development**

Operation of the gas transport system was by and large extremely good during 2014.

The Kårstø process plant was operated with high regularity and relatively high utilisation. Annual available capacity was 97.46 per cent, 0.96 percentage points above target. Statpipe train 100 and train 300 (the Sleipner facility) had turnarounds during the year, with particular attention paid to dealing with internal corrosion. Regularity for the process plant at Kollsnes was also high in 2014 – production availability was no less than 99.56 per cent, 0.71 percentage points above target. As in 2013, capacity at the Kollsnes facility was not fully utilised.

A production availability of 99.56 per cent (target 99.95 per cent) was achieved for platforms and 99.99 per cent (target 99.99 per cent) for pipelines in the transport network. Gassco carried out the first pigging operation (on the Gjøa gas pipeline)

where both pig launcher and catcher were located subsea.

The pipeline receiving facilities achieved 100 per cent production availability in 2014. The board is extremely satisfied with the high level of production availability and regularity achieved throughout the gas transport system in 2014.

The gas transport system must be safe and reliable, and large resources are therefore devoted to maintenance, testing and inspection. Operation of the system is cost-efficient, and systematic efforts are made through improvement programmes to improve safety and reliability and to reduce costs. The Gassled improvement programme for 2010-14 came to an end, with the gains made summed up in a separate publication. Ambitious new targets, covering such areas as HSE, regularity and costs, have been set for the next five-year period. Emphasis was given in 2014 to the importance of cost reductions.

Gassco's job is to ensure that the transport system continues to be operated and developed in an effective manner in order to contribute to the highest possible value creation on the NCS. To help achieve this, it worked during 2014 to improve collaboration with the Gassled owners through the "efficient licence management in Gassled" activity.

The company completed the second in a series of three years involving platform removals. H7 was removed in 2012, followed by the support structure for the 2/4-S tripod in 2014. Plans call for B11 to be removed in 2015. The total bill for these projects will be around NOK 2.4 billion.

It was resolved in 2012 to implement the Gassco Emden Project (GEP), with the contract for building the new terminal awarded to Linde in March 2013. Construction got well under way in 2014, and will be completed in 2015. The GEP is costed at around NOK 4.4 billion. Through this upgrade, Gassco will lay the basis for cost-efficient, reliable and safe operation over many years to come.

A decision was taken in 2014 on upgrading Kalstø, where the Statpipe, Sleipner Condensate and Åsgard Transport pipelines come ashore. The Kalstø robustness project is expected to be completed by 2017. Important tie-ins will be carried out in conjunction with a turn-around at Kårstø during 2016.

Agreements and the management model were revised in 2014 for the Pipeline Repair System (PRS), which provides emergency preparedness for the transport network. The PRS and diver preparedness have now been merged under the name Pipeline Repair and Subsea Intervention (PRSI). A new diverless repair vessel – Remote PRS – completed in 2014 can operate in water depths beyond the permitted limit for diving. That contributes to a significant improvement in repair preparedness for the gas pipelines.

The Draupner platforms represent an important hub in the gas transport system. An application to extend the operational life of one of these two riser installations, Draupner S (Statpipe), until 2028 was approved in 2014.

The Petroleum Safety Authority Norway (PSA) has renewed its safety requirements for lifeboats on all NCS platforms. A safe and cost-efficient solution in this area was installed on Draupner in 2014.

Systematic risk and emergency preparedness analyses are conducted for the individual assets in the gas transport system and for the system as a whole. These show that the level of risk is low, while also identifying sensible upgrades which would help to reduce risk even further. The security of the facilities is also the subject of risk analyses and improvement measures. The onshore gas security project for the land-based assets in Norway has been initiated and is due for completion in 2015.

Upgrades costing almost NOK 10 billion have been carried out at Kårstø over the past seven years. Work on upgrading two steam boilers at the facility is continuing, and will last until 2015. The scope of such activity is expected to be somewhat smaller in coming years. Conceptual studies were carried out in 2014 for upgrading the fire water and blowdown systems and the two boilers installed in 2000.

## GAS QUALITY

# 99.99%



Conceptual studies for upgrading the control systems and other electrical facilities at Kollsnes have been completed. This project is expected to be finished in 2016. Gassco was responsible during 2014 for readying the expansion project at Nyhamna for operation in connection with the Aasta Hansteen development. The company will take over the operatorship at Nyhamna from Shell when Polarled becomes operational. Plans call for that to happen in 2017.

Gassco became the operator for the Valemon Rich Gas Pipeline in 2014. Plans are being laid for several tie-ins to the gas transport system. A decision was taken in 2014 on a hot-tap tie-in of the Mariner field to Vesterled. The actual work will be done in the spring of 2015. Preliminary design also began during 2014 for the tie-in of Gina Krog to Zeepipe IIA. This is due to take place in 2016.

The process facilities in Norway are heavily dependent on stable electricity supplies, and power supply failures will often cause operating disruptions. A great deal of work has been devoted to making Gassco's own assets more robust to interruptions in the power grid. The company is involved in efforts to improve the quality of electricity supplies.

### Infrastructure development

Continuous and coherent development of the gas infrastructure is an important instrument for securing effective resource management on the NCS. Gassco prepares annual transport plans, which assess future requirements for developing transport capacity based on analyses of user needs. The 2014 transport plan indicates that utilisation of the gas infrastructure will be good over the next few years. However, the forecast reveals a declining trend in the longer term.

The company sees less need for capacity expansions in parts of the system up to 2020. Opportunities for cost-effective capacity increases from 2016 are being studied

at Kårstø and with the Kvitebjørn gas pipeline. Work is also under way on initiatives to improve functionality at the assets on the basis of changed transport requirements. Permitting possible reinjection of ethane in dry gas and removal of trace substances in rich gas from Area A at Kårstø both represent examples of such improvements.

The Barents Sea gas infrastructure (BSGI) study was presented in June to the government and in relevant fora. This work has had broad support, and no less than 26 oil and gas companies on the NCS have participated in addition to Statnett, the NPD and representatives from the Norwegian Oil and Gas Association.

This study has aimed to assess the potential for new cost-effective gas infrastructure covering resources from the Barents Sea, including the question of whether expected discoveries in the drilling programme for the next three-four years will provide the basis for such infrastructure. The work shows that planned exploration activity over the next three-four years is expected to identify recoverable gas resources. Together with existing trapped gas reserves in the area, they could provide the basis for a new gas infrastructure solution from the Barents Sea.

A number of small gas discoveries are being assessed for development in the more mature part of the NCS. Gassco has evaluated future gas transport solutions for the resources in the Heimdal area, such as Krafla, Frigg Gamma Delta and Fulla.

Gassco has also worked on gas transport solutions for the Tommeliten Alpha, Fogelberg, Trestakk, Butch, Alpha Central, Skarfjell and Astero discoveries.

In addition, Gassco provided support during 2014 for the Ministry of Petroleum and Energy in work on new tariffs for future agreements.

GAS DELIVERED  
TO THE EUROPEAN  
RECEIVING TERMINALS  
IN 2014  
(BILLION SCM)

**101.1**

**Research and development**

Gassco devoted NOK 71.5 million to R&D activities in 2014. Attention focused on pipeline technology, the process and receiving facilities, gas quality and capacity.

**Key projects**

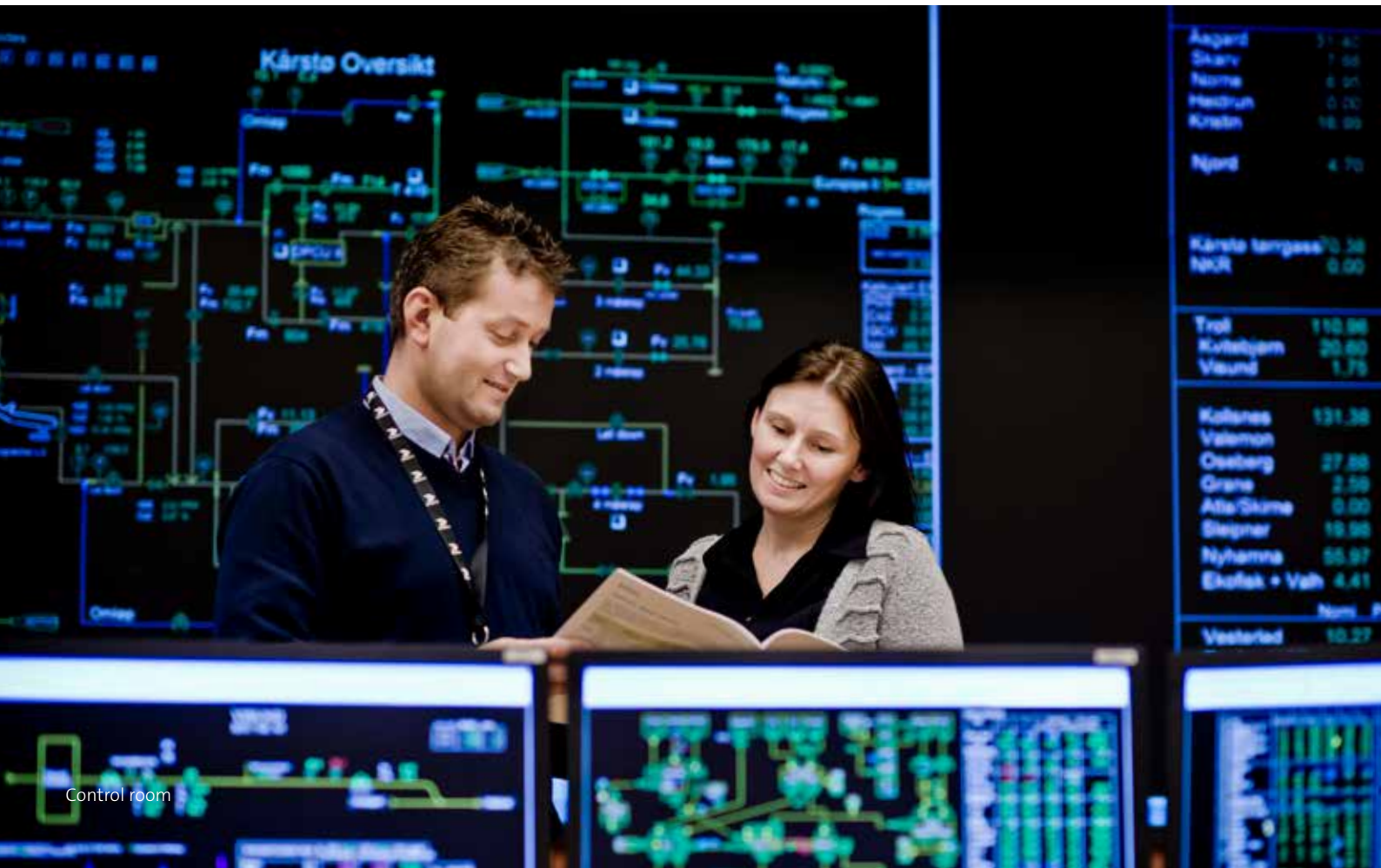
- Internal inspection of pressure vessels and large storage tanks using robot technology. Plans call for an inspection robot to be tested in the spring of 2015.
- Completion of the acoustic resonance technology (ART) pig project for internal inspection of pipelines, and delivery to the operations organisation.
- Development and testing of Surveyor, a new type of remotely operated vehicle (ROV) for external inspection of undersea pipelines.
- First use of the PhaseOpt technology to increase capacity in Åsgard Transport is under way at Kårstø.
- Establishment of a test laboratory at the Norwegian University of Science and Technology (NTNU) and installation of equipment at Kollsnes to improve the availability and reliability of electrically driven export compressors.
- Measurement of subsea gas leaks and boiling zones at the sea surface during pigging of the Gjøa Gas Pipeline. The results will help to improve models and tools for simulating and calculating subsea leaks.

**Share capital and shareholders**

The company's share capital at 31 December 2014 was NOK 10 million, divided between 10 000 shares. All the shares are owned by the Ministry of Petroleum and Energy on behalf of the Norwegian government.

**Net profit and its allocation**

Net profit was NOK 123 508. This will be transferred to other equity, which amounted to NOK 5 950 321 at 31 December 2014. Pursuant to section 3, sub-section 3a of the Norwegian Accounting Act, the board confirms that the accounts have been prepared on the assumption that the company is a going concern.



Control room

## Prospects

A higher level of costs and falling oil prices meant that the industry was concerned with cutting costs in 2014. Maintaining a cost-effective gas infrastructure will be even more important for Gassco in coming years in order to safeguard the competitiveness of Norwegian gas in the European market.

Europe's energy market is characterised by a high pace of development for renewable electricity generation in the form of wind and solar power. At the same time, coal consumption has increased while gas has experienced a marked decline in the power generation segment. On the other hand, declining domestic gas production in the EU countries means that demand for Norwegian deliveries is expected to be maintained. Unrest in certain areas means that requirements for security of supply in Europe are even greater.

Gassco works continuously to enhance the robustness of its assets, so that their good delivery history can be sustained. Interruptions in the power grid have caused undesirable operating disruptions at the process facilities. Safeguarding reliable electricity supplies for these assets – both those already in operation and planned extensions – is therefore important. Getting started early on studying power supply alternatives has proved important for securing opportunities to develop gas operations in new areas.

Gas deliveries from Norway now meet more than 25 per cent of Europe's total gas consumption, on a par

with Russian gas exports to the European market. Norwegian gas will continue to play an important role in Europe's energy portfolio in the future.

From a climate perspective, Norwegian gas is expected to be able to contribute to a substantial improvement in European carbon emissions. Producing and exporting Norwegian natural gas provides the industry with long-term assignments.

Expectations for discoveries in the Barents Sea are great. Exploration activity in these waters has been and is expected to remain at a high level. Coordinated development is important in the Barents Sea in order to realise its resource potential.

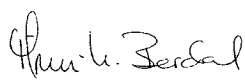
Delivering Norwegian natural gas on competitive terms to the European market remains important. Gassco's role will be to ensure high availability in the existing infrastructure while keeping costs at a low level.

At the end of the year, Gassco was given an expanded mandate to study transport solutions for full-scale demonstration facilities for carbon capture and storage in Norway on behalf of the Ministry of Petroleum and Energy.


Gassco will contribute expertise and insight to ensure that both gas infrastructure and new petroleum activities based on electricity as their power source meet expectations for cost-efficiency and regularity.


Bygnes, 26 March 2015

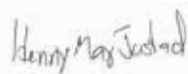
  
Ottar Inge Rekdal  
Chair

  
Mimi K Berdal  
Deputy chair

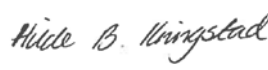
  
Nina Schieldrop Lie  
Director

  
Johan Einar Hustad  
Director

  
Terje Aven  
Director

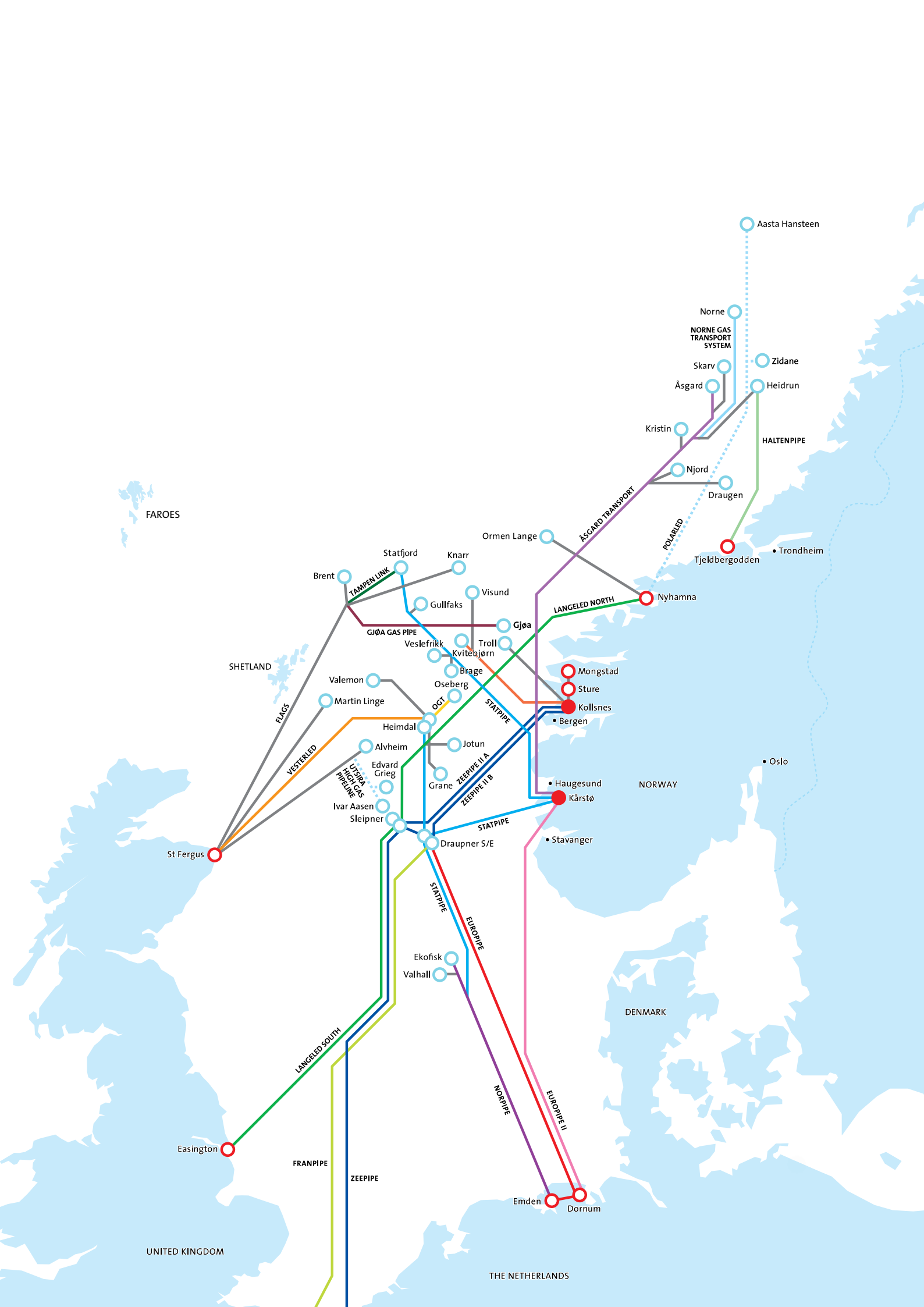
  
Henny May Justad  
Director\*

  
Roar Bøe  
Director\*

  
Hilde Berge Kringstad  
Director\*

\*Elected by the employees

  
Brian D Bjordal  
President and CEO





# Board of directors 2014



## **Ottar Inge Rekdal**

Chair (born 1949). He has worked for Statoil since 1975, holding a number of management positions. These include head of gas development and market for five years, the development division, and technology. Over the past 12 years, Rekdal has worked exclusively on international operations – including responsibility for Statoil's activities in West and North Africa, Europe and the Middle East as well as on international gas operations. He is a director of Linjebygg Offshore and Ocean Installer. Rekdal has been chair since 2012.



## **Mimi K Berdal**

Deputy chair (born 1959). She works today as a lawyer with her own law practice. Berdal previously served as a legal advisor with Total Norge, and as an associate and partner in the Arntzen de Besche law firm. She holds a number of directorships in listed and private companies covering various sectors. Berdal has been a director since 2007.



## **Nina Schieldrop Lie**

Director (born 1962). She graduated from the Norwegian School of Economics (NHH) and also has an executive MBA in financial management and leadership from the same institution. She is senior adviser at DNB Konserninvesteringer. She has previously served as regional manager responsible for DNB's operations in the Stavanger region and as a vice president for Accenture Rogaland. She has been a CFO in the oil industry, including at oil company Petoro AS, Aker Drilling ASA and Navis ASA. Lie holds a number of directorships in such sectors as finance, technology and energy. She has been a director since 2012.



## **Johan Einar Hustad**

Director (born 1954). He is professor and pro-rector at the Norwegian University of Science and Technology (NTNU) with responsibility for innovation. Hustad has headed the department of energy and process technology at the NTNU and has occupied several management posts at the university and at Sintef. He was also head of the centre for renewable energy, Nordic research professor for Nordic energy research, and guest professor at Stanford University in the USA. He has served on a number of national and international committees and technical bodies. Hustad has been a director since 2012.



## **Terje Aven**

Director (born 1956). He is professor of risk management at the University of Stavanger, and has previously served as an adjunct professor at the Norwegian Institute of Technology (NTH) and the University of Oslo. He was with Statoil for several years. Aven has worked on various projects related to the gas transport network, directed at such aspects as risk, regularity, operation and maintenance. He has been a director since 2013.



## **Henny May Justad**

Worker director (born 1962). She is a special consultant at Gassco AS and head of the Gassco branch of the IndustryEnergy (IE) union. Justad has been a director since 2012.



## **Roar Bøe**

Worker director (born 1977). He is a principal engineer in Gassco AS, and heads the company branch of the Norwegian Society of Graduate Technical and Scientific Professionals (Tekna). Bøe has been a director since 2014.



## **Hilde Berge Kringstad**

Worker director (born 1977). She is a transport engineer at Gassco AS and head of the Gassco branch of the Norwegian Society of Engineers and Technologists (Nito). Kringstad has been a director since 2014.



# Corporate governance

## The board's presentation of corporate governance

Governing bodies in Gassco are the general meeting, the board of directors, the chief executive and the management team. The roles and responsibilities of the various bodies are defined at the highest level by legislation, statutory regulations, agreements and Gassco's articles of association.

Corporate governance in Gassco accords with relevant points in the Norwegian code of practice in this area. Since the company is not listed, but is a wholly state-owned limited company which does not have the generation of profits and income for the shareholder as its business purpose, aspects relating to equity and dividend, equal treatment of shareholders and transactions with close associates, free transferability of the company's shares, the general meeting, a nomination committee and takeovers are not relevant and are accordingly not covered below. No transactions take place with close associates, and further comment on this subject is not considered relevant.

Corporate governance in Gassco covers the overall management and control systems intended to ensure that the interests of the owner, the employees, and the users and owners of the gas transport system are protected. It will also ensure that the company is run in a safe, efficient, sustainable, ethical and socially responsible manner.

## Gassco's vision

Norwegian gas transport to Europe – reliable and forward-looking.

## Gassco's values base

- Gassco's job is to ensure maximum value creation from the gas resources on the NCS.
- Gassco will conduct its business in an ethical, sustainable and socially responsible manner.

## How we want to be in Gassco

- We do our work professionally and with a high level of integrity.
- We take an integrated approach, and help each other to achieve our full potential.
- We look ahead and find solutions.

## Leadership in Gassco is characterised by

- performance
- integrated thinking
- a forward-looking approach commitment.

## Gassco's business

The company's business purpose, as described in its articles of association, is to operate transport systems for natural gas on and from the NCS, including pipelines, platforms, process facilities and gas terminals, either on its own account or through participation in or together with other companies, and activities related to this. The company operates an extensive gas transport system which has been built up over almost 40 years, with an acquisition cost of roughly NOK 230 billion in 2014 value and annual operating costs of about NOK 5 billion. Owners and users of the gas transport systems are mainly large global players in the oil and gas industry as well as major investment companies. Annual tariff revenues in the system total NOK 25-30 billion.

Gassco has been assigned responsibility for operating the upstream gas pipeline network by the Ministry of Petroleum and Energy pursuant to section 4, subsection 9 of the Petroleum Act.

Gassco's primary roles can be divided into two components – the normal and special operatorships.

The normal operatorship relates to asset management, licence administration and project development. An important part of asset management is to see to it that activities are conducted in a manner which ensures that health, safety and environmental standards are met. Gassco's normal operatorship relates to operation and maintenance of the gas transport systems Gassled, Zeepipe and Dunkerque gas terminals, Haltenpipe, the Valemon Rich Gas Pipeline and the Knarr Gas Pipe. The company is subject to the authority of the owners to issue instructions pursuant to the operator agreements. Each partnership has a management committee (MC) which can establish sub-committees, such as the operating committee (OC) and project committee (PC). These can be given mandates as required.

Agreements have been concluded by Gassco covering the purchase of technical services. The technical service providers (TSPs) perform their work in the various sections of the gas transport system on behalf of Gassco. Agreements have been entered into with Statoil, ConocoPhillips and Total for this type of service.

The special operatorship covers the exercise as a government authority of duties assigned to Gassco pursuant to the Petroleum Act and chapter 9 of the petroleum regulations. The transport system owners

have no right to issue instructions in respect of these duties. The special operatorship relates to system operation, capacity administration and infrastructure development.

System operation covers planning, monitoring, coordinating, managing and following up product flows from the fields through the integrated transport network to the gas terminals.

Capacity administration involves the determination of physical capacity in the pipeline network and the allocation of transport capacity in the pipeline systems. The allocation of transport capacity involves entering into transport contracts on behalf of the owners.

Infrastructure development includes studies and development projects in the Norwegian gas pipeline network. Gassco is required to assess the continued development of the upstream gas pipeline network with a view to achieving integrated transport solutions for the petroleum sector. In that context, the company works partly on the basis of funds paid by the users through the tariffs, pursuant to section 4 (vi) of the tariff regulations, and partly on the basis of financing from investor groups which wish to have an infrastructure project investigated in more detail.

The Infrastructure Advisory Board (IAB), the Operating Forum and the NGL Forum have been established to look after user interests. They consider such matters as work programmes and budgets related to the exercise of the special operatorship. The IAB provides an arena where owners and users can discuss relevant issues concerning operational and strategic topics related to continued development of the infrastructure.

#### **Gassco's strategic goals**

- Gassco will represent best practice in health, safety and the environment.
- Gassco will be responsible for first-class operation, maintenance and development of transport and process facilities.
- Gassco will be a professional, neutral and independent system operator and administrator of capacity in the transport system.
- Gassco will secure value creation through integrated development of the gas transport system.
- Gassco will be characterised by leading-edge expertise in the company's core areas.
- Gassco will relate actively to changes in operating parameters and new business areas.

#### **General meeting**

The general meeting is the company's highest authority. The minister of petroleum and energy acts as the general meeting, and is thereby responsible for administering the government's ownership of the company. The annual general meeting is held in Oslo or on the island of Karmøy before the end of June each year. It adopts the profit and loss account and the balance sheet, determines the application of net profit or coverage of net loss, and elects the company's auditor as well as determining the auditor's fee. The general meeting also elects directors and ensures that, overall, the board has appropriate and adequate expertise, capacity and diversity. Women accounted in 2014 for 40 per cent of directors elected by the general meeting. Apart from the owner, the AGM is attended by the directors, the chief executive and the auditor. The section for gas and infrastructure at the Ministry of Petroleum and Energy is responsible for day-to-day supervision of Gassco.

#### **Corporate assembly and board of directors**

##### **Corporate assembly**

Pursuant to the Norwegian Act on Limited Liability Companies, a corporate assembly must be elected for companies with more than 200 employees. However, agreement has been reached with the employees that the company should not have such a body. Instead, the employees have elected an additional worker director.

##### **Board of directors**

The Gassco board comprises eight directors, including five elected by the general meeting and three elected by and from among the employees. All directors elected by the general meeting are independent of the company's day-to-day management and significant business associates. None of the directors elected by the general meeting has separate assignments for the company in addition to their directorship. No alternates are elected for these directors, nor do they have a pension plan or a pay guarantee agreement. None of the directors owns shares in the company. Directors are elected for up to two years at a time. Continuity on the board is secured by providing new directors with a detailed briefing on the company's history, status and challenges. On accession, new directors must sign declarations of willingness to serve and of confidentiality, and confirm that they have read the company's articles, ethical guidelines, procedure for corporate social responsibility (CSR), instructions for the board and the chief executive, and authority matrix.

The chief executive is not a director. A power of attorney on behalf of the company has been awarded to the chief executive and to the heads of the German, Belgian and UK terminals.

### Work of the board

The board ensures an acceptable organisation of the business. It is responsible for establishing control systems and for ensuring that the business is pursued in accordance with the company's values base and guidelines on ethics and CSR.

It gives weight to avoiding conflicts of interest, and to ensuring that directors and executives possess broad and in-depth expertise relevant to the company's challenges and the business for which it exercises operator responsibility. The board appoints the chief executive, and establishes instructions both for its own work and for the chief executive.

The board determines strategy, performance indicators, budgets, accounts and other important issues on the basis of proposals from the chief executive, who is responsible for day-to-day management of the company.

Six to eight board meetings are usually held every year, plus a strategy meeting. The board is also kept informed about the business through regular reporting between meetings. A special portal has been established to provide directors with information. The chair can call extraordinary meetings as required.

Six board meetings and one board seminar were held in 2014, and attendance was 94 per cent. In addition, several ad hoc and subcommittee meetings took place.

A schedule has been prepared to indicate the board's role in relation to the various issues. The board evaluates its work and competence on an annual basis.

### Compensation committee

The board has established a compensation committee. Its role is to support the board in its work on the conditions of employment for the chief executive and on the framework and principles governing such conditions for other employees (including bonus plans). The committee comprises the chair, the deputy chair and one director.

### Audit committee

Following an assessment, the board has concluded that it does not need to appoint an audit committee. The company is subject to greater independent scrutiny and system audits by impartial parties than is usual for a joint stock company. Reports and feedback from such audits are communicated to the board on a continuous basis. The board conducts a special review with the external auditor in connection with the annual audit.

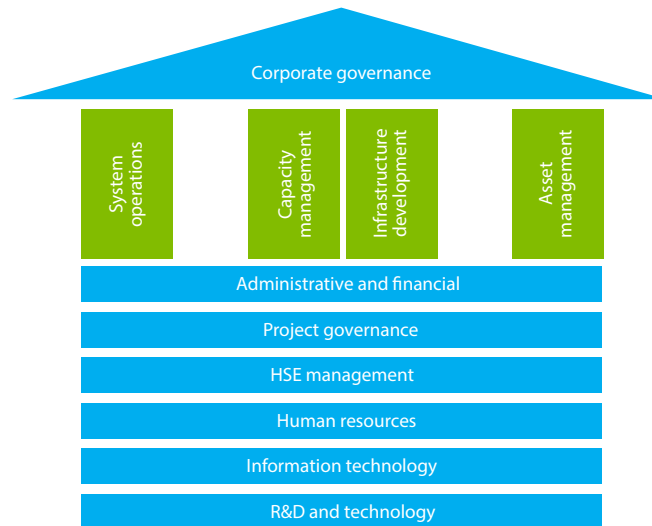
### Risk management and internal control

Management and control are exercised through various processes which involve one or more of the company's governing bodies. The shareholder's management and control of the business is exercised through annual and extraordinary general meetings. The board ensures that the company is run in accordance with its strategy and objectives through board meetings and periodic reporting from the company. Gassco's board works to safeguard the owner's interests, but also has a responsibility towards employees, government authorities, customers/users, infrastructure owners, suppliers and other stakeholders. The established management principles are intended to secure good operation and control of the business. These principles are adjusted on an on-going basis to ensure that the company operates in conformity with statutory provisions. The management system is reviewed annually by the board.

In addition, Gassco is subject to management and control by Gassled and other joint ventures/sponsoring groups for which the company exercises an operator function. Gassco's management structure builds on established and communicated goals, strategies and values, including ethical rules.

Gassco's executive management, which comprises a 10-strong management team, regularly checks that the business is being conducted in accordance with its strategy. Relevant government agencies, as well as users and owners of the gas transport system, also conduct regular audits and supervision of Gassco's operatorship, associated activities and the management system. The chief executive is responsible for ensuring that the executive management reviews the management system twice a year.

## The company's management model



*The model comprises first a topmost level which brings together processes related to corporate governance in the company. The next level defines four groups of processes which describe Gassco's duties related to its special and normal operatorships. Finally, the model defines a total of six groups of staff and support processes.*

The management system manual, including the subordinate procedures, describes the company's corporate governance. Gassco has developed a management model which brings together and systematises all its processes. The company's duties and roles are derived from the overall goals, principles and frame documents governing Gassco's operations.

The corporate governance process group embraces processes for regulating Gassco's work in relation to the owner (represented by the Ministry of Petroleum and Energy) and the board. Corporate governance embraces such processes as establishing a management system manual, the transport plan, the Gassled budget and business plan, strategies and key performance indicators (KPIs), budgeting and decision-making processes, and important processes related to quality assurance. The latter include risk management, control mechanisms such as auditing and self-regulation, consistency checks, customer surveys and managing non-conformity.

An authority matrix has been established, along with a decision matrix which describes the decision-making processes to be observed for important issues, who is responsible for the final decision, and the source of the decision-maker's authority.

Terms of reference for the various joint ventures and their committees have been established and approved by the owners. A special verification process for projects has been established and approved.

The user fora – the Infrastructure Advisory Board, the Operating Forum, the NGL Forum and the Industry

Arena – have been established with participation from relevant companies. Participants in these bodies are licensees on the NCS and qualified shippers. Gassco continuously evaluates whether the established user fora function as intended. Although formal decisions are taken either by the owners of the gas infrastructure or by participants in the infrastructure development projects, the work processes ensure that shippers exert genuine influence ahead of these decisions.

Primary responsibility for Gassco's supervisory role rests with the HSE&Q department, which draws up annual supervision plans. This unit conducts internal audits as well as auditing the work of the TSPs. Other types of internal and external supervision/verification of suppliers are also conducted by Gassco's units and projects. This helps to ensure that operations are conducted as required by legislation, statutory regulations, in-house instructions and the TSPs' own in-house requirements. The results of these supervisory activities are used to achieve continuous improvements and further development of Gassco's management system. Overall management and control to ensure that improvements in the management system are being observed and implemented are exercised by the HSE&Q department.

### **Ethics and CSR**

Gassco has established written ethical rules for its employees and elected officers. These rules require each person to behave with due care and attention, and to refrain from behaviour which could weaken the trust placed in them or their independence. The core values adopted by Gassco provide guidelines for the individual's responsibilities and behaviour. The regulations have been updated in accordance with new guidelines from

the owner. Employees receive a briefing on Gassco's ethical rules and values when they join the company, and all personnel are kept regularly updated in this area. Special guidelines have been prepared on the use of IT, which describe the rights and duties of the company and the employees.

Gassco conducts its business in accordance with the principles for good CSR. This is enshrined in the company's governing documentation through the management of the CSR procedure.

CSR forms an integrated part of the company's organisational culture, strategy, operational activities and ethical conduct towards the world at large. Through CSR, Gassco as a company takes responsibility for its activities, including the way these affect various social players. Gassco exercises its CSR in part through support for clubs and organisations in the region where its head office is located, and in other local communities where the company pursues operations.

A general respect for human rights is an integral part of Gassco's value base. The company's ethical guidelines conform with the UN's Global Compact and the OECD's guidelines for multinational companies, and support Gassco's values base. Its ethical guidelines are described in a separate document, which forms part of Gassco's governing documentation.

#### **Management tools**

The board and chief executive utilise such activities as strategic planning, budgeting and periodic financial and operational reporting as important tools in the management of the business. Follow-up and control are pursued in part through monthly operational and financial reporting on the development and status of the company and all its business areas. A balanced scorecard is utilised as a tool in the business areas.

#### **Risk assessment**

Risk assessment plays a key part in Gassco's management processes, and is used throughout the business, including decision-making processes relating to infrastructure developments and to the execution of development projects. Risk assessments are carried out in each unit and in every project to provide the basis for preparing an overview of Gassco's most important risks. Combined with associated risk-reducing and/or risk-eliminating measures, this overview forms part of the six-monthly review of the management system. Particular attention is devoted to risks with a major accident potential, which forms the basis for workshops on major accident risk pursuant to Statoil's guidelines (expected to become the industry standard). Quantitative risk analyses are also updated in connection with the operation of all operational assets, where risks are assessed in relation to established acceptance criteria. Action lists with deadlines for implementation are drawn up for identified risks.

#### **Remuneration of directors**

The general meeting determines directors' fees, which are independent of the results achieved.

#### **Remuneration of executive personnel**

The board determines the remuneration of the chief executive, including any bonus payments, in accordance with guidelines set by the general meeting. The chief executive determines the remuneration of other members of the company management team in accordance with guidelines set by the board. Remuneration of directors and the chief executive is specified in Note 3 to the accounts. The declaration on senior executive pay is presented to the general meeting as a separate item.

#### **Performance-related pay**

The board is responsible for overall assessment of the company's development in relation to specified targets. The company has a general performance contract, which provides all employees with the opportunity to receive an annual bonus of up to 10 per cent of basic pay, depending on the extent to which targets have been met.

The board's declaration on pay and other remuneration for senior executives, see note 3 to the accounts, details the remuneration of senior executives and the terms of the company's remuneration policy, including the bonus plan. The board's declaration is considered by the general meeting.

#### **Information and communication**

The board of Gassco has established a communication strategy which ensures an open dialogue both in-house and externally, so that the company's employees and other stakeholders are well informed about its business activities.

Press releases and annual reports are posted to the company's website.

User information is made available to the shippers in Gassco's booking system, in Origo and in the user fora.

In addition, License to Share is used as a medium of communication with infrastructure owners and shippers, while Authorityweb is used with the authorities.

Real-time information and details about planned and unplanned shutdowns are posted on Gassco's website.

#### **Auditor**

Deloitte AS is the company's external auditor, and is appointed by the general meeting. The auditor's fee is also determined by the general meeting. The auditor attends board meetings where the accounts are considered. In addition, the board has an annual meeting on its own with the auditor.





# Income statement

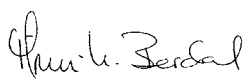
Amounts in NOK 1 000	Note	2014	2013
Total operating income	2	0	0
Total operating expenses	2,3,4	0	0
<b>Financial income and expenses</b>			
Other interest income		264	277
Net financial items		264	277
<b>Profit before tax</b>			
Tax on ordinary activities	8	140	436
<b>Profit on ordinary activities</b>		<b>124</b>	<b>(159)</b>
<b>Net profit</b>		<b>124</b>	<b>(159)</b>
<b>Transfers:</b>			
Transferred to/(from) other equity		124	(159)
Total transfers		124	(159)

# Balance sheet


Amounts in NOK 1 000	Note	At 31 Dec 14	At 31 Dec 13
<b>ASSETS</b>			
<b>INTANGIBLE ASSETS</b>			
Deferred taxes	8	16 363	9 156
<b>Total intangible assets</b>		<b>16 363</b>	9 156
<b>TANGIBLE ASSETS</b>			
Land, buildings and other property	4	28 791	30 427
Operating equipment and fixtures	4	124 378	119 964
<b>Total tangible assets</b>		<b>153 169</b>	150 391
<b>OTHER LONG-TERM RECEIVABLES</b>			
Other receivables	3, 7	716 844	509 197
<b>Total other long-term receivables</b>		<b>716 844</b>	509 197
<b>TOTAL FIXED ASSETS</b>		<b>886 376</b>	668 744
<b>CURRENT ASSETS</b>			
<b>RECEIVABLES</b>			
Accounts receivable		94 410	75 537
Other receivables	10	52 786	13 829
<b>Total current receivables</b>		<b>147 196</b>	89 366
Bank deposits and cash	9	381 660	213 986
<b>TOTAL CURRENT ASSETS</b>		<b>528 856</b>	303 351
<b>TOTAL ASSETS</b>		<b>1 415 232</b>	972 095

Bygnes, 26 March 2015

  
Ottar Inge Rekdal  
Chair

  
Mimi K Berdal  
Deputy chair

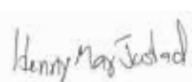
  
Nina Schieldrop Lie  
Director

  
Johan Einar Hustad  
Director

Amounts in NOK 1 000	Note	At 31 Dec 14	At 31 Dec 13
<b>EQUITY AND LIABILITIES</b>			
<b>PAID-IN CAPITAL</b>			
Share capital	5	10 000	10 000
<b>Total paid-in capital</b>		<b>10 000</b>	10 000
<b>RETAINED EARNINGS</b>			
Other equity	6	5 950	5 827
<b>Total retained earnings</b>		<b>5 950</b>	5 827
<b>TOTAL EQUITY</b>		<b>15 950</b>	15 827
<b>LIABILITIES</b>			
<b>Provisions</b>			
Pension commitments	7	730 429	510 395
<b>Total provisions</b>		<b>730 429</b>	510 395
<b>Long-term liabilities</b>			
Long-term interest-bearing debt		-	-
<b>Total long-term liabilities</b>		<b>-</b>	-
<b>Current liabilities</b>			
Accounts payable		57 090	17 463
Tax payable	8	7 348	3 011
Tax and other withholdings	9	26 045	24 486
Other current liabilities		578 370	400 914
<b>Total current liabilities</b>		<b>668 853</b>	445 874
<b>TOTAL LIABILITIES</b>		<b>1 399 282</b>	956 269
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 415 232</b>	972 095



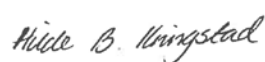
Terje Aven  
Director



Henny May Justad  
Director\*



Roar Bøe  
Director\*



Hilde Berge Kringstad  
Director\*



Brian D Bjordal  
President and CEO

\*Elected by the employees

# Cash flow statement

Amounts in NOK 1 000	2014	2013
<b>Cash from operational activities</b>		
Profit on ordinary activities before tax	264	277
Depreciation	31 907	24 454
Changes in accounts receivable	(18 873)	(14 288)
Changes in other current receivables	(38 957)	8 276
Changes in long-term receivables	(214 854)	(276 028)
Changes in accounts payable	39 626	(38 005)
Changes in long-term commitments	220 034	283 154
Changes in other current liabilities	183 212	141 531
<b>Net cash from operational activities</b>	<b>202 359</b>	129 371
<b>Cash from investment activities</b>		
Net additions/disposals of fixed assets	(34 685)	(51 649)
<b>Net cash from investment activities</b>	<b>(34 685)</b>	(51 649)
<b>Cash from financial activities</b>		
New loans raised	0	0
Redemption of long-term debt	0	0
<b>Net cash from financial activities</b>	<b>0</b>	0
<b>Net changes in cash and cash equivalents</b>	<b>167 674</b>	77 722
<b>Cash and cash equivalents at 1 January</b>	<b>213 986</b>	136 263
<b>Cash and cash equivalents at 31 December</b>	<b>381 660</b>	213 986

**Note 1. Accounting principles**

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

**Description of the company's business**

Gassco AS was established on 14 May 2001 and is wholly owned by the Norwegian state. The company is responsible for transporting gas from the Norwegian continental shelf to Europe. Its head office is located in Bygnes, and it also has branch offices in Germany, Belgium, France and the UK.

**General rules for assessing and classifying assets and liabilities**

Assets intended for permanent ownership or use have been classified as fixed assets. Other assets are classified as current assets. Accounts to be repaid within one year are classified as current assets. The same criteria are used for classification of current and long-term liabilities.

Fixed assets are carried at historical cost with a deduction for planned depreciation. If the real value of the fixed asset is lower than the book value, and this decline is not expected to be temporary, the asset is written down to fair value. Fixed assets with a limited economic life are depreciated on a straight-line basis over their economic life.

Current assets are valued at the lower of historical cost or fair value.

Other long-term and current liabilities are carried at nominal value.

**Assets and liabilities in foreign currency**

Accounts for the branches abroad are compiled in the currency primarily used in their operations (EUR, GBP).

Balance sheets are converted from foreign currencies to Norwegian kroner at the exchange rate prevailing on 31 December, while income statements are converted at average exchange rates.

**Accounts receivable**

Accounts receivable are posted at nominal value less provision for expected bad debts. Provision for bad debts is made on the basis of an individual assessment of each account.

**Bank deposits and cash**

Bank deposits and cash include cash, bank deposits and other monetary instruments with a maturity shorter than three months from the date of their acquisition.

**Pensions**

The presentation of pensions uses a linear earnings profile and expected final salary as the earnings basis. Payroll tax is included in the figures. Pension funds are recorded at real value.

**Taxes**

Tax is set against profit before tax, and consists of taxes payable (taxes on the year's directly taxable income) and changes in net deferred tax. Deferred tax and deferred tax benefit are presented net in the balance sheet.

**Note 2. The company's income and expenses**

The company's primary roles can be defined as the exercise of special and normal operator responsibilities. The special operatorship refers to the performance of duties allocated to Gassco pursuant to the Norwegian Petroleum Act and associated regulations. It relates to system operation, capacity administration and infrastructure development. The normal operatorship refers to the technical operation of facilities and platforms pursuant to the Norwegian Petroleum Act's provisions on operator responsibility.

These duties are regulated in the operator agreements with the Gassled, Haltenpipe, Zeepipe Terminal and Dunkerque Terminal joint ventures, which own the infrastructure for transporting gas from the NCS. Gassco also carries out a number of study assignments for various government bodies and players on the NCS.

Gassco does not make a profit or a loss from its operations. All its expenses are accordingly covered by the licensees in relation to the normal operatorship and the gas transporters in relation to the special operatorship.

Other assignments are financed by the client which awards the assignment. Activities are thereby deemed to be performed on behalf of the clients and at their expense and risk, and costs related to Gassco's various assignments accordingly do not appear in the accounts for Gassco AS. A net presentation of this kind accords with practice at other operators, with the expenses of the operatorship divided between the owners. However, it provides very limited information on Gassco's total activities and area of responsibility. Gassco's accounts are accordingly presented here in accordance with the proportionate consolidation method.

**INCOME STATEMENT**

Amounts in NOK 1 000	Note	2014	2013
<b>Operating income and expenses</b>			
Normal operatorship		9 319 375	8 939 571
Special operatorship		304 104	302 201
Other assignments		278 246	422 907
<b>Total operating income</b>		<b>9 901 725</b>	9 664 679
Payroll costs	3	536 273	477 994
Depreciation on fixed assets, Gassco	4	31 907	24 454
Other expenses		9 333 545	9 162 231
<b>Total operating expenses*</b>		<b>9 901 725</b>	9 664 679
<b>Financial income and expenses</b>			
Other interest income		264	277
<b>Net financial items</b>		<b>264</b>	277
<b>Profit before tax</b>			
		<b>264</b>	277
Tax on ordinary activities	8	140	436
<b>Profit on ordinary activities</b>		<b>124</b>	(159)
<b>Net profit</b>			
		<b>124</b>	(159)

\* See further specification of costs in the next table.

## SPECIFICATION OF EXPENSES

Amounts in NOK 1 000

	2014	2013
<b>NORMAL OPERATORSHIP</b>		
<b>GASSLED</b>		
<b>Operating expenses</b>	4 862 618	4 937 689
- Kårstø gas process plant	1 436 696	1 683 736
- Kollsnes gas process plant	942 186	1 096 779
- Gas terminals	613 698	625 070
- Platforms	522 077	587 322
- Pipelines	420 216	346 401
- Other	669 922	399 720
- Taxes	257 823	198 662
<b>Operating investment</b>	929 088	1 071 827
- Kårstø	378 983	526 113
- Kollsnes	263 051	320 220
- Gas terminals	130 081	106 800
- Platforms	119 286	59 845
- Pipelines	36 834	51 371
- Other	853	7 479
<b>Project investment</b>	2 597 614	2 031 117
- KEP 2010	13 160	97 485
- GEP Emden	1 587 231	480 833
- B11 bypass	2 721	570 507
- CUP compressor upgrade	(6 981)	75 330
- BUP boiler upgrade	191 583	184 451
- Norne export riser	27 685	440 162
- Remote PRS	159 576	108 627
- CSL corrosion	109 076	-
- Kalstø robustness	75 593	14 421
- Onshore gas security	438 027	50 159
- Other	(57)	9 142
<b>Removal costs</b>	714 026	693 871
<b>HALTENPIPE</b>		
Operating expenses	58 000	60 600
Operating investment	139	162
<b>ZEEPIPE TERMINAL</b>		
Operating expenses	44 582	40 109
Operating investment	23 097	23 365
<b>DUNKERQUE TERMINAL</b>		
Operating expenses	64 196	57 354
Operating investment	26 016	23 479
<b>TOTAL NORMAL OPERATORSHIP</b>	<b>9 319 375</b>	<b>8 939 571</b>
<b>SPECIAL OPERATORSHIP</b>		
Operating expenses	291 222	270 152
Operating investments	12 882	32 050
<b>TOTAL SPECIAL OPERATORSHIP</b>	<b>304 104</b>	<b>302 201</b>
<b>OTHER ASSIGNMENTS</b>		
Investment projects, third parties	220 023	305 152
Study assignments, government	543	9 839
Studies and other assignments, third parties	57 680	107 915
<b>TOTAL OTHER ASSIGNMENTS</b>	<b>278 246</b>	<b>422 907</b>
<b>GASSCO TOTAL EXPENSES</b>	<b>9 901 725</b>	<b>9 664 679</b>

Gassco is also responsible for administering capacity available in the pipeline network and processing plants at any given time. On behalf of the owners of the transport systems, Gassco invoices all users on the NCS for the capacity booked on the basis of the applicable tariffs. Tariffs paid by the users are transferred immediately to the owners of the transport system.

#### Tariff revenues

Amounts in NOK 1 000	2014	2013
Gassled	26 597 165	24 295 148
Special operator	307 321	283 750
Haltenpipe	430 326	428 220
Zeepipe Terminal	85 469	157 462
Dunkerque Terminal	158 173	141 346
<b>Total tariff revenues</b>	<b>27 578 454</b>	25 305 926

#### Note 3. Payroll expenses, number of employees, remuneration, loans to employees, etc

Amounts in NOK 1 000

Payroll costs	2014	2013
Pay	360 905	292 204
Payroll tax	66 809	60 168
Pension costs (see note 7)	88 016	49 389
Other benefits	20 543	74 589
<b>Total payroll costs</b>	<b>536 273</b>	476 351
Work-years performed	359	362

#### Remuneration of senior staff in 2014

Amounts in NOK 1 000

Surname, forenames		Pay/ remuneration <sup>1</sup>	Bonus <sup>2</sup>	Other remuneration <sup>3</sup>	Pension costs <sup>4</sup>	Total <sup>5</sup>	Loan
Bjordal, Brian David	President and CEO	3251	256	28	4783	8317	-
Lohne, Thor Otto	Executive vice president business development and finance	2549	198	25	2204	4976	242
Thaule, Svein Birger	Executive vice president asset management	1979	151	33	1915	4077	181
Hauge, Jan	Executive vice president system operation	1684	127	23	1292	3125	-
Alcock, John	Executive vice president projects	1549	115	18	866	2548	490
Larsen, Kjell	Executive vice president public relations	1262	92	35	536	1925	523
Voll, Ingolf Kornelius	Executive vice president human resources	1319	96	37	709	2160	165
Lund, Trine	Controller	1299	94	28	802	2222	-
Svendson, Torbjørn G	Executive vice president technology	1474	110	30	842	2455	495
Viksund, Randi I	Executive vice president HSE&Q	1184	83	27	479	1773	558

<sup>1</sup> Pay/remuneration + fixed overtime payment at 31 Dec 14

<sup>2</sup> Bonus paid in 2014 based on results in 2013

<sup>3</sup> Telephone, broadband, insurance etc.

<sup>4</sup> Net present value of the year's earned pension

<sup>5</sup> Payments to senior staff (pay, bonus and benefits) increased by 3.6 per cent from 2013, while pension premiums and provisions rose by 81.6 per cent. The big growth in pension costs partly reflected a lower calculation interest rate and "long life" provision.

#### Remuneration of directors in 2014

Amounts in NOK 1 000

	Remuneration
Directors	1 732

#### Loans and security provided to:

Amounts in NOK 1 000

	Loans	Security
Employees	76 519	0



### Declaration on senior executive pay for Gassco

The basis of the principles for remuneration of senior executives is that Gassco should be able to attract and retain personnel with the knowledge and experience required by the company. Gassco's most important context is the upstream oil and gas industry in Norway. It will offer competitive terms in relation to this, but not be a pacesetter on pay.

Remuneration of senior executives will accord with legal provisions and guidelines as well as good corporate governance. It will be equitable and non-discriminatory, and based on the responsibility and authority of the post as well as individual performance.

In accordance with its guidelines, the board determines the pay and other conditions of the chief executive, while the latter determines the pay and benefits of the rest of the management team. A compensation committee comprising the chair, deputy chair and a director has been established. The executive vice president for human resources serves as the committee's secretariat. This prepares matters for the board and supports the board in its work on the chief executive's conditions of employment as well as the framework and principles for the conditions of employment of other employees, including bonus plans.

Gassco's remuneration system comprises basic pay, bonus, pension and insurance plans, and other benefits. Nobody in Gassco has agreements on pay after termination of their employment or severance pay.

The bonus plan can provide a bonus of up to 10 per cent if agreed targets are met. These targets comprise a common performance contract for all Gassco employees.

Pension and insurance plans for the management team are the same as for other Gassco employees. The main scheme is a defined-benefit plan with an age limit of 67, where the full benefit of 66 per cent of basic pay is achieved after 30 years of earning. A funded plan has been established with an external pension company for pay up to 12 times the National Insurance base rate (G), while an unfunded plan financed from operations covers pay levels above 12G.

Gassco also has an early retirement plan financed from operations covering all employees born in 1953 or earlier. This provides a pension of 66 per cent of basic pay from the age of 62 with full pension earning. The pension plan includes survivor and child pensions. Employer's liability insurance covers permanent injury, permanent disability and death. An all-year travel insurance policy is also in place, covering both business and private travel.

Under their contract of employment, the chief executive has the right to retire on 66 per cent of their basic pay upon reaching the age of 62. Other benefits include payments in kind such as free phone, broadband and personal insurance. Gassco also offers all employees interest-free loans of up to NOK 600 000 with a term of 12 years.

New guidelines on conditions of employment for senior executives in state-owned companies were introduced on 1 April 2011. These replace the guidelines established on 8 December 2006. According to the guidelines, "that part of pension benefits which rests on a pension base in excess of 12G must be organised as a defined-contribution plan, with the contribution limited to a maximum of 30 per cent of basic pay in excess of 12G. Defined-contribution pension payments must be made to a separate legal entity separate from the undertaking with binding effect. Apart from a possible defined-benefit plan confined to a pension base up to 12G, undertakings will no longer be liable for any payment of pension benefits when an executive ceases to be employed by the undertaking." As mentioned above, Gassco has an unfunded defined-benefit pension plan for pay above 12G. Gassco's pension plan is a continuation of Statoil's pension plan in connection with the business transfer on 1 January 2002 – in other words, before the guidelines came into effect. The pension plan covers all employees in the company whose pay exceeds 12G and is not confined to senior executives. Gassco has established pension plans which are the same for all employees.

The Ministry of Petroleum and Energy wrote a letter to the chairs of state-owned companies on 13 June 2013 in which it called attention to the above-mentioned guidelines on pension benefits. The ministry referred to the work currently under way concerning new pension systems, and wrote that: "Until new regulations for occupational pensions have been adopted and possible products for contributory pension plans at pay levels above 12G become available in the market, however, the government as owner will accept that the companies finance such pension plans from operations." Gassco notes that new legislation concerning new occupational pensions and changes to contributory pensions has come into force, but it has not for the moment seen products available for contributory pension plans at pay levels above 12G.

Gassco has started work on a collective review of its pension plans. This will examine all aspects of the pension plans and take account of the pension reform, the government's guidelines for senior executive pay, new provisions on occupational pensions and industry practice at companies comparable to Gassco. This is an extensive and complicated job, which requires many considerations to be weighed against each other. An assessment must be made of how far it would be appropriate to implement all the changes simultaneously or whether this should be done in several rounds. The unions are involved in the work of the pension review. The goal is to tailor the pension plans to take account of other players in the industry and of the indications that changes will be made to pension legislation.

**Auditor**

NOK 1 211 283 was charged in 2014 as fees to Deloitte Statsautoriserte Revisorer AS for auditing Gassco AS and the licences operated by the company. NOK 180 750 was recorded as fees for other services in 2014. Fees for auditing of branches abroad amounted to NOK 280 274 in 2014.

**Note 4. Tangible fixed assets**

Amounts in NOK 1 000	<b>Buildings and other real property</b>	<b>Operating equipment, fixtures, tools, etc</b>	<b>Total</b>
Acquisition cost 1 Jan 14	46 823	253 447	300 270
Additions 2014	-	34 635	34 635
Disposals 2014	-	-	-
Conversion difference	-	348	348
Acquisition cost 31 Dec 14	46 823	288 429	335 252
Accumulated depreciation 31 Dec 14	18 032	164 051	182 083
<b>Book value 31 Dec 14</b>	<b>28 791</b>	<b>124 378</b>	<b>153 169</b>
			-
Depreciation 2014	1 636	30 271	31 907
Economic lifetime	5, 50 years	3,5,7,8,10 years	
Depreciation plan	Linear/none	Linear	

**Note 5. Share capital and shareholder information**

<b>The share capital of the company at 31 December 2014 consisted of the following:</b>			
	<b>Number</b>	<b>Nominal value</b>	<b>Book value</b>
Share capital	10 000	1 000	10 000 000
<b>Ownership structure:</b>			<b>Shares</b>
The Norwegian government, represented by the Ministry of Petroleum and Energy			10 000

**Note 6. Equity**

Amounts in NOK 1 000	Share capital	Other equity	Total equity
Equity 1 Jan 14	10 000	5 827	15 827
Year's change in equity			
Net profit		124	124
<b>Equity 31 Dec 14</b>	<b>10 000</b>	<b>5 950</b>	<b>15 950</b>

**Note 7. Pension costs, funds and commitments**

The company has pension plans which cover all its employees in Norway, Germany, France, Belgium and the UK.

In Norway, the plan gives the right to defined future benefits (defined-benefit plan). These depend primarily on the number of years of pensionable service, the level of pay at retirement and the size of state pension benefits. The company has both funded and unfunded plans. The calculated premium for all the plans is expensed annually and refunded by the licensees, and reflects the fact that the pension responsibility vis-à-vis the operator is settled as the obligation arises. For this reason, refunded pension costs from the licensees differ from premium payments and costs pursuant to the Norwegian Accounting Standard.

Pursuant to IAS 19 Employee benefits, the company posted the pension commitment at 31 December 2014 to the balance sheet with the corresponding receivable as a counter item. Changes in the calculated pension commitment will thereby have no effect on results.

The table below shows pension cost plus funds and commitments pursuant to the Norwegian Accounting Standards for Pensions (NRSP).

Amounts in NOK 1 000	2014	2013
<b>For employees in Norway</b>		
Present value of pension earning for the year	56 712	72 055
Interest cost of pension commitment	29 079	18 584
Return on pension funds	(10 911)	(5 100)
Administration costs	150	126
Recorded implementation effect	-	409 422
Recorded estimate loss/(gain)	161 834	(178 348)
<b>Net pension cost</b>	<b>236 864</b>	<b>316 739</b>

The company also has an agreement on early retirement (AFP). The new AFP scheme, which applies from 1 January 2011, is to be regarded as a defined-benefit multi-company plan, but will be treated in the accounts as a defined-contribution plan until reliable and adequate information is available which allows the group to account for its proportionate share of the pension costs, liability and funds in the scheme. As a result, the company's liability is not recognised as debt in the balance sheet.

Amounts in NOK 1 000

<b>2013</b>	<b>Funded (collective)</b>	<b>Unfunded (early retirement)</b>	<b>Other unfunded</b>	<b>Total</b>
Earned pension commitments	567 576	23	144 181	711 780
Pension funds (at fair value)	(270 000)	0	0	(270 000)
<b>Net pension commitment</b>	<b>297 576</b>	<b>23</b>	<b>144 181</b>	<b>441 780</b>

Amounts in NOK 1 000

<b>2014</b>	<b>Funded (collective)</b>	<b>Unfunded (early retirement)</b>	<b>Other unfunded</b>	<b>Total</b>
Earned pension commitments	787 138	0	164 118	951 256
Pension funds (at fair value)	(339 500)	0	0	(339 500)
<b>Net pension commitment</b>	<b>447 638</b>	<b>0</b>	<b>164 118</b>	<b>611 756</b>

This plan covers all the company's employees in Norway.

<b>Economic assumptions</b>	<b>2014</b>	<b>2013</b>
Discount rate on corporate bonds	<b>2.30%</b>	4.10%
Expected return on pension funds	<b>2.30%</b>	4.10%
Expected pay growth	<b>2.75%</b>	3.75%
Expected adjustment to current pensions	<b>2.50%</b>	3.50%
Expected change in National Insurance base rate (G)	<b>2.50%</b>	3.50%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

Employees in Belgium have either defined-benefit or defined-contribution plans. Funds in these plans at 31 December 2013 satisfied local requirements.

Amounts in NOK 1 000

<b>For employees in Belgium</b>	<b>2014</b>	<b>2013</b>
Present value of pension earning for the year	3 524	3 177
Interest cost of pension commitment	2 467	2 138
Return on pension funds	(1 825)	(1 509)
Administration costs	289	260
<b>Net pension cost</b>	<b>4 455</b>	<b>4 066</b>

Amounts in NOK 1 000

<b>Funded</b>	<b>2014</b>	<b>2013</b>
Earned pension commitments	89 570	72 810
Pension funds (at fair value)	(66 799)	(54 713)
<b>Net pension commitment</b>	<b>22 771</b>	<b>18 097</b>

This plan covers all the company's employees in Belgium.

<b>Economic assumptions</b>	<b>2014</b>	<b>2013</b>
Discount rate	1.90%	3.00%
Expected return on pension funds	1.90%	3.00%
Expected pay growth	2.00%	2.00%
Expected adjustment to current pensions	2.00%	2.00%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

#### **For employees in France**

Employees in France have defined-contribution pension plans which comply with local requirements.

#### **For employees in the UK**

Employees in the UK have defined-contribution pension plans which comply with local requirements.

Employees in Germany have various defined-benefit pension plans.

Amounts in NOK 1 000

<b>For employees in Germany</b>	<b>2014</b>	<b>2013</b>
Present value of pension earning for the year	12 508	8 707
Interest cost of pension commitment	5 565	4 959
Recorded estimate loss/(gain)	44 498	(463)
<b>Net pension cost</b>	<b>62 571</b>	<b>13 202</b>

Amounts in NOK 1 000

<b>Funded</b>	<b>2014</b>	<b>2013</b>
Earned pension commitments	232 711	161 552
Pension funds (at fair value)	(136 806)	(111 037)
<b>Net pension commitment</b>	<b>95 905</b>	<b>50 515</b>

This plan covers all the company's employees in Germany.

<b>Economic assumptions</b>	<b>2014</b>	<b>2013</b>
Discount rate	2.40%	3.30%
Expected return on pension funds	0.00%	0.00%
Expected pay growth	3.00%	3.00%
Expected adjustment to current pensions	2.00%	2.00%

Actuarial assumptions for demographic factors and natural wastage are based on assumptions normally applied in the insurance industry.

**Note 8. Income taxes**

Amounts in NOK 1 000

<b>Taxes for the year are as follows</b>	<b>2014</b>	2013
Tax payable	<b>7 348</b>	3 011
Changes in deferred tax	<b>(7 208)</b>	(2 575)
<b>Tax on ordinary profit</b>	<b>140</b>	436

<b>Tax payable</b>	<b>2014</b>	2013
<b>Tax payable in balance sheet</b>	<b>7 348</b>	3 011

<b>Reconciliation from nominal to effective tax rate</b>	<b>2014</b>	2013
<b>Ordinary profit before tax</b>	<b>264</b>	277
<b>Extraordinary profit before tax</b>	<b>0</b>	0
<b>Profit for the year before tax</b>	<b>264</b>	277

Calculated income tax at nominal tax rate (28%)	<b>71</b>	78
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**Fiscal effect of the following items**

Tax effect on net refund under incentive scheme for R&D (Skattefunn)	<b>0</b>	(49)
Non-deductible cost, part of pension cost	<b>73</b>	64
Changed tax rate, deferred tax benefit	<b>0</b>	339
Non-taxable income, interest on tax receivable	<b>(4)</b>	5
<b>Tax</b>	<b>140</b>	436
Effective tax rate	<b>53%</b>	157%

**Specification of temporary differences and their net tax effect**

	2014		2013	
	Benefit	Obligation	Benefit	Obligation
Temporary differences, operating equipment	<b>9 593</b>		8 852	
Unfunded pension	<b>51 012</b>		25 058	
Total	<b>60 605</b>	<b>0</b>	33 910	0
Deferred tax benefit/obligation	<b>16 363</b>		9 156	
Uncapitalised deferred tax benefit	<b>0</b>	<b>0</b>	0	0
Net deferred tax benefit/obligation in the balance sheet	<b>16 363</b>	<b>0</b>	9 156	0







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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Gassco AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Gassco AS, which comprise the balance sheet as at 31.12.2014, and the income statement, showing a profit of NOK 123.508 and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Gassco AS as at 31.12.2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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Registrert i Foretaksregisteret  
Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282



## **Report on Other Legal and Regulatory Requirements**

### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Haugesund, 26.3.2015  
Deloitte AS

Else Holst-Larsen  
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

